



UNITED NATIONS

**ECONOMIC AND
SOCIAL COUNCIL**

OFFICIAL RECORDS

SEVENTEENTH SESSION

30 March—30 April 1954

NEW YORK



Prefatory Fascicule



UNITED NATIONS

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INTRODUCTORY NOTE

The *Official Records of the Economic and Social Council* (seventeenth session) include the corrections to the provisional summary records which were requested by the delegations, and such drafting and editorial modifications as were considered necessary.

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document. Symbols referring to resolutions of the Council consist of an arabic numeral indicating the number of the resolution and a roman numeral indicating the number of the session. The resolutions for each session are printed in a separate volume as *Supplement No. 1* to the *Official Records* of the relevant session of the Council.

Certain documents relating to each agenda item are published as annexes. These annexes are printed in separate fascicules, one to each agenda item.

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Mr. Enrique López Herrarte

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UNIONS

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Representatives

Miss Caroline Pezzullo

Mr. John P. Grady

AGENDA

Adopted by the Council at its 756th and 757th meetings, on 30 and 31
March 1954 respectively

Documents E/2525 and Corr.1 and Add.1 and 2
21 December 1953, 23 and 25 February 1954
[Original text: English]

1. Election of the President and Vice-Presidents for 1954.
2. Adoption of the sessional agenda.
3. Economic development of under-developed countries :
 - (a) Report of the group of experts on international price relations;
 - (b) Reports by the Secretary-General under Council resolution 427 (XIV), paragraph 7, and General Assembly resolution 623 (VII);
 - (c) International flow of private capital for the economic development of under-developed countries;
 - (d) Land reform: report by the Secretary-General on the replies of governments to the questionnaire on land reform; report by the Secretary-General on agricultural co-operation.
4. Reports of the International Monetary Fund :
 - (a) Annual report of the Fund;
 - (b) Report of the Fund under Council resolution 483 C (XVI).
5. Report of the International Bank for Reconstruction and Development.
6. Annual report of the Economic Commission for Asia and the Far East.
7. Annual report of the Economic Commission for Latin America.
8. Question of admission to membership in the regional economic commissions of States not Members of the United Nations.
9. Report of the Interim Co-ordinating Committee for International Commodity Arrangements on the question of a study group on steel.
10. Transport and communications :
 - (a) Protocol on a Uniform System of Road Signs and Signals: report by the Secretary-General under Council resolution 468 D (XV), paragraph 6(a);
 - (b) Pollution of sea-water: report by the Secretary-General on developments since the adoption of Council resolution 468 B (XV);
 - (c) Situation with respect to ratification of the Convention on the Inter-Governmental Maritime Consultative Organization: report by the Secretary-General on developments since the adoption of Council resolution 468 C (XV).
11. Expanded Programme of Technical Assistance: report of the Technical Assistance Committee.
12. Freedom of Information :
 - (a) Report of the Rapporteur on Freedom of Information;
 - (b) Encouragement and development of independent domestic information enterprises;
 - (c) Production and distribution of newsprint and printing paper: report by the Secretary-General under Council resolution 423 (XIV).
13. Allegations regarding infringements of trade-union rights.
14. Forced labour: reports of the *Ad Hoc* Committee on Forced Labour.

15. Slavery:
 - (a) Report by the Secretary-General on consultations concerning the desirability of a supplementary convention on slavery and its possible contents;
 - (b) Supplementary report by the Secretary-General under Council resolution 475 (XV), paragraph 8.
16. Statelessness:
 - (a) Draft protocol relating to the status of stateless persons;
 - (b) Problem of statelessness: consolidated report by the Secretary-General under Council resolution 352 (XII) and memorandum by the Secretary-General on the action taken by the International Law Commission.
17. Recognition and enforcement abroad of maintenance obligations.
18. Studies on internal migration.¹
19. Form of reports of specialized agencies: report by the Administrative Committee on Co-ordination under Council resolution 497 D (XVI).
20. Non-governmental organizations:
 - (a) Applications and re-applications for consultative status;
 - (b) Review of non-governmental organizations;
 - (c) Hearings and applications for hearings.
21. Organization and operation of the Council and its commissions.²
22. Election of members of the Council Committee on Non-Governmental Organizations.³
23. Confirmation of members of functional commissions of the Council.
24. Financial implications of actions of the Council.
25. Consideration of the provisional agenda for the eighteenth session of the Council.
26. Removal of obstacles to international trade and means of developing economic relations.⁴
27. Draft convention on the enforcement of international arbitral awards.⁵

¹ It was decided at the 758th meeting to refer this item to the Population Commission.

² It was decided at the 756th meeting to defer consideration of this item to the eighteenth session.

³ It was decided at the 757th meeting to defer consideration of this item to the eighteenth session.

⁴ It was decided at the 756th meeting to defer consideration of this item to the eighteenth session.

⁵ It was decided at the 756th meeting to consider only the procedural aspect of this item at the seventeenth session.

CHECK LIST OF DOCUMENTS PERTAINING TO THE SEVENTEENTH SESSION OF THE ECONOMIC AND SOCIAL COUNCIL

The documents listed below are those which appear in the check lists contained in the annex fascicules of the individual agenda items. Documents with title in bold type are printed in those fascicules.

| <i>Document No.</i> | <i>Title</i> | <i>Agenda item</i> | <i>Observations and references</i> |
|------------------------|--|--------------------|--|
| E/1333/Rev.1 | <i>Methods of Financing Economic Development in Under-Developed Countries</i> | 5 | United Nations Publication, Sales No.: 1949. II.B.4 |
| E/1584 | <i>National and International Measures for Full Employment</i> | 3 | United Nations Publication, Sales No.: 1949. II.A.3 |
| E/1873 | Note by the Secretary-General transmitting the Fifth Annual Report of the International Bank for Reconstruction and Development, 1949-1950 | 5 | Mimeographed document only. For the report of the Bank, see <i>International Bank for Reconstruction and Development, Fifth Annual Report, 1949-1950, Washington, D.C.</i> |
| E/1986 | <i>Measures for the Economic Development of Under-Developed Countries</i> | 3, 5, 6, 7 | United Nations Publication, Sales No.: 1951. II.B.2 |
| E/1988 | Report of the <i>Ad Hoc</i> Committee on Slavery (second session) | 14, 15 | <i>Official Records of the Economic and Social Council, Thirteenth Session, Annexes, agenda item 21.</i> |
| E/2047/Rev.1 | <i>Instability in Export Markets of Under-Developed Countries</i> | 3 | United Nations Publication, Sales No.: 1952. II.A.1 |
| E/2153 | First progress report of the <i>Ad Hoc</i> Committee on Forced Labour to the Economic and Social Council and to the Governing Body of the International Labour Office | 14 | Mimeographed document only |
| E/2154 and addenda | Communications containing allegations of infringements of trade-union rights | 13 | <i>Ditto</i> |
| E/2156 | <i>Measures for International Economic Stability</i> | 3 | United Nations Publication, Sales No.: 1951. II.A.2 |
| E/2168 | Note by the Secretary-General transmitting the Sixth Annual Report of the International Bank for Reconstruction and Development, 1950-1951 | 5 | Mimeographed document only. For the report of the Bank, see <i>International Bank for Reconstruction and Development, Sixth Annual Report, 1950-1951, Washington, D.C.</i> |
| E/2230 and Add.1 and 2 | The problem of statelessness—Consolidated report by the Secretary-General | 16 (b) | Mimeographed document only |
| E/2241 | Report by the Secretary-General | 12 (c) | <i>Ditto</i> |
| E/2276 | Second progress report of the <i>Ad Hoc</i> Committee on Forced Labour to the Economic and Social Council and to the Governing Body of the International Labour Office | 14 | <i>Ditto</i> |
| E/2333 and Addenda | Allegations regarding infringements of trade-union rights received under Council resolution 277 (X) | 13 | <i>Ditto</i> |
| E/2341 | Third progress report of the <i>Ad Hoc</i> Committee on Forced Labour to the Economic and Social Council and to the Governing Body of the International Labour Office | 14 | <i>Ditto</i> |
| E/2357 | Slavery, the slave trade, and other forms of servitude: report of the Secretary-General | 15 | <i>Ditto</i> |
| E/2364 | Note by the Secretary-General | 17 | |
| E/2364/Add.1 | Note by the Secretary-General—Addendum | 17 | |
| E/2373 and Add.1 to 14 | Comments received from governments | 16 (a) | <i>Ditto</i> |

| <i>Document No.</i> | <i>Title</i> | <i>Agenda item</i> | <i>Observations and references</i> |
|--|--|--------------------|--|
| E/2374 | Annual report of the Economic Commission for Asia and the Far East (9 February 1952-14 February 1953) | 7 | <i>Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 6</i> |
| E/2426 | Freedom of information, 1953—Report submitted by Mr. Salvador P. López, Rapporteur on Freedom of Information | 12 (a) | <i>Ibid., Sixteenth Session, Supplement No. 12</i> |
| E/2426/Add.1 | Supplementary report submitted by Mr. Salvador P. López, Rapporteur on Freedom of Information | 12 (a) | <i>Ibid., Supplement No. 12 A</i> |
| E/2426/Add.2 | Communication dated 21 January 1954 from the Permanent Representative of Ecuador to the United Nations addressed to the Rapporteur on Freedom of Information | 12 (a) | <i>Ibid.</i> |
| E/2426/Add.3 | Communication from the Permanent Delegation of Turkey to the United Nations addressed to the Rapporteur on Freedom of Information | 12 (a) | <i>Ibid.</i> |
| E/2426/Add.4 | Financial implications of draft resolution No. 12 submitted by the Rapporteur on Freedom of Information (E/2426, chapter VI)—Estimate submitted by the Secretary-General | 12 (a) | <i>Ibid.</i> |
| E/2426/Add.5 | Communication dated 21 April 1954 from the Permanent Delegation of Greece to the United Nations, addressed to the President of the Economic and Social Council | 12 (a) | <i>Ibid.</i> |
| E/2427 and Add.1 and 2 | Comments and suggestions of governments transmitted for the information and assistance of the Rapporteur on Freedom of Information | 12 (a) | |
| E/2431 | Report of the <i>Ad Hoc</i> Committee on Forced Labour | 14 | Joint UN and ILO document, <i>Official Records of the Economic and Social Council, Sixteenth Session, Supplement 13</i> , and No. 36 in the <i>Studies and Reports (New Series) of the International Labour Office</i> |
| E/2431/Add.1 | Comments and observations of the Government of Chile on a communication from the <i>Ad Hoc</i> Committee on Forced Labour | 14 | Mimeographed document only |
| E/2431/Add.2 | Decisions of the Governing Body of the International Labour Office | 14 | <i>Ditto</i> |
| E/2431/Add.3 | Communication dated 3 December 1953 from the Director-General of the International Labour Office to the Secretary-General | 14 | <i>Ditto</i> |
| E/2431/Add.4 and Corr.1 | Communication dated 22 January 1954 from the delegation of the Union of Soviet Socialist Republics to the Secretary-General | 14 | <i>Ditto</i> |
| E/2431/Add.5 | Observations of the Government of the Union of South Africa on the report of the <i>Ad Hoc</i> Committee on Forced Labour (E/2431) | 14 | <i>Ditto</i> |
| E/2431/Add.6 | Communication dated 10 March 1954 from the Permanent Delegation of Czechoslovakia to the Secretary-General | 14 | <i>Ditto</i> |
| E/2431/Add.7 | Communication dated 1 March 1954 from the Permanent Delegation of the Polish People's Republic to the Secretary-General | 14 | <i>Ditto</i> |
| E/2431/Add.8 | Observations of Venezuela on a communication from the <i>Ad Hoc</i> Committee on Forced Labour | 14 | <i>Ditto</i> |
| E/2438 | Impact of selected synthetics on demand for natural products in international trade: study by the Secretariat | 3 | <i>Ditto</i> |
| E/2439 and Add.1 | Summary of comments and suggestions received by the Rapporteur on Freedom of Information from information enterprises and national and international professional associations | 12 (a) | <i>Ditto</i> |
| E/2447 | Report of the Commission on Human Rights (ninth session) | 12 (a) | <i>Official Records of the Economic and Social Council, Sixteenth Session, Supplement No. 8</i> |
| E/2448 and Corr.1 and 2 and Add.1 to 3 | Work programmes and costs of the economic and social activities of the United Nations: note by the Secretary-General | 24 | Mimeographed document only |

| <i>Document No.</i> | <i>Title</i> | <i>Agenda item</i> | <i>Observations and references</i> |
|------------------------------------|---|--------------------|---|
| E/2454 | Analysis by the International Monetary Fund of the adequacy of monetary reserves | 3 | <i>Official Records of the Economic and Social Council, Sixteenth Session, Annexes, agenda item 2</i> |
| E/2455 | Relative prices of primary products and manufactures in international trade: report by the Secretary-General | 3 (d) | Mimeographed document only |
| E/2456 and Add.1 | Repercussions of changes in terms of trade on the economies of countries in process of development: report by the Secretary-General | 3 | <i>Ditto</i> |
| E/2458 | Memorandum by the Secretary-General | 8 | |
| E/2492 | Question of access to Headquarters of representatives of non-governmental organizations in consultative status—Progress report by the Secretary-General on negotiations with the United States of America concerning the interpretation of the Headquarters Agreement | 20 (c) | <i>Ditto</i> |
| E/2496 | Note by the Secretary-General transmitting the annual report of the International Monetary Fund for the fiscal year ended 30 April 1953 | 4, 5 | Mimeographed document only. For the report of the Fund, see <i>International Monetary Fund, Annual Report, 1953, Washington, D.C.</i> |
| E/2496/Add.1 | Summary of activities of the International Monetary Fund from 1 May 1953 through 31 January 1954 | 4, 5 | Mimeographed document only |
| E/2498 | Letter dated 27 June 1953 from the International Confederation of Free Trade Unions to the Secretary-General | 13 | <i>Ditto</i> |
| E/2511 | Note by the Secretary-General transmitting the Eighth Annual Report of the International Bank for Reconstruction and Development, 1952-1953 | 5 | Mimeographed document only. For the report of the Bank, see <i>International Bank for Reconstruction and Development, Eighth Annual Report, 1952-1953, Washington, D.C.</i> |
| E/2511/Add.1 | Supplement to the Eighth Annual Report of the International Bank for Reconstruction and Development: summary of the principal activities of the Bank from 1 July 1953 to 1 February 1954 | 5 | Mimeographed document only |
| E/2512 | Fifteenth report of the Administrative Committee on Coordination to the Economic and Social Council | 19 | |
| E/2515 | Review of international commodity problems, 1953 | 3 | <i>Ditto</i> |
| E/2516 | Incidence of fluctuations in marine freight rates: statement by the Committee of Experts set up under General Assembly resolution 623 (VII) | 3 (a) | <i>Ditto</i> |
| E/2519 | <i>Commodity Trade and Economic Development</i> | 3, 5 | United Nations Publication, Sales No.: 1954. II.B.1 |
| E/2520 | Report by the Secretary-General | 10 (c) | |
| E/2522 | Report by the Secretary-General | 10 (b) | |
| E/2523 and Add.1 to 3 | Note by the Secretary-General | 10 (a) | |
| E/2524 | <i>Rural Progress through Co-operatives</i> | 3 | United Nations Publication, Sales No.: 1954. II.B.2 |
| E/2525 and Corr.1 and Add.1 and 2 | Provisional agenda for the seventeenth session of the Economic and Social Council—Note by the Secretary-General | 2 | <i>Official Records of the Economic and Social Council, Seventeenth Session, Prefatory Fascicule</i> |
| E/2526 | <i>Progress in Land Reform</i> | 3 | United Nations Publication, Sales No.: 1954. II.B.3 |
| E/2528 and Corr.1 and Add.1 | Note by the Secretary-General | 16 (a) | |
| E/2529 | Reply by the Government of the Saar to an allegation against it (E/2333/Add.19) | 13 | Mimeographed document only |
| E/2529/Add.1 | Additional observations by the Government of the Saar concerning an allegation against it (E/2333/Add.19) | 13 | <i>Ditto</i> |
| E/2530 | Note by the Secretary-General | 25 | <i>Ditto</i> |

| <i>Document No.</i> | <i>Title</i> | <i>Agenda item</i> | <i>Observations and references</i> |
|--------------------------|--|--------------------|---|
| E/2530/Rev.1 | Note by the Secretary-General | 25 | Mimeographed document only |
| E/2530/Rev.1/ Add.1 | Note by the Secretary-General—Addendum | 25 | <i>Ditto</i> |
| E/2531 | <i>The International Flow of Private Capital 1946-1952</i> | 3 (c), 5, 6 | United Nations Publication, Sales No.: 1954. II.D.1 |
| E/2533 | Memorandum by the Secretary-General on the action taken by the International Law Commission | 16 (b) | |
| E/2534 | Report of the Secretary-General | 12 (b) | |
| E/2535 | Communication dated 19 January 1954 from the Deputy Permanent Representative of the Union of South Africa to the Secretary-General | 12 (a) | Mimeographed document only |
| E/2536 and Corr.1 | Sixth Annual Report of the Economic Commission for Latin America (26 April 1953-10 February 1954) | 3, 7 | <i>Official Records of the Economic and Social Council, Seventeenth Session, Supplement No. 2</i> |
| E/2537 | Report of the Interim Co-ordinating Committee for International Commodity Arrangements on the question of a study group on steel | 9 | |
| E/2540 | Consultations concerning the desirability of a supplementary convention on slavery and its possible contents—Report of the Secretary-General | 15 (a) | |
| E/2540/Add.1 | Letter dated 25 February 1954 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations, addressed to the Secretary-General | 15 (a) | |
| E/2540/Add.2 | Letter dated 16 March 1954 from the Permanent Representative of Belgium to the United Nations, addressed to the Secretary-General | 15 (a) | |
| E/2540/Add.3 | Letter dated 6 April 1954 from the Director-General of the International Labour Office to the Secretary-General | 15 (a) | |
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| E/2548/Add.2 | Note dated 19 March 1954 from the Permanent Delegation of Turkey to the United Nations, addressed to the Secretary-General | 15 | <i>Ditto</i> |
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| E/AC.6/L.99 | Venezuela: amendment to the amendments submitted by the United States (E/AC.6/L.97) | 3 (d) | <i>Ditto</i> |
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| E/AC.7/L.194 | United States of America: draft resolutions on technical assistance in freedom of information | 12 (a) | <i>Ditto</i> |
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| E/AC.7/L.196 | United States of America: amendments to the draft resolutions submitted by France (E/L.587) | 12 (a) | <i>Ditto</i> |
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| E/AC.7/L.201 | Argentina and Ecuador: amendments to draft resolution I submitted by France (E/AC.7/L.200) | 12 (a) | <i>Ditto</i> |
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| E/AC.7/L.206/Rev.1 | France and Turkey: revised draft resolution | 12 (b) | <i>Ditto</i> |
| E/AC.7/L.207 | France: draft resolution | 16 (a) | <i>Ditto</i> |
| E/AC.7/L.207/Add.1 | Financial implications of the draft resolution submitted by France (E/AC.7/L.207)—Estimate submitted by the Secretary-General | 16 (a) | <i>Ditto</i> |

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| E/AC.7/L.207/Add.2 | Financial implications of the draft resolution submitted by France (E/AC.7/L.207)—Supplementary estimate submitted by the Secretary-General | 16 (a) | Mimeographed document only |
| E/AC.7/L.208 | Belgium: draft resolution | 16 (b) | <i>Ditto</i> |
| E/AC.7/L.208/Rev.1 | Belgium and France: draft resolution | 16 (b) | <i>Ditto</i> |
| E/AC.7/L.209 | Draft report of the Social Committee | 12 (a) | Same text as E/2583 |
| E/AC.7/L.209/Add.1 | Financial implications of the draft resolutions submitted by the Social Committee (E/AC.7/L.209)—Estimate submitted by the Secretary-General | 12 (a) | Mimeographed document only |
| E/AC.7/L.210 | Belgium: amendment to the draft resolution submitted by France (E/AC.7/L.207) | 16 (a) | <i>Ditto</i> |
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| E/C.2/287 | Financing of economic development of under-developed countries: statement submitted by the International Chamber of Commerce | 3 | <i>Ditto</i> |
| E/C.2/353 | Economic development and private investments: statement submitted by the International Chamber of Commerce | 3 | <i>Ditto</i> |
| E/C.2/373 and Add.1 | Statement submitted by the International Chamber of Commerce | 27 | <i>Ditto</i> |
| E/C.2/374 and Corr.1 and Add.1 and 2 | Consultative activities undertaken by non-governmental organizations granted category B consultative status at or before the thirteenth session of the Council—Report prepared by the Secretary-General in accordance with Council resolution 480 II (XV) | 20 (b) | <i>Ditto</i> |
| E/C.2/382 | Statement submitted by the Women's International Democratic Federation, a non-governmental organization in category B consultative status | 20 (b) | <i>Ditto</i> |
| E/C.2/386 | Question of access to Headquarters of representatives of non-governmental organizations in consultative status—Statement submitted by the World Federation of Trade Unions, a non-governmental organization in category A consultative status | 20 (c) | <i>Ditto</i> |
| E/C.2/L.15/Rev.1 | United Kingdom of Great Britain and Northern Ireland: draft resolution | 20 (a) | <i>Ditto</i> |
| E/C.2/R.18 and Corr.1 and Add.1 and 2 | Memorandum by the Secretary-General | 20 (a) | <i>Ditto</i> |
| E/CN.4/Sub.1/140 | Study of the law and practice covering the status and work of foreign news personnel and measures to facilitate the work of such personnel—Memorandum prepared by the Secretary-General | 12 (a) | <i>Ditto</i> |
| E/CN.4/Sub.1/148 | Study relating to the definition and identification of foreign correspondents—Memorandum prepared by the Secretary-General | 12 (a) | <i>Ditto</i> |
| E/CN.11/373 | <i>A Study of Trade between Asia and Europe</i> | 6 | United Nations Publication, Sales No.: 1953. II.F.3 |
| E/CN.12/225 | <i>A Study of Trade between Latin America and Europe</i> | 7 | United Nations Publication, Sales No.: 1952. II.G.2. |
| E/CN.12/291/Rev.2 | <i>Economic Survey of Latin America, 1951-52</i> | 3, 7 | United Nations Publication, Sales No.: 1953. II.G.3 |
| E/CN.12/292 | Preliminary study of the technique of programming economic development | 3 | Mimeographed document only |
| E/CN.12/293 | Study on iron and steel industry and report on meeting of experts held in Bogotá and sponsored by the Economic Commission for Latin America and the Technical Assistance Administration | 3 | <i>Ditto</i> |
| E/CN.12/295 | Study on the Economic Development of Ecuador | 7 | <i>Ditto</i> |
| E/L.575 | Annotations of items on the provisional agenda for the seventeenth session of the Economic and Social Council—Note by the Secretary-General | 2 | <i>Ditto</i> |
| E/L.576 | Arrangement of business at the seventeenth session of the Council—Working paper by the Secretary-General | 2 | <i>Ditto</i> |
| E/AC.7/L.211/Rev.1 | Egypt, France, Turkey and United States of America: revised draft resolution | 12 (b) | <i>Ditto</i> |
| E/AC.7/L.212 | United Kingdom of Great Britain and Northern Ireland: draft resolutions | 15 | <i>Ditto</i> |

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| E/AC.7/L.213 | France: amendments to the draft resolutions submitted by the United Kingdom (E/AC.7/L.212) | 15 | <i>Ditto</i> |
| E/AC.7/L.213/Add.1 | Financial implications of the amendments submitted by France (E/AC.7/L.213)—Estimate submitted by the Secretary-General | 15 | <i>Ditto</i> |
| E/AC.7/L.214 | Argentina, Cuba, Ecuador and Venezuela: amendment to the revised draft resolution submitted by Egypt, France, Turkey and United States (E/AC.7/L.211/Rev.1) | 12 (b) | <i>Ditto</i> |
| E/AC.7/L.215 | Egypt: amendments to draft resolution A submitted by the United Kingdom (E/AC.7/L.212) | 15(a)and(b) | <i>Ditto</i> |
| E/AC.7/L.216 | Egypt: amendment to the amendments submitted by France (E/AC.7/L.213) | 15(a)and(b) | <i>Ditto</i> |
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| E/C.2/229 and Corr.1 | Communication dated 7 September 1949 from the President of the International Chamber of Commerce to the Secretary-General | 3 | <i>Ditto</i> |
| E/C.2/256/Add.1 | Financing economic development: statement submitted by the International Chamber of Commerce | 3 | <i>Ditto</i> |
| E/L.577 | Arrangement of business at the seventeenth session of the Council—Communication dated 17 March 1954 from the Permanent Representative of the Union of Soviet Socialist Republics to the United Nations addressed to the Secretary-General | 2 | <i>Ditto</i> |
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| E/L.580 | France and United States of America: draft resolution | 10 (a) | |
| E/L.581 | United Kingdom of Great Britain and Northern Ireland: draft resolution | 10 (b) | |
| E/L.582 | Australia: draft resolution | 2, 22 | Adopted without change. See <i>Official Records of the Economic and Social Council, Seventeenth Session, Supplement No. 1</i> , resolution 530 (XVII) |
| E/L.583 | Arrangement of business at the seventeenth session of the Council—Revised working paper by the Secretary-General | 2 | Mimeographed document only |
| E/L.584 | France: draft resolution | 19 | Adopted without change. See <i>Official Records of the Economic and Social Council, Seventeenth Session, Supplement No. 1</i> , resolution 528 (XVII) |
| E/L.585 | Australia: draft resolution | 11 | |
| E/L.586 | Belgium: draft resolution | 27 | |
| E/L.587 and Corr.1 to 3 | France: draft resolutions | 12 (a) | |
| E/L.588/Rev.1 | Ecuador, France, Norway, Turkey, United Kingdom of Great Britain and Northern Ireland and United States of America: revised draft resolution | 14 | <i>Ibid.</i> , resolution 524 (XVII) |
| E/L.588/Rev.1/ Add.1 | Financial implications of the revised draft resolution submitted by Ecuador, France, Norway, Turkey, United Kingdom and United States (E/L.588/Rev.1) and of the amendments submitted by Cuba (E/L.590)—Estimate submitted by the Secretary-General | 14 | |
| E/L.589 | Turkey: draft resolution | 4 (a) and (b) | <i>Ibid.</i> , resolution 513 (XVII) |
| E/L.590 | Cuba: amendments to the revised draft resolution submitted by Ecuador, France, Norway, Turkey, United Kingdom and United States (E/L.588/Rev.1) | 14 | |
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| E/L.599 | Yugoslavia: amendments to the revised draft resolution submitted by Ecuador, France, Norway, Turkey, United Kingdom and United States (E/L.588/Rev.1) | 14 | |
| E/L.600 | Preliminary annotations to the draft provisional agenda for the eighteenth session of the Council (E/2530/Rev.1) | 25 | Mimeographed document only |
| E/L.601 | United States of America: draft resolutions | 13 | |
| E/L.601/Add.1 | Financial implications of draft resolution A submitted by the United States (E/L.601)—Estimate submitted by the Secretary-General | 13 | |
| E/L.602 | United States of America: amendment to draft resolution A submitted by the Social Committee (E/2585) | 15(a) and (b) | |
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| E/RESOLUTION (XVII)/1 to 19 | Resolutions adopted by the Economic and Social Council during its seventeenth session | | <i>Official Records of the Economic and Social Council, Seventeenth Session, Supplement No. 1</i> |
| E/TAC/32 and Add.1 | Basis for the allocation of funds under the Expanded Programme of Technical Assistance: memorandum submitted by France | 5, 11 | |
| E/TAC/33 | Reports of the Technical Assistance Board to the Technical Assistance Committee: modifications suggested by the Technical Assistance Board | 11 | Mimeographed document only |
| E/TAC/L.54 | Financial arrangements for the Expanded Programme of Technical Assistance: working papers considered by the Working Party of the Technical Assistance Committee at its meetings from 16 to 20 November 1953 | 11 | <i>Ditto</i> |
| S/2203 | Letter dated 19 June 1951 addressed to the Secretariat of the United Nations from the President of the Security Council | 20 (b) | <i>Ditto</i> |
| ST/ECA/3 and Corr.1 | <i>Relative Prices of Exports and Imports of Under-Developed Countries</i> | 3 | United Nations Publication, Sales No.: 1949.II.B.3 |



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Indonesia, Netherlands, Philippines, Poland, Uruguay and from the League of Arab States.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Monetary Fund.

Opening of the session

1. Mr. GEORGES-PICOT (Assistant Secretary-General), after having read a letter from Mr. Scheyven, the outgoing President, expressing the latter's regret that he was unable to attend the meeting, declared the seventeenth session of the Economic and Social Council open.

2. He welcomed the representatives of the Council's new members, Czechoslovakia, Ecuador, Norway and Pakistan.

Point of order by the representative of the Union of Soviet Socialist Republics concerning the representation of China on the Council

3. Mr. TSARAPKIN (Union of Soviet Socialist Republics), speaking on a point of order, drew the Council's attention to the fact that it was quite improper for the People's Republic of China not to be represented in the United Nations and particularly in the Economic and Social Council. The absence of the legitimate representative of the People's Republic of China, which had a population of over 500 millions, was a serious hindrance to the Council's work. The Kuomintang member illegally occupying a seat in the Council was not qualified to represent China in the Economic and Social Council or in other United Nations organs because the only lawful representative of China would be one appointed

by the Central People's Government of the People's Republic of China.

4. Mr. HSIA (China) said that the National Government of China was the country's only legal government.

5. It was recognized by the great majority of the Members of the United Nations. The régime to which the Soviet representative had just referred had been imposed on China and it was a proved fact that the Chinese people would repudiate it if it had the opportunity to do so.

6. Mr. NOSEK (Czechoslovakia) associated himself with the remarks of the USSR representative. It was illogical that the People's Republic of China, which occupied an increasingly important place not only in the Far East but in the world as a whole, through its economic and commercial development, should be excluded from the work of the Economic and Social Council, and that the seat to which it was entitled should be illegally occupied by a private person who represented nobody and was absolutely unqualified to speak on behalf of the Chinese people and the Central People's Government of the People's Republic of China.

7. Mr. HOTCHKIS (United States of America) felt that to admit a government like that of Communist China, which believed in the use of war as an instrument of national policy, would be to stultify the whole underlying purpose of the United Nations.

Election of the President and Vice-Presidents for 1954

ELECTION OF THE PRESIDENT

8. Mr. FENAUX (Belgium) nominated Mr. Cooke (Argentina) for the Presidency of the Council. He recalled the traditional ties of friendship between his country and the Argentina Republic. He also mentioned the contribution which Argentina had made to the study of international economic problems and expressed his delegation's gratitude for the assistance rendered by the Argentine delegation to Mr. Scheyven during the latter's term of office as President of the Council during the fifteenth and sixteenth sessions. Mr. Cooke was one of the most distinguished Argentine statesmen of the day. He had been a member of his country's parliament and had subsequently held the offices of Minister of Foreign Affairs and Ambassador to Brazil. He was therefore most admirably fitted by his personal qualifications to discharge the duties of President of the Economic and Social Council.

9. Mr. HOTCHKIS (United States of America) supported the nomination of Mr. Cooke. Mr. Cooke had been chairman of the Argentine delegation of the first session of the Latin-American Union in 1951, and to the fifth session of the Economic Commission for Latin America, had a thorough knowledge of diplomatic affairs and possessed all the necessary qualities to direct the work of the Council.

10. Mr. RIBAS (Cuba) likewise supported the nomination.

Mr. Cooke (Argentina) was elected President by acclamation.

Mr. Cooke (Argentina) took the Chair.

11. The PRESIDENT wished first of all to express his thanks, in particular to the Belgian representative for the great honour he had done him and his country by nominating him for the Presidency of the Economic and Social Council. He also thanked the United States and Cuban representatives for having so warmly supported the nomination. He was not unmindful of the great responsibility he was assuming in accepting the office, and he assured all the members of the Council that he would spare no effort to prove himself equal to his task.

12. He welcomed all the representatives who had come to take part in the work of the Council's seventeenth session, and especially the newly elected members, Czechoslovakia, Ecuador, Norway and Pakistan.

13. He recalled that, by setting up the United Nations, the Allies, victors of the Second World War, had wished to provide an international body capable of maintaining peace among the nations. That purpose could only be achieved if the Allied Powers remained united and continued to maintain friendly relations among themselves. It was manifest that the countries of the world were dividing to an increasing extent into two rival camps with opposite interests and ideologies, and that justice, whether in the field of law or in the economic and social sphere, was far from prevailing.

14. War was still raging in some regions of the world. It would not do, however, to give way to despair. On the contrary, it was the duty of the peoples, and above all of the Governments, to persevere in their efforts to establish peace among the nations and to ensure the triumph of justice over force.

15. He had no intention of making a detailed analysis of the reasons why efforts to that end had so far failed. He would confine himself to stressing the mournful truth that wars were becoming increasingly destructive and that the peoples were living in a state of perpetual anxiety that led them even to despair of progress. In his view, the causes of international antagonisms and disagreements were primarily economic and social, and secondarily moral, and it would be very difficult to ensure international peace so long as the economic and social problems remained unsolved.

16. There had been much discussion of the relative importance of economic, social and moral factors in the organization of peace. In the provisions of the Charter concerning the establishment of the Economic and Social Council, however, the United Nations had recognized the overriding importance of the economic factor. It was obvious that social justice could not exist in a country whose economic development did not ensure its inhabitants a proper standard of living. A lasting solution to the great problems that existed would not be found unless the economic problems were first solved. Therein lay importance of the Economic and Social Council.

17. In the first years of the Council's existence the various countries had had greatly divergent opinions on the manner in which economic and social problems should be approached and solved. He had been happy to note, however, that those divergences had become less

marked, especially during the Council's last two sessions. Although Council members were not yet entirely agreed as to the methods to be adopted, they were unanimous in recognizing that the most urgent and important problem was that of economic and technical assistance to the under-developed countries. Programmes of assistance of that kind were not acts of international charity; they were also necessary to the attainment of the Organization's purposes and in the mutual interest of the nations. Only by intelligent, dynamic and sometimes bold action would it be possible to prevent a worsening of the evils which beset the peoples of the under-developed countries from leading them to desperate acts from which the rest of the world would suffer.

18. There was as yet no agreement on the means of ensuring effective economic co-operation on the international plane. Certain measures had been taken, however, and they constituted a starting-point. The decision to set up a special fund under the auspices and control of the United Nations should first be mentioned, and then the proposal, submitted by the United States at the eighth session of the General Assembly, to consider the possibility of taking other measures to promote and accelerate the economic development of under-developed countries, in particular measures to stabilize the prices of the raw materials which those countries produced and to eliminate customs restrictions. Mention should also be made of the decision taken the previous year by the Soviet Union, the Byelorussian SSR, the Ukrainian SSR, Czechoslovakia and Poland, to participate in the Expanded Programme of Technical Assistance.

19. It was in the interest of all countries that such projects and proposals should become tangible realities as quickly as possible. That desire should animate the Economic and Social Council in 1954, so that the world might make further progress and help "to save succeeding generations from the scourge of war".

20. The best way to ensure that the principles of social justice were applied and developed in the under-developed countries for the good of all nations was to encourage the economic development of those countries. Only in that way could human rights be given a universal application and meaning. Social justice depended, in the last analysis, on the possibility of meeting those economic needs, the satisfaction of which formed the physical and biological basis of life.

21. The Economic and Social Council's mission was to harmonize and co-ordinate the action taken in all States Members of the United Nations to advance the rate of economic and social progress through objective studies and reports and practical recommendations; from the start the Council had borne heavy responsibilities of a technical rather than political character. In spite of inevitable hesitations and withdrawals it had been able to achieve positive results and, particularly in the last few years, had won general recognition and esteem.

22. At the opening of a new session it would doubtless be useful to view some of the problems which the Council was to study in perspective and to consider what action was open to it.

23. In face of the mounting rhythm of scientific and technical progress, the world was becoming more complex every day. Simple but purely theoretical formulae and partial solutions were no longer adequate; the present was too different from the past for the lessons of experience to retain a value commensurate with the

changes which had come about. The Council should therefore endeavour to grasp the meaning of present-day realities, determine the true relationships between cause and effect and make an objective appraisal of the various problems submitted to it.

24. From that point of view, the most important economic and social question was that of the living conditions of the majority of mankind, whose standard of living was in danger of falling below the minimum subsistence level. Despite the laudable action in the field of technical assistance already undertaken internationally, regionally and through bilateral agreements, the existing structure of the world tended to widen the gulf between the under-developed and the advanced countries. The co-operative spirit behind such efforts deserved praise; but the conclusion was unavoidable that the results so far obtained made it possible to satisfy only a fraction of the need. At best, economic development was a long and delicate process, which would not bring about a complete economic and social levelling between nations of different traditions, customs and religious beliefs. It was thus necessary to seek, by dint of economic development, to put the resources of the under-developed countries to the fullest use as a means of assisting them to raise the standard of living of their populations, while respecting the way of life which they had chosen and intended to maintain.

25. It appeared to be a matter of general recognition today that the development of the economically least developed regions was one of the essential conditions of world economic stability. The advanced countries, however, were not yet giving that interdependence sufficient weight in the formation of their economic policy: doubtless their attention was engaged with other, more pressing internal or international problems. The impetus needed to overcome the prevailing inertia was lacking.

26. Accordingly there was a need to emphasize again the close and increasing economic interdependence of all nations on earth. That interdependence meant different things to different States. To the most vulnerable among them it might manifest itself as a threat to the very stability of their economy; the most advanced countries, on the other hand, usually found it a source of increased influence. Therefore, when the powerful nations shaped their economic policy, they would in future have to consider not only their own interests but also the possible effects of their actions upon the rest of the world. The weaker nations, in their turn, were in duty bound to do all they could progressively to reduce the dependence of their economy on external factors. That implied the most extensive possible co-operation between nations and an orderly arrangement of world economy, which could not be left at the mercy of existing economic forces. The experience gained in the past few years, particularly in Europe and Latin America, showed that regional action offered the best chance of a successful co-ordination of the world economy.

27. The great economic problems which the Council was to study in 1954 could for the most part be considered under two main headings: the world economic situation from the point of view of stability and full employment, and economic development. Social questions of the greatest importance were also before the Council. As the two groups of problems were inter-related, and the ultimate aim was to harmonize economic progress and social welfare, the Council should give its

closest attention in equal measure to the most important questions arising in each of the two fields. That consideration would certainly be borne in mind when the question of the organization and operation of the Council and its functional Commissions and the reorganization of the Department of Economic Affairs and the Department of Social Affairs were before the Council for study.

28. Between the two extremes of scepticism and Utopian idealism, the wise course was to attempt to deal with the realities of the situation: the Council should shape its action accordingly, in the clear knowledge that, while there was no panacea for the ills of the universe, co-operative effort was the best means of bringing common aspirations to fruition. Therefore the best wish that could be expressed at the opening of that session was that all members of the Council should be imbued with a determination to take constructive action in concert. For his part, he would endeavour to justify the confidence the members of the Council had placed in him.

ELECTION OF THE FIRST VICE-PRESIDENT

29. Mr. PEREZ PEROZO (Venezuela) proposed Sir Douglas COPLAND (Australia) as First Vice-President. Sir Douglas was an eminent diplomat and a specialist in economic questions. He had represented his country at the first and eighth sessions of the General Assembly, at which he had taken part in the debates of the Fifth and Fourth Committees.

30. Sir Pierson DIXON (United Kingdom) supported the Venezuelan proposal.

Sir Douglas Copland (Australia) was elected First Vice-President by acclamation.

ELECTION OF THE SECOND VICE-PRESIDENT

31. Mr. AZMI (Egypt) proposed Mr. NOSEK (Czechoslovakia) as Second Vice-President. Mr. Nosek, having been Chairman of the Second Committee of the General Assembly in 1952, Second Vice-President of the Council in 1951 and First Vice-President of the Council in 1952, had great experience of Economic and Social Council questions.

32. Mr. TSARAPKIN (Union of Soviet Socialist Republics) supported the Egyptian proposal.

Mr. Nosek (Czechoslovakia) was elected Second Vice-President by acclamation.

Admission to Headquarters of representatives of non-governmental organizations

33. Mr. LODGE (United States of America) stated that false propaganda had been spread to the effect that the United States Government had a policy of preventing the attendance at United Nations Headquarters of the representatives of certain non-governmental organizations that supported ideologies with which the United States differed. Although the organizations in question were erroneously called "non-governmental" organizations, since in practice they were dominated by the Government of the Soviet Union, he wished to state in refutation of such accusations that his Government had nevertheless granted visas to representatives of the Women's International Democratic Federation, the World Federation of Democratic Youth and the World Federation of Trade Unions. The record of the United States regarding the admission of those with which it differed was far more generous than would be that of

the USSR if the situation were reversed. For example, the USSR had failed to issue visas to an official body established by the Economic and Social Council in 1947 to assess war damages in the USSR for the purpose of aiding in reconstruction.

34. The United States had refused on grounds of national security to issue a visa to Mr. Iradj Eskandary, another representative of the World Federation of Trade Unions. Mr. Eskandary had been sentenced to death in his country for participation in a conspiracy to murder the Shah and had been expelled from France, and no government could expect the United States to permit him to come to New York. Clearly the Headquarters Agreement and the supplementary agreement with the Secretary-General had not contemplated the admission of such people.

35. In reply to questions from Mr. NOSEK (Czechoslovakia), Mr. LODGE (United States of America) said that the visa requested for Mr. Jean Dessau, the representative of the World Federation of Trade Unions, had been granted that very morning. The procedure followed in the matter had been perfectly normal. Any delay in granting the visa should be ascribed to the caution which the competent authorities had found it necessary to exercise, since they were in no doubt as to the real reasons for Mr. Dessau's visit.

36. Mr. TSARAPKIN (Union of Soviet Socialist Republics) noted that the representative of the United States of America had once again implicated the Soviet

Union: the question was a serious one, to which he reserved the right to refer again when he had learned all the details of the matter. For the moment he would confine himself to pointing out that Mr. Lodge, who extolled the virtues of patience and tolerance, had not hesitated, at the very first meeting, to disturb the atmosphere of understanding which should prevail at Council meetings.

Adoption of the sessional agenda (E/2525 and Add.1 and 2, E/2549, E/L.575, E/L.576, E/L.577)

[Agenda item 2]

37. The SECRETARY-GENERAL, with reference to item 21 on the provisional agenda, called the attention of the members of the Council to his memoranda on the organization and operation of the Council and its commissions (E/2541) and on the question of documentation (E/2542), and informed them of the character of the comprehensive review of the organization and work of the Secretariat which he was undertaking in virtue of General Assembly resolution 784 (VIII). He stated that certain conclusions from that review bearing upon economic and social programmes would be placed before the Council at its eighteenth session.¹

The meeting rose at 12.45 p.m.

¹The text of the Secretary-General's statement is contained in document E/L.578, which was issued at the request of the representative of Argentina.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Indonesia, Israel, Netherlands, Philippines, Poland, Uruguay.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Monetary Fund, World Health Organization.

Adoption of the sessional agenda (E/2525 and Add.1 and 2, E/2549, E/L.575, E/L.576, E/L.577) (continued)

[Agenda item 2]

1. The PRESIDENT invited the Council to adopt the provisional agenda (E/2525 and Add. 1 and 2).
2. Sir Douglas COPLAND (Australia) pointed out that, since the Secretary-General's study of the operation of the Council and its commissions was not complete, it might be wiser to defer consideration of item 21, "Organization and operation of the Council and its commissions".
3. Mr. DE SEYNES (France) and Mr. MEADE (United Kingdom) stated that, although it might be possible to have an exchange of views on the item, there would be considerable risk of duplication if it came up for detailed discussion later.
4. The PRESIDENT proposed that consideration of item 21 should be postponed to the Council's eighteenth session.

It was so decided.

5. Mr. HOTCHKIS (United States of America) proposed that consideration of item 22, "Election of members of the Council Committee on Non-Governmental Organizations", should be deferred until the resumed part of the eighteenth session of the Council. By that time it would be known which Member countries had been elected to the Council by the General Assembly, whereas, if members of the Council Committee on Non-Governmental Organizations were elected during the present session, a country might well be elected which would have ceased to be a member of the Council when

the Committee on Non-Governmental Organizations met in February 1955.

6. Mr. NOSEK (Czechoslovakia) pointed out that, under rule 82 of the rules of procedure, the Committee on Non-Governmental Organizations must be elected each year at the first regular session of the Council.

7. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that, if the United States proposal were adopted, the members of the existing Committee on Non-Governmental Organizations would be called upon to serve for two years, since the election of their successors would be deferred to the end of the present year. But in that case, the Committee would cease to exist, because its members could hold office only for one year.

8. Mr. HOTCHKIS (United States of America) gave notice under rule 89 of the rules of procedure that he would move the suspension of rule 82 at the next meeting.

9. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that his delegation had no objection to the inclusion on the Council's agenda of the additional item 27, "Draft convention on the enforcement of international arbitral awards", proposed by the International Chamber of Commerce (E/2525/Add.2).

10. Introducing the USSR proposal for the inclusion of an additional item 26, on the removal of obstacles to international trade and on means of developing international economic relations, he read his delegation's supporting statement (E/2549), which indicated the vital importance of the item and showed its direct connexion with the Council's obligations under the Charter.

11. Mr. MEADE (United Kingdom), supported by Mr. HOTCHKIS (United States of America) recognized the importance of removing obstacles to international trade, but felt that discussion of the matter should be postponed to the Council's eighteenth session, when it could be considered as item 2(c) of the item on the world economic situation. The Secretary-General's report on the world economic situation would not be ready until May 1954.

12. At its ninth session, the Economic Commission for Europe (ECE) had adopted two resolutions, a Belgian-Czechoslovak proposal and a USSR-United Kingdom proposal. The first called for the Executive Secretary to place before the eighteenth session of the Council a study based on consultations between experts of ECE and the other regional Commissions on measures for strengthening inter-regional trade relations. The second invited the Executive Secretary to ascertain the opinion of the governments participating in ECE on the possibility of convening an ECE committee to discuss the development of international trade. The two resolutions dealt with subjects closely related to the item proposed by the USSR, and the Council would thus be in a much better position to discuss that item at its next session.

13. In addition, in the light of the provisional agenda set out in document E/2525, some delegations, such as

the United Kingdom delegation, had not included on their staff the trade and economic experts necessary for a thorough study of the proposed item.

14. Mr. NOSEK (Czechoslovakia) said that his delegation would vote in favour of including the item proposed by the USSR in the agenda of the current session. In the discussion of economic questions at previous sessions of the Council and the General Assembly his delegation had always shown its deep interest in developing international trade relations and had drawn attention to the increasing economic co-operation between the USSR, the People's Republic of China and the people's democracies. While Czechoslovak foreign trade policy was founded on agreements with the countries to which he had just referred because its relations with those countries were not disturbed by economic fluctuations, depressions and discriminatory practices, Czechoslovakia was also ready to trade with other countries.

15. The removal of obstacles to international trade and the development of international trade relations would lead to an expansion and strengthening of international economic and trade relations and thus to a lessening of international tension, and to the maintenance and reinforcement of world peace and international security. The Council could make an important contribution to that end by discussing the USSR item immediately and making specific recommendations thereon.

16. Replying to the representatives of the United Kingdom and the United States, Mr. Nosek stressed that while world trade was closely linked to the world economic situation—an item which would be discussed at the Council's eighteenth session—it was equally closely linked to, and indeed a prerequisite for, the economic development of the under-developed countries, an item which was part of the agenda of the current session. In discussing the economic development of the under-developed countries, members of the Council would be bound to comment on international trade, but there was no reason why the question should not be discussed both at the current session and again at the following session in connexion with the world economic situation. He was convinced that such a discussion both at the current and at the eighteenth session would make a valuable contribution to the solution of the problems of the economic development of the under-developed countries, as well as to an improvement of the world economic situation in general.

17. He saw no justification for the fear that any discussion of trade problems at the current session of the Council would adversely influence the consultations on East-West trade to be held in April in accordance with the resolution originally proposed by the USSR and the United Kingdom or the consultations referred to in the resolution originally proposed by Belgium and Czechoslovakia, which had been adopted unanimously at the ninth session of the Economic Commission for Europe.

18. Mr. TSARAPKIN (Union of Soviet Socialist Republics) emphasized that his delegation had proposed the inclusion of the additional item because it felt that it was important that that item should be discussed now. The regional Commissions had stressed the need for expanding international trade relations, and a move in that direction was apparent in many countries. The necessity for such a move had also been emphasized by government representatives of all shades of political opinion.

It was the Council's duty to respond to public opinion and study the question immediately.

19. The consultations with ECE to which the United Kingdom representative had referred were no reason for postponing consideration of an urgent issue. ECE was concerned only with Europe, whereas the Council was concerned with the world as a whole. Moreover, the ECE experts would be discussing specific trade agreements and not the general problem.

20. The argument that the question could more appropriately be discussed in conjunction with the report on the world economic situation was equally invalid. A number of items on the agenda of the current session, such as the economic development of the under-developed countries, the annual reports of the Economic Commission for Asia and the Far East (ECAFE) and the Economic Commission for Latin America (ECLA) and the Expanded Programme of Technical Assistance, were just as intimately connected with the problem to which the Soviet Union proposal referred. The question of obstacles to world trade was becoming increasingly serious. On a number of occasions the under-developed countries had complained of the growing obstacles to international trade, and similar complaints had been made at the recent conference of the Organization of American States at Caracas. Certain forces in the world were obviously opposed to the removal of such obstacles, but the Council should not sit idly by while the obstacles multiplied.

21. His delegation had scrupulously adhered to the rules of procedure in submitting its request for inclusion of the item before the six weeks' time limit. The United Kingdom delegation had therefore had every opportunity to include the necessary experts on its delegation.

22. Mr. PEREZ PEROZO (Venezuela) said that his delegation was fully aware of the importance of the proposed item and would like more time to study the question. For that reason, and for the reasons advanced by the representatives of the United Kingdom and the United States, he supported the suggestion to postpone the item to the following session.

23. With regard to the USSR representative's reference to the recent discussions at Caracas, there was a vast difference between the discussion of trade problems within the Organization of American States and other regional bodies where countries were linked by a community of origin, history and interests, and the discussion of similar problems in the United Nations.

24. Sir Douglas COPLAND (Australia) said that obstacles to world trade could be removed only by an attack on many fronts, involving all phases of international economic co-operation. The development of freer and wider international trade relations was a global problem, on which every economic question on the agenda of the seventeenth and eighteenth sessions had a bearing. The Council would therefore be in a much better position to discuss it at the eighteenth session, when it had completed its discussion of the other economic items.

25. There seemed, moreover, to be little urgency about the problem. The situation was not deteriorating and had not deteriorated since 1946. Indeed, the Council's work had already helped to lower trade barriers and free international trade. The European Payments Union, the sterling area arrangements and the increasingly close relations between EPU, the sterling area and the dollar

area had contributed to the same end. Additional recommendations based on the Randall report had just been submitted to the United States Congress. It was to be hoped that the USSR would also play its part in furthering that salutary trend. He would therefore vote in favour of postponing the item to the eighteenth session.

26. Mr. NOSEK (Czechoslovakia), replying to the representatives of Venezuela and Australia, said that both the preceding speakers had expressed themselves in favour of a discussion in the Council on the question of the removal of obstacles to international trade and means of developing international economic relations, but had stated that they preferred a postponement of such a discussion until the Council's next session. It was difficult for him to understand such a standpoint since it was a well known fact that responsible statesmen, foreign trade experts and businessman throughout the world felt the need for an immediate return to normal international trade relations, an immediate removal of discriminatory practices and an immediate expansion of international trade. The Council was the main economic organ of the United Nations and it should heed public opinion. In so doing, it would be fulfilling the obligations and duties entrusted to it by Chapter X of the Charter, and more particularly by Article 62.

27. Mr. TSARAPKIN (Union of Soviet Socialist Republics), replying to the Australian representative, said that he failed to see why the fact that the USSR proposal had wide international significance should be a reason for postponing it. On the contrary, to discuss it at the present session would pave the way for discussion of the world economic situation at the eighteenth session.

28. The Australian representative had asserted that the obstacles to international trade at the present time were no greater than they had been in 1946 and 1947. In 1948, 1949 and 1950, however, there had been a trend towards creating obstacles to trade between countries that had had commercial relations for centuries. That trend had now been reversed, and there was a movement in the direction of removing such obstacles. That movement ought to be encouraged in every way.

29. There were no procedural grounds for rejecting the USSR proposal, and a refusal to include it in the agenda of the seventeenth session would create an unfortunate impression that the Council did not regard the problem as urgent.

30. The PRESIDENT put to the vote the proposal to postpone consideration of the item proposed by the Union of Soviet Socialist Republics to the Council's eighteenth session.

The proposal was adopted by 13 votes to 3, with 2 abstentions.

31. Mr. GARCIA OLANO (Argentina) explained that he had voted in favour of postponing the item, not because he did not realize its importance, but because he felt that the Council did not have enough documentation to enable it to give the question the thorough study it deserved. He hoped the Secretariat would prepare documentation in time for the summer session.

32. Mr. KOS (Yugoslavia) said that he had abstained in the vote because he had no strong views on the subject. Many valid arguments had been adduced on both sides. He appreciated the importance of the USSR proposal, but observed that there was a great discrepancy between theory and practice; Yugoslavia was still

subject to an economic blockade by the eastern European countries.

33. Mr. MIR KHAN (Pakistan) said that he had voted for postponement because, although his delegation considered the matter both important and pressing, it agreed with the Australian delegation that it would be better discussed at the eighteenth session, after the Secretary-General's report on the world economic situation had been submitted to the Council. At that time the delegation of Pakistan would make constructive proposals.

34. Mr. EL-TANAMLI (Egypt) said that Egypt's position on the substance of the question had been clearly stated at the sixteenth session of the Council and that his delegation had not changed its opinion on the matter. He had the impression that, generally speaking, the majority of the Council felt that further documentation was essential and that the Council should study the Secretary-General's report on the world economic situation before it began to consider the question of the removal of obstacles to international trade. In view of that attitude on the part of the majority, the Egyptian delegation had abstained in the vote on the procedural proposal to postpone that item to the eighteenth session of the Council. It took note, however, of the fact that the Council had decided to make that question item 2 (c) of the agenda of the eighteenth session.

35. The PRESIDENT invited the representative of the International Chamber of Commerce to submit to the Council, in accordance with rule 14, paragraph 3, of the rules of procedure, his organization's proposal for the inclusion in the agenda of item 27, "Draft convention on the enforcement of international arbitral awards".

36. Mr. ROSENTHAL (International Chamber of Commerce) said that the International Chamber of Commerce (ICC) had been interested in arbitration for over thirty years. The Geneva Convention on the Execution of Foreign Arbitral Awards of 1927 had originated in an ICC resolution requesting the League of Nations to study the question of the recognition of arbitral awards with respect to the private character of arbitration. There had also been much interest in commercial arbitration, the use of which had grown greatly during the past fifty years. Trade disputes constituted a barrier to the growth of international trade. The technical problems involved had not always received the attention they deserved, and the enforcement of international arbitral awards was one such problem. Hence, at its Lisbon congress in 1951 and at Vienna in May 1953, the ICC had discussed the question of revising the Geneva Convention. One of the weaknesses of that Convention was that arbitration awards held in foreign jurisdictions were enforceable only if they conformed strictly to the laws of the country in which the arbitration was conducted. The ICC had prepared a preliminary draft convention which was attached to its report (E/C.2/373) and a document explaining the basic differences between their draft and the Geneva Convention of 1927 (E/C.2/373/Add.1).

37. The ICC suggested that the enforceability of awards should be based primarily on the will of the parties, as set forth in the arbitration clauses in contracts of the parties and in properly held arbitration pursuant thereto. That was implied in the concept of freedom of contract, a basic principle which was included in the Geneva Protocol on Arbitration Clauses of 1923. International

awards should therefore be recognized as valid in every country if the procedure applied was in accordance with the rules agreed upon, irrespective of whether they were drawn up by the parties themselves or established through an arbitral body. There would have to be various reservations, the details of which were set forth in article 4 of the preliminary draft convention.

38. It was obvious that under Article 62 of the Charter, the Economic and Social Council was the only organ before which the matter could properly be placed, and it was therefore to the Council that the ICC was submitting its proposal. The ICC believed that the proposal was an important contribution to the furtherance of world peace through the promotion of international trade, and hoped that the Council would give it favourable consideration.

39. Mr. FENAUX (Belgium) said that the ICC had already laid before the Council Committee on Non-Governmental Organizations its reasons for urging the inclusion of the item in the Council's agenda. The Committee had decided by a unanimous vote, with two abstentions, to recommend that the item should be included. He hoped the Council would adopt the Committee's recommendation, without prejudging the merits of the case or the procedure to be followed in considering it. He reserved the right to suggest an appropriate procedure at the proper time.

40. Mr. HOTCHKIS (United States of America) said that his delegation was completely in sympathy with the ICC's objectives. In recent years the United States had endeavoured to obtain in bilateral treaties of friendship, commerce and navigation provisions designed to ensure reciprocal recognition and enforcement of commercial arbitration awards, and it intended to continue those efforts.

41. So far as the draft convention was concerned, he was not prepared, for the time being to comment on the substance nor to indicate eventual adherence to a convention of this kind, which involved serious and complicated legal and constitutional issues.

42. He was therefore unable to support the inclusion of the item in the agenda of the current session, although he would not oppose consideration of it if the majority so wished.

43. Mr. SAKSENA (India) moved postponement of the item to the eighteenth session.

44. Mr. FENAUX (Belgium) pointed out that the Committee on Non-Governmental Organizations had unanimously agreed that the matter should be taken up at the present session, since the agenda of the eighteenth session was very long.

45. Mr. SAKSENA (India) said that he would agree, provided the discussion was confined to the procedural aspect.

46. Mr. MEADE (United Kingdom) associated himself with the Indian representative; he had supported the recommendation in the Committee on Non-Governmental Organizations on the understanding that only the procedural aspect would be discussed at the present session.

It was decided to discuss only the procedural aspect of the item at the present session.

47. The PRESIDENT proposed that the Council should adopt the agenda as set forth in documents E/2525 and Add.2, with the exception of item 21, which had been postponed to the eighteenth session, and item 22, on which a decision would be taken at the next meeting.

It was so decided.

The meeting rose at 6 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Indonesia, Israel, Netherlands, Philippines.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Monetary Fund, World Health Organization.

Adoption of the sessional agenda (E/2525 and Add.2, E/L.575, E/L.576, E/L.582) (*concluded*)

[Agenda item 2]

1. The PRESIDENT invited the representative of the Legal Department to give its views on the proposal to suspend rule 82 of the rules of procedure in accordance with rule 89.

2. Mr. SCHREIBER (Secretariat) said that the Legal Department had examined the views which had been expressed in the Council with respect to the application of the rules of procedure in connexion with the proposal made by the United States delegation at the previous meeting that the election of members of the Council Committee on Non-Governmental Organizations should be deferred to the resumed eighteenth session, to be held during or immediately after the ninth session of the General Assembly.

3. The Legal Department was of the opinion that it was open to the Council to give effect to the United States proposal by suspending that part of rule 82 which laid down that the members of the Committee should be elected each year at the first regular session of the Council. The Council could then decide that item 22

should be placed on the agenda of the resumed eighteenth session, or else include the item in the agenda of the present session, but postpone the election until the resumed eighteenth session. Rule 82 could be suitably amended, if the Council so desired, when the question of the reorganization of the Council and its commissions was discussed at the eighteenth session.

4. The provision in rule 82 that "a member shall serve until the next election unless it ceases to be a member of the Council", the purpose of which was to ensure the continuity of functioning of the NGO Committee, would enable the Committee to continue its activities in the interim period. That provision had already been implicitly applied in the past when it had been impossible to hold the election at the beginning of the year, for example in 1952, when the Council had had only one regular session. If, however, any members felt any doubt on the subject, the Council could specify that the Committee on Non-Governmental Organizations should continue to function with its present membership until the Council had elected the new members.

5. Mr. MEADE (United Kingdom) hoped that rule 82 would be amended when the question of the reorganization of the Council was discussed. Logically, the election of members of the Committee should take place when the composition of the Council for the ensuing year was known.

6. Mr. HOTCHKIS (United States of America) thought the simplest way of dealing with the problem would be for the Council to decide whether or not rule 82 should be suspended. If it decided to suspend the rule, a vote could be taken on the second United States proposal, that the election should be postponed until the end of 1954.

7. Some confusion had arisen between the United States proposal and the suggestion that rule 82 should be amended. The United States delegation had made no proposal for the amendment of that rule, and thought the question might well be discussed at the eighteenth session in connexion with the reorganization of the Council.

8. Sir Douglas COPLAND (Australia) presented a draft resolution (E/L.582) to the effect that the Council should decide, in accordance with rule 89, to suspend the part of rule 82 relating to the time of election of members of the Committee. It would then be free at the eighteenth session to make the necessary amendment in rule 82, and the present Committee would continue in operation until the next election at the end of the year.

9. Mr. SAKSENA (India) thought there was one point which had not been sufficiently considered: it was a well-established principle that a smaller or subsidiary body should be elected by a larger body which would be in existence for the period in question. The proposal seemed to be that the old Council should elect the members of the new Committee, which logically ought to be done by the new Council. The matter

called for further consideration and the Council should receive a report in accordance with rule 88. Rule 82 had been in operation for a number of years without giving rise to any serious difficulties, and precipitate action should be avoided.

10. Mr. KOS (Yugoslavia) felt that great caution should be used in applying rule 89. It should be put into effect only when a complete deadlock had been reached with regard to some important problem. Its use in minor matters might create a dangerous precedent.

11. He thought the Council might elect the members of the Committee on Non-Governmental Organizations at the present session, in accordance with the rules of procedure, and that at the next session the matter might be taken up again in connexion with the reorganization of the Council, and the rules of procedure might at that time be amended so that the next election of members of the Committee would be at the resumed eighteenth session in December 1954. The transition to the new system would thus be effected without difficulty.

12. The real point at issue was not whether or not the Council was entitled to elect the new members, but how to achieve a more speedy rotation of members than was provided for under the existing rules.

13. Mr. HOTCHKIS (United States of America), unlike the Yugoslav representative, thought that rule 89 should be applied only in minor matters, such as the question under discussion.

14. Mr. TSARAPKIN (Union of Soviet Socialist Republics), supported by Mr. NOSEK (Czechoslovakia), maintained that the United States proposal was one of substance and not merely one of procedure. The Council was faced with a proposal that the present membership of the Committee on Non-Governmental Organizations should be continued for a further year, which was impossible under the rules of procedure. The sponsors of the proposal were using a procedural device to amend the rules of procedure.

15. Mr. SAKSENA (India) and Mr. HOTCHKIS (United States of America) supported the Australian draft resolution.

16. The PRESIDENT put to the vote the Australian draft resolution (E/L. 582).

The draft resolution was adopted by 15 votes to none, with 3 abstentions.

17. The PRESIDENT requested the Council to consider the Secretary-General's proposals for the arrangement of business at its seventeenth session (E/L. 576).

18. Mr. DE SEYNES (France) suggested that item 12, "Freedom of information", should be discussed on Thursday, 8 April 1954.

It was so decided.

19. Mr. MORALES (Argentina) proposed that item 11, "Expanded Programme of Technical Assistance: report of the Technical Assistance Committee", should be considered during the first week, as the report in question had already been circulated.

It was so decided.

20. Mr. FENAUX (Belgium) proposed that item 17, "Recognition and enforcement abroad of maintenance obligations", should be discussed during the week beginning 5 April 1954.

It was so decided.

21. Mr. MORALES (Argentina) proposed that in view of the complexity of item 3, it would be advisable

for the Council to discuss in plenary session the general question of the economic development of under-developed countries and then to discuss the four sub-items (a) to (d), before referring the item as a whole to the Economic Committee.

22. Sir Douglas COPLAND (Australia) raised the objection that a general discussion of all the sub-items would unnecessarily prolong the Council's work. A short general discussion, after which sub-item (a) to (d) could be referred to the Economic Committee, would be better. He did not agree that the sub-items were unrelated; it would be impossible, for example, to discuss the terms of trade in under-developed countries without reference to the international flow of private capital or to land reform.

23. Mr. TSARAPKIN (Union of Soviet Socialist Republics) attached great importance to a general discussion of the item.

24. Sir Douglas COPLAND (Australia) proposed that the Council should hold a general discussion on the whole of item 3, including the sub-items, and then refer the matter to the Economic Committee.

It was so decided.

25. The PRESIDENT invited the Council to approve the Secretary-General's proposals for the arrangement of business at its seventeenth session (E/L. 576), as amended.

The proposals, as amended, were approved unanimously.

26. The PRESIDENT proposed that the Economic Committee should be constituted under the chairmanship of Sir Douglas Copland (Australia) and the Social Committee under the chairmanship of Mr. Nosek (Czechoslovakia).

It was so decided.

Transport and Communications: (a) Protocol on a Uniform System of Road Signs and Signals: report by the Secretary-General under Council resolution 468 D (XV), paragraph 6 (a) (E/2523 and Add.1-2, E/L.580)

[Agenda item 10 (a)]

27. Mr. HOTCHKIS (United States of America) introduced the French-United States draft resolution on a uniform system of road signs and signals (E/L. 580). No final decision on the contents of the Protocol on a Uniform System of Road Signs and Signals or the date it should be opened for signature could be reached on the basis of the replies so far received by the Secretary-General in conformity with Council resolution 468 D (XV). The Secretary-General's report (E/2523 and Add.1-2) showed, first, that there were some differences of opinion about the Protocol and, secondly, that several governments had not yet submitted their comments. It was to be hoped that by the time the Transport and Communications Commission met, sufficient information would be available to decide what further action should be taken. As stated in the report, the United States Government was unable to sign and ratify the Protocol, although it congratulated the group of experts on their work and considered that it would provide a valuable guide to national practice.

28. Mr. KUEHN (France) said that, although the French Government did not intend to sign the Protocol at the moment, it felt that its existence served a useful

purpose and that the experts were to be congratulated on their work.

29. Like many European countries, France had adopted at considerable cost a system of road signs and signals based on the Protocol on Road Signs and Signals, signed at Geneva in 1949. Confusion and additional expense would be involved were it to accede immediately to the new Protocol. The French Government hoped, however, that financial considerations would soon cease to be of such overriding importance and that continued technical progress would noticeably reduce the cost of changing the system. In the meantime it was to be hoped that the technicians from various countries would give serious consideration to the provisions of the Protocol and submit amendments where necessary.

30. Mr. VAN OFFELEN (Belgium) said that his Government favoured the adoption of international measures to promote a uniform system of road signs and signals. It was considering the possibility of ratifying the Protocol, which represented an initial step towards the world-wide protocol which, it was to be hoped, the United Nations would finally achieve. Apparently, however, the existing draft would have to be amended to gain wider support. He was therefore in favour of the joint draft resolution (E/L. 580).

31. Mr. DONS (Norway) explained that, in principle, his Government was in favour of establishing a uniform system of road signs and signals on a world-wide basis. The possibility of reaching agreement on such a system would apparently depend on the extent to which the new system could be harmonized with existing regional systems. For various reasons many countries were unable to abolish totally their existing system of road signs and signals, and hence the adoption of a world-wide system might merely make confusion worse confounded and eliminate any advantages accruing from the existing regional systems.

32. His Government therefore felt that the Protocol would not achieve the desired end and was not prepared to sign it. Efforts to reach world-wide agreement should be continued and he would vote in favour of the joint draft resolution.

33. Mr. LOOMES (Australia) indicated that, as stated in document E/2523/Add.1, his Government was contemplating steps to sign the Protocol subject to the right to exclude certain of the symbols unsuitable for Australian conditions. From the Secretary-General's report, however, it appeared that only about one-third of the Governments which had commented so far were likely to accept the Protocol as it stood. It therefore seemed reasonable that, before the Protocol was opened for signature, the possibility of amending it to make it more generally acceptable should be considered.

34. Mr. ADIL (Pakistan) said that the question was being examined by his Government. It would appear that a number of governments had serious doubts about the Protocol. As its utility would be greatly enhanced if it had a large measure of international approval, it might be well for the Transport and Communications Commission to give the matter further study. He would therefore support the joint draft resolution.

35. Mr. KOS (Yugoslavia) welcomed all efforts to ensure the adoption of a uniform system of road signs and signals. Despite certain deficiencies, the Protocol was a step in the right direction. Yugoslavia considered that it should be accepted in principle, although the

visibility and legibility of certain signs could be improved. His Government was prepared to sign the Protocol but, as it was not universally acceptable, particularly to some countries with a highly developed system of road signs and signals, it might well be referred to the Transport and Communications Commission for further study. He would therefore vote in favour of the joint draft resolution.

36. Mr. ALFONZO RAVARD (Venezuela) associated himself with previous speakers who had congratulated the experts on their work. The comments already received by the Secretary-General, showed however, that further study was essential. The sixth Pan-American Congress on Highway Problems, to be held at Caracas in July 1954, would have on its agenda an item on road signs and signals and traffic problems in general. The Secretary-General would be informed of the conclusions reached at that Congress. It was important that the views of the American countries should be taken into account. He would therefore vote in favour of the joint draft resolution.

37. The PRESIDENT put to the vote the draft resolution submitted by France and the United States (E/L.580).

The draft resolution was adopted by 16 votes to none, with 2 abstentions.

Transport and Communications: (b) Pollution of sea water: report by the Secretary-General on developments since the adoption of Council resolution 468 B (XV) (E/2522, E/L.581)

[Agenda item 10 (b)]

38. Mr. MEADE (United Kingdom) said that the United Kingdom Government, alarmed at the increasing seriousness of the pollution of the coasts of the United Kingdom, had issued invitations to the major maritime powers to attend an *ad hoc* diplomatic conference in London in April 1954. A number of governments had already accepted the invitation, and the Secretary-General had agreed to send an observer. Any convention agreed upon at the conference would be brought within the scope of the Inter-Governmental Maritime Consultative Organization (IMCO) when it was set up.

39. In the light of those events, the United Kingdom Government had reserved its position with regard to setting up a technical committee along the lines suggested in Council resolution 468 B (XV). His delegation hoped that the members of the Council would agree that the Council need take no further action pending the results of the London conference. That consideration had led his delegation to submit the draft resolution appearing in document E/L. 581. He was aware that the agenda for the Council's eighteenth session was heavy, but he hoped that the report called for in the draft resolution would be non-controversial and give rise to a minimum of discussion.

40. Mr. ADIL (Pakistan) felt that the United Kingdom draft resolution might be interpreted as anticipating the establishment of IMCO and suggested that the words "if and" should be inserted before the words "when it is set up" in the second paragraph of the preamble.

41. Mr. MEADE (United Kingdom) explained that the reference to IMCO had been introduced only to indicate that, should that organization eventually be set

up, any convention agreed upon at the London conference would be brought within its scope. Nevertheless, he had no objection to the Pakistan amendment.

42. The PRESIDENT put to the vote the United Kingdom draft resolution (E/L. 581), as amended by the representative of Pakistan.

The draft resolution, as amended, was adopted by 16 votes to none, with 2 abstentions.

Transport and Communications: (c) Situation with respect to ratification of the Convention on the Inter-Governmental Maritime Consultative Organization: report by the Secretary-General on developments since the adoption of Council resolution 468 C (XV) (E/2520, E/L.579)

[Agenda item 10 (c)]

43. Mr. KUEHN (France) said that the establishment of an inter-governmental maritime consultative organization was a matter of increasing urgency. There had been very strong arguments in favour of establishing such an organization seven years ago. Those arguments were constantly being strengthened by technical progress. The Council should make every effort to ensure that IMCO was established in the near future.

44. He recalled the events leading up to the opening for signature in 1948 of a draft convention, and reminded the Council of the functions of the proposed inter-governmental organization as set forth in article 1. The convention would enter into force when twenty-one States, of which seven should each have not less than one million gross tons of shipping, had become parties to it. While seven countries with the necessary total tonnage had already ratified the convention, the total number of ratifications was only fourteen.

45. Developments since the Council's fifteenth session were admirably summarized in the Secretary-General's report (E/2520). His delegation thanked the United Kingdom Government for having taken the initiative in convening the Conference in London in October 1953.

46. Among the additional arguments in favour of the speedy establishment of IMCO, he drew particular attention to those set out in annex II, paragraph 3, subparagraphs (i), (ii) and (iii) of the report. It was obvious that the proposed organization would not remain inactive. One of its activities would be, *inter alia*, to prevent catastrophes such as the loss in 1952 of the French ship *Champollion* a few miles to the south of Beirut. Had IMCO existed in 1952, there would certainly have been some agreement between the International Civil Aviation Organization (ICAO) and the maritime authorities to ensure that the aircraft beacon at Khaldé was not confused with the lighthouse at Beirut. As matters stood, information concerning the setting up, removal, repair and conversion of aircraft beacons was circulated piecemeal, without any consideration of whether or not it would be of interest to sailors. There was now practically no co-ordination or adaptation of international regulations and customs concerning maritime and air navigation.

47. In view of the need for expediting the establishment of IMCO, his delegation, with the delegations of Argentina, Australia, Belgium, the United Kingdom and the United States—that is, all the members of the Coun-

cil which had already ratified the convention—had introduced the draft resolution appearing in document E/L. 579. That draft resolution was in complete conformity with the Council's earlier decisions and contained no innovations. Its co-sponsors attached particular importance to it because they were convinced that the weight of the Council's opinion would spur certain countries to ratify the convention.

48. Mr. SPAEY (Belgium) said that his delegation had always made every effort to hasten the establishment of IMCO and that it would continue to do so. Organized international co-operation could be very helpful in safeguarding life at sea and in solving maritime sanitary, technical and economic problems. The fact that fourteen States had already signed the convention indicated the extent of international interest. He hoped all countries would continue their efforts to bring IMCO into being as soon as possible.

49. Mr. KOS (Yugoslavia) noted that only two additional countries had signed the convention during the past year.

50. His Government attached great importance to the questions covered by the convention, although it was not a great maritime Power. Nevertheless, it had not ratified the convention because it felt that the proposed composition of the council of IMCO, with which all real power of decision would rest, would deprive the small maritime countries of practically any possibility of collaborating in the organization's work. It was noticeable that of the countries which were sure of being represented on the council, only three—Sweden, Norway and India—had failed to ratify the convention; on the other hand, only five countries which were not sure of being represented on the council had ratified the convention: Burma, the Dominican Republic, Haiti, Ireland and Israel. As all Governments recognized the importance of the convention and of IMCO, the reluctance of some of them to sign the convention might well arise from the fact that they felt that their democratic rights were not secured. In the circumstances, it was questionable whether the Economic and Social Council was justified each year in adopting a resolution inviting countries to ratify the convention as it stood. He would therefore abstain from voting on the joint draft resolution (E/L. 579).

51. Mr. HOTCHKIS (United States of America) said that his Government had ratified the convention. It was happy to co-sponsor the draft resolution since it believed that IMCO should be brought into being as soon as possible.

52. Mr. ADIL (Pakistan) and Mr. DONS (Norway) said that their Governments attached the greatest importance to the questions covered by the convention. Nevertheless, ratification of the convention was still under active consideration, and they would abstain from voting on the draft resolution in order not to prejudice their Government's position.

53. The PRESIDENT put to the vote the draft resolution submitted by Argentina, Australia, Belgium, France, the United Kingdom and the United States (E/L. 579).

The draft resolution was adopted by 10 votes to none, with 8 abstentions.

The meeting rose at 5.30 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Netherlands, Poland, Uruguay.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Monetary Fund.

Studies on internal migration (E/2544)

[Agenda item 18]

1. The PRESIDENT drew the Council's attention to the Secretary-General's memorandum concerning studies on internal migration (E/2544). No delegation had submitted a written proposal on the subject.

2. Mr. MORALES (Argentina) asked that in the Spanish text of the Secretary-General's memorandum the phrase *migraciones internacionales* should be corrected to read *migraciones interiores*.

3. The PRESIDENT stated that the Secretariat would make the necessary correction.

4. He thought that, as no proposals had been made, the Council could, in accordance with the Secretary-General's opinion, refer the question to the Population Commission, which had decided at its seventh session to give special attention to the problem of internal migration.

It was so decided.

Form of reports of specialized agencies: report by the Administrative committee on Co-ordination under Council resolution 479 D (XVI) (E/2512, E/L.584)

[Agenda item 19]

5. The PRESIDENT asked the Council to take up item 19 of its agenda, and recalled that France had submitted a draft resolution on the question (E/L.584).

6. He pointed out that only chapter 1 of the report of the Administrative Committee on Co-ordination (E/2512), which was before the Council, dealt with agenda item 19. The other chapters of the report referred to item 23, and would be considered during the Council's summer session.

7. He invited the Secretary-General's representative to present the chapter of the report dealing with item 19.

8. Mr. HILL (Secretariat) recalled the provisions of Council resolution 497 D (XVI), and summarized the conclusions to which the Administrative Committee on Co-ordination had come after examining the form of reports of the specialized agencies. The Committee's conclusions on the regular reports of the specialized agencies were set forth in paragraphs 6 to 11 of its report, and its conclusions on special reports in paragraphs 12 to 15.

9. Mr. HESSEL (France) did not think that the Council should debate the question under consideration at great length. He had no wish to minimize its importance; on the contrary, he recognized that the reports of the specialized agencies were essential to the Council in its task of co-ordinating the work of United Nations organs and the specialized agencies.

10. He agreed with the ACC that considerable latitude should be allowed to reach agency in the preparation of the regular reports. In his opinion, the agencies should no longer produce complete reports, apart from their annual reports; and should confine themselves to submitting the latter, accompanied by a commentary, which might vary in form and might, according to the circumstances, consist of a brief memorandum or a detailed analysis of any important question on which the agency might wish to obtain the Council's advice and co-operation. Generally speaking, he agreed with the ACC's comments as set forth in paragraphs 6 to 11 of its report.

11. With regard to the special reports, he endorsed the views expressed by the ACC as to their multiplicity and thought that it would be desirable to ensure that too many requests should not be made for reports of that kind. In his opinion, encouragement should be given to the preparation of a certain number of global reports on questions of interest to several specialized agencies, such as the report on the world social situation and the international survey of national programmes of social development. As such documents were among the most important instruments of information and influence produced by the United Nations, practical methods of preparing them should be carefully studied by the ACC. On the whole, the quality of the reports was certainly improving, but it might become still better; furthermore, the quantity might be reduced.

12. But that was a problem beyond the scope of item 19 on the Council's agenda and it could only be tackled in conjunction with the much wider question of the reorganization of the Secretariat, which would be considered at the eighteenth session. He hoped that in the

interval further specific proposals might be made, not only by the ACC, but also by the Secretary-General.

13. The French draft resolution had been drawn up with that end in view, and he hoped that it would be unanimously supported by the members of the Council.

14. Sir Douglas COPLAND (Australia) was in entire agreement with the French draft resolution.

15. He attached the greatest importance to close co-operation between the specialized agencies with related activities, so that duplication and overlapping might be avoided, and he hoped that the ACC would take that matter into consideration when preparing its proposals for submission to the Council at its eighteenth session.

16. Mr. KOTSCHNIG (United States of America) agreed with the views expressed by the French and Australian representatives.

17. He suggested, however, that in order to facilitate examination of annual reports by the Council, consideration might be given to the advisability and possibility of requesting the Secretary-General every year to draw up an index in which the matters referred to in those reports would be listed under the general headings indicated in Council resolution 497 D (XVI). That was a suggestion for the ACC and the Secretary-General to consider in their further discussions on the question.

18. Mr. MORALES (Argentina) was wholly in favour of the French draft resolution.

19. He attached the greatest importance to co-operation between the specialized agencies and the Council and he thought that that co-operation could be rendered more effective by a reduction in the length of the reports.

20. Mr. SAKSIN (Union of Soviet Socialist Republics) wondered whether a reduction in the number of special reports would result in the avoidance of overlapping and a saving of money. He would like either the representative of France or the Secretariat to give him some explanation.

21. Mr. HESSEL (France) said that there was no doubt that the study to be made by the ACC would result in simplification and in a reduction of the total number of special reports which United Nations organs asked the specialized agencies to produce.

22. It would, however, be vain to expect that all overlapping would be avoided by that means or that extensive savings would be made. The main point was to reorganize and cut down documentation and to improve it not only quantitatively but qualitatively.

23. Mr. PLEIC (Yugoslavia) agreed with the suggestions made by the ACC. He supported the draft resolution submitted by France.

24. His delegation thought that the reports of the specialized agencies should be presented annually, since it believed, with the ACC, that the reports would lose much of their value if they were prepared at intervals of more than one year. He did not think that the length of reports should be a matter of concern inasmuch as it would vary according to the importance of the questions to which they referred. He also thought that some method should be adopted which would enable the Council to examine the reports more effectively than in the past. That question might be discussed at the Council's summer session.

25. Mr. FENAUX (Belgium) said that the conclusions reached by the ACC and the views expressed

by the representative of France would remedy the deficiencies which had been troubling the Belgian delegation. He strongly supported the draft resolution submitted by the French delegation (E/L.584), which was designed to reduce the volume of documentation. That was a question which the Council would have to consider at Geneva along with the question of reorganization of the Secretariat, and it had already been the subject of a General Assembly resolution.

26. Mr. SARPEN (Turkey) was in agreement with the principle of the draft resolution submitted by France, but feared that the wording of paragraph 2 of the operative part might restrict the freedom of action of the ACC. He would prefer the following form:

“Invites the Administrative Committee on Co-ordination to submit to the Council at its eighteenth session any suggestions concerning the special reports which United Nations organs request from specialized agencies.”

27. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he would support the French draft resolution because it was designed to eliminate duplication in the activities of the United Nations and the specialized agencies, and to achieve some savings.

28. He could not, however, support the form suggested by the representative of Turkey because with such vague terms of reference the ACC might reach conclusions quite contrary to the wishes of the Council.

29. Mr. HOTCHKIS (United States of America) fully supported the French draft resolution in its original form and thought that the text would lose its purpose if amended as the Turkish representative had suggested.

30. Mr. MEADE (United Kingdom) also preferred the form suggested by the French delegation.

31. Mr. SARPEN (Turkey) announced that, as the USSR, United States, United Kingdom and French delegations had spoken against his amendment, he was prepared to withdraw it.

32. Mr. EL-TANAMLI (Egypt) wished to have some assurance that the reduction in the number and length of special reports suggested by the French delegation would not be detrimental to certain regions.

33. Mr. HESSEL (France) emphasized the fact that his delegation's draft resolution was designed particularly to improve the quality of the documents by reducing their number and length and contained no provision which need cause any concern to the representative of Egypt.

34. Mr. EL-TANAMLI (Egypt) said that in the circumstances he would vote for the draft resolution.

35. The PRESIDENT put to the vote the draft resolution submitted by the French delegation relating to the form of reports of specialized agencies (E/L.584).

The draft resolution was adopted unanimously.

36. Mr. SAKSIN (Union of Soviet Socialist Republics) explained that he had voted for the French draft resolution because it was designed to eliminate duplication in the activities of the United Nations and the specialized agencies and to reduce the budget.

37. He recalled that the USSR delegation had abstained from voting on resolution 497 D (XVI) and he wished to make it clear that its position had not changed since.

Non-governmental organizations: (a) Applications and re-applications for consultative status: report of the Council Committee on Non-Governmental Organizations (E/2550)

[Agenda item 20 (a)]

38. Mr. FENAUX (Belgium), speaking as Chairman of the Committee on Non-Governmental Organizations, briefly analysed the Committee's report on applications and reapplications for consultative status (E/2550).

39. Mr. SAKSIN (Union of Soviet Socialist Republics) requested that the discussion of sub-item (b) referring to the review of non-governmental organizations should be deferred on account of developments which had occurred since the adoption of the recommendation in document E/2551 that consultative status in category B should be withdrawn from the Women's International Democratic Federation.

40. The NGO Committee had decided the previous day¹ to authorize the representative of the WIDF to have access to the summary records of the closed meetings at which the Committee had adopted the recommendation and to submit a memorandum on the activities of the WIDF. It would only be fair that the Council should defer to a later meeting its consideration of document E/2551, or at least that part of the document which dealt with the WIDF, in order to allow the WIDF representative to obtain information and to prepare her memorandum.

41. The PRESIDENT pointed out that the Council would in any case have to examine sub-item (a) first and that it might consider the USSR delegation's proposal when it came to discussion of sub-item (b).

42. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he was prepared to examine sub-item (a).

43. Mr. FENAUX (Belgium), speaking in his capacity as Chairman of the Council Committee on Non-Governmental Organizations, reserved his right to clarify certain points when the Council came to consider sub-item (b).

44. Mr. GORSE (France) said his Government hoped that the Council would not adopt the NGO Committee's recommendation (E/2550, annex, para 3) concerning the Fédération internationale de sauvetage, and would agree to admit that organization to consultative status in category B.

45. The Federation had been founded at the turn of the century, and was composed of thirty-three associations in eighteen countries. It had a French president, and vice-presidents of nine different nationalities; its international character was consequently beyond dispute. It was concerned with all questions relating to rescue and emergency assistance, and could consequently give the Council useful advice on accident prevention and the relevant legislation.

46. Mr. NOSEK (Czechoslovakia) said that he wished to state his delegation's views on the annex to the NGO Committee's report (E/2550).

47. In the first place, the resolution adopted by the majority of the Committee at its 137th meeting (E/2550, annex, para. 3) was inconsistent with the Coun-

cil's resolution 288 B (X) in that it failed to observe the provisions concerning arrangements for consultation with non-governmental organizations contained in paragraph 35, and specifically in the third part of sub-paragraph (a). In adopting the resolution, the Committee had overstepped its terms of reference.

48. The third part of sub-paragraph (a) made it clear that the only time-limit set for the Committee's consideration of a reapplication or request for change of status was that the matter should be considered "at the earliest at its first session of the second year following the session at which the substance of the previous application or request was considered". Furthermore, sub-paragraph (a) drew a very clear distinction between new applications on the one hand and reapplications and requests for change of status on the other. The date of 1 November referred to in the resolution adopted by the NGO Committee (E/2550, annex, para. 3) applied exclusively to new applications. Consideration of reapplications was governed by the third part of sub-paragraph (a) in paragraph 35 of resolution 288 B (X).

49. The provisions of sub-paragraph (a) were very clear, and the terms of the first paragraph of the preamble to the resolution adopted by the majority of the NGO Committee were contrary to the facts and represented a premeditated attempt to evoke doubts where none could exist.

50. For those reasons, his delegation was unable to accept the resolution adopted by the majority of the NGO Committee, and called upon the Council not to take note of it. On the contrary, the Council should instruct the NGO Committee to comply strictly with the clear provisions of paragraph 35 (a) of resolution 288 B (X), and should request the Committee to reconsider its resolution (E/2550, annex, para. 3), since that resolution was entirely out of order.

51. The intention underlying the attempt of the majority of the NGO Committee to cast doubt on the interpretation of resolution 288 B (X) was to prevent a number of very important non-governmental organizations which contributed or could contribute substantially to the Council's work from being granted consultative status or a change of status.

52. In the annex to its report (E/2550), the NGO Committee informed the Council that it had agreed to defer until 1955 action on the re-applications for consultative status in category B of the International Association of Democratic Lawyers and the International Organization of Journalists, and on the request for reclassification from the register to category B of the World Federation of Democratic Youth. That step had been taken for an obvious purpose, which the majority of the Committee sought to conceal by an intentionally false interpretation of paragraph 35 of Council resolution 288 B (X). If the Council wished to fulfil its obligations under Article 71 of the United Nations Charter, and to act in accordance with rules 83, 84, 85 and 86 of its rules of procedure, it was in duty bound to reverse the decisions of the NGO Committee and accede to the requests of the three organizations concerned.

53. The International Association of Democratic Lawyers had branches in forty-three countries. The fundamental idea underlying its work was "to put law in the service of peace". Its activities were based on the aims stated in the Preamble to the United Nations Charter: to maintain and strengthen political rights and funda-

¹ See document E/C.2/SR.139/Add.1.

mental human rights. The International Organization of Journalists had members in thirty-five countries. It worked for the maintenance of peace and the creation of friendly relations among nations through the exchange of accurate and truthful information. It combated war propaganda, sought to protect the Press against the influence of the monopolies, and defended the rights and interests of journalists. The Council had granted consultative status in category B to those two organizations in 1947, but had arbitrarily withdrawn that status by resolution 334 A (XI); it now had the opportunity to make amends for the flagrant injustice which the two organizations had suffered in 1950.

54. The same applied to the World Federation of Democratic Youth, which numbered over 75 million members in ninety-three countries. The purpose of that organization was to work for closer co-operation between young people in economic, political, cultural and social life, on a basis of absolute equality and without any discrimination. Its activities were entirely compatible with the task of the Economic and Social Council, and it was fully entitled to reclassification from the register to category B.

55. Mr. FENAUX (Belgium), Chairman of the Council Committee on Non-Governmental Organizations, said he felt he would not be abandoning the reserve befitting his office of Chairman if he protested against the Czechoslovak representative's allegations concerning the intentions of the members of the NGO Committee.

56. The majority of the Committee, feeling genuine doubts, had asked the members who had taken part in the preparation of Council resolution 288 (X) for their views. Those members had expressed the opinion that the time limits laid down in sub-paragraph (a) of paragraph 35 of the resolution did in fact apply to the three categories of requests. In addition, the Committee had sought the advice of the Legal Department of the United Nations Secretariat, which had confirmed that paragraph 35 lent itself to more than one construction. It had been in order to dispel all uncertainty on that critical point for the future that the NGO Committee had decided to

adopt the resolution contained in paragraph 3 of the annex to its report (E/2550). In so doing, it had in no way overstepped its terms of reference. By the very terms of the resolution, moreover, the Committee had confined itself to giving an opinion, which the Council was free to accept or reject.

57. Mr. MEADE (United Kingdom) concurred with the statement of the Chairman of the Council Committee on Non-Governmental Organizations. It had been the United Kingdom delegation which had raised the matter in the Committee, precisely because it considered that the provisions of paragraph 35 needed clarification.

58. He regretted however that he was unable to support the French delegation's request for the granting of consultative status in category B to the Fédération internationale de sauvetage. Although that organization was doing praiseworthy work, its field of activity did not directly concern the Council.

59. Mr. TSAO (China) said that his Government appreciated the true value of the work of the Red Cross societies, and knew how useful their participation in the Council's work might be. However it could not approve the granting of consultative status in category B to the League of Red Cross Societies, which had admitted the Peking Red Cross to membership. That organization was a tool of the Communist régime, and its activities were inconsistent with the objectives and principles of the United Nations.

60. Mr. SAKSIN (Union of Soviet Socialist Republics) observed that the criticisms directed against the Red Cross came from a person who had no connexion with China, and did not represent the lawful government of that country.

61. The CHAIRMAN said that the question of the representation of China had been settled by a General Assembly decision. Until that decision was reversed, nobody had the right to challenge the capacity as representative of China of the representative occupying China's seat.

The meeting rose at 12.35 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Israel, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, World Health Organization, World Meteorological Organization.

Non-governmental organizations: (a) Applications and re-applications for consultative status: report of the Council Committee on Non-Governmental Organizations (E/2550) (concluded)

[Agenda item 20 (a)]

1. Mr. SAKSENA (India) said that it was clear from the opinion of the Legal Department of the Secretariat concerning paragraph 35 (a) of Council resolution 288 B (X)¹ that the Legal Department itself realized that the paragraph in question was open to two interpretations: first, that the statutory time limit applied to re-applications and requests for changes in status as well as to new applications and, secondly, that it did not necessarily do so. The Legal Department's doubts had been so strong that it had indicated that the Council would be justified in re-examining the wording of paragraph 35 (a).

2. In his opinion, two points indicated the intentions underlying paragraph 35 (a). First, the order of the three sub-paragraphs clearly indicated that the time limits in the second sub-paragraph were meant to apply only to the preceding or first sub-paragraph dealing with new applications and not to the following or third sub-paragraph dealing with re-applications and requests for changes in status. Secondly, there was a very sound argument for the non-application of the time limit to re-applications and requests for changes in status in the fact that they had already been examined and that adequate data had already been submitted.

3. The opinion expressed in the resolution adopted by the Committee on Non-Governmental Organizations

(E/2550, annex, para. 3) was therefore incorrect and should be reviewed by the Council. The proper procedure would be to remove any ambiguity by amending paragraph 35 (a) and, pending that, to give the benefit of the doubt to those organizations which had been adversely affected by the Committee's interpretation of it.

4. Mr. SAKSIN (Union of Soviet Socialist Republics) entirely agreed with the Indian representative on the incorrect and arbitrary nature of the interpretation of paragraph 35 (a) of resolution 288 B (X) given by the majority of the Committee. The time limit was clearly intended to apply only to new applications. The Legal Department itself had admitted that there was no precise indication in paragraph 35 (a) whether or not the Committee was entitled to examine re-applications received after 1 November each year. Hence, the Committee had had no formal justification for rejecting the re-applications of the International Association of Democratic Lawyers and the International Organization of Journalists and the requests of the World Federation of Democratic Youth for reclassification in category B.

5. The Council found itself in a very abnormal situation. In spite of the opposition of the USSR, the majority of the Committee had decided, on the basis of an incorrect interpretation of a Council resolution, to defer action on the three organizations until 1955. It was now attempting to justify its decision *ex post facto* by asking the Council to legalize that interpretation and endorse its action. Were the Council to comply with the Committee's wishes and fail to grant the International Association of Democratic Lawyers, the International Organization of Journalists and the World Federation of Democratic Youth consultative status in category B, it would be depriving itself of constructive collaboration on a number of the problems on its agenda.

6. The information on the three organizations that had been submitted to the Committee had been very incomplete. The World Federation of Democratic Youth was the only international youth organization with wide representation. It had 83 million members from ninety-three countries and included people of various political and religious views drawn from all strata of society. Its aims were to strengthen international solidarity and mutual understanding in all spheres of economic, social and cultural life, to struggle against racial and class discrimination, to foster a spirit of democracy and friendship among peoples and to struggle for better educational and working conditions and better wages. It had held a number of international congresses, conferences and other meetings to deal with questions of interest to young people throughout the world. The World Youth Congress in 1953 had been attended by over 1,500 young people from 106 countries. The World Festivals of Youth sponsored by the Federation, had been particularly popular, the last festival being attended by 30,000 young people from 111 countries. Such festivals played a great part in developing mutual understanding and cultural relations. In March 1953, an international con-

¹ See document E/C.2/SR.134, paras. 12 and 13.

ference on the protection of young people's rights had been held under the auspices of the Federation and a number of decisions and resolutions had been adopted. The Federation had consistently participated in the work of the Economic and Social Council and its organs and had attended a number of conferences of non-governmental organizations held under United Nations sponsorship.

7. The International Organization of Journalists had been founded immediately after the end of the Second World War. Its membership was drawn from thirty-five different countries and its aims were the maintenance of peace in the world and the strengthening of friendship among nations and international understanding by means of free, truthful, honest information, the fight against war propaganda and the defence of freedom of the Press and the rights of journalists. The Council had devoted great attention to the question of freedom of information and would be ill-advised to refuse to grant the Organization concerned consultative status.

8. The International Association of Democratic Lawyers had been established at the time of the San Francisco Conference and its founding members had included lawyers attending the conference and lawyers who had taken part in the Nürnberg trials. Its membership was drawn from thirty-eight countries. Its aims were to foster contacts and the exchange of views among jurists throughout the world and to support the United Nations. It could make a substantial contribution to the Council's work on human rights and the status of women and it was regrettable that it had no consultative status whatsoever.

9. As matters stood, three international democratic organizations with millions of members throughout the world were being deprived of any contact with the United Nations, although they were fighting for the same purposes and principles. That situation operated to the detriment not only of the organizations concerned but of the United Nations also.

10. He therefore proposed that the International Association of Democratic Lawyers, the International Organization of Journalists and the World Federation of Democratic Youth should be added to the organizations listed in paragraph 1 of draft resolution A recommended by the Council Committee on Non-Governmental Organizations (E/2550).

11. Mr. GORSE (France) said that in the Committee on Non-Governmental Organizations he had voted in favour of the resolution set out in paragraph 3 of the annex to the Committee's report (E/2550). He had done so not as a matter of expediency or because three of the organizations whose applications had been rejected were Communist—in that connexion it should be noted that there was also a fourth organization, the International Federation of Senior Police Officers, with its headquarters in Paris—but for practical considerations. Doubts concerning the interpretation of paragraph 35 (a) of Council resolution 288 B (X) had been raised and his delegation had hoped that the adoption of the interpretative resolution in question would eliminate long and fruitless procedural discussions in the Committee and the Council and expedite the work of those bodies.

12. He would therefore endorse that resolution when it was put to a vote in the Council.

13. Mr. RIVAS (Venezuela) said that in the Committee on Non-Governmental Organizations he had voted in favour of the resolution given in paragraph 3 of the annex to the Committee's report for reasons similar to those just mentioned by the French representative. His delegation, like a number of others, had had doubts about the interpretation of paragraph 35 (a) of resolution 288 B (X), particularly the third sub-paragraph of that text, and had felt that the issue should be settled by a resolution after a decision had been reached on the applications under discussion.

14. Mr. HOTCHKIS (United States of America) considered that the second sub-paragraph of paragraph 35 (a) concerning time limits clearly applied to re-applications and requests for changes in status as well as to new applications. The third sub-paragraph provided for a waiting period before applications could be re-submitted and at the end of that period the time limit for submitting applications would obviously come into force again. The organizations in question had failed to comply with the time limit, since their applications had been submitted only in January 1954. In addition, the information about their activities submitted to the Committee had been fragmentary. On both counts, therefore, the Committee had been quite justified in refusing to consider the applications.

15. Mr. NOSEK (Czechoslovakia) pointed out that in the Secretary-General's memorandum to the Council Committee on Non-Governmental Organizations (E/C.2/R.18/Add.2) the information on the World Federation of Democratic Youth occupied nine pages, the information on the International Association of Democratic Lawyers two pages and the information on the International Organization of Journalists four pages. Considerable additional information could be found in other documents of the Committee and the Council and the records of proceedings in both bodies. Hence, there seemed little justification for the United States representative's comments.

16. Mr. HOTCHKIS (United States of America), replying to the representative of Czechoslovakia, pointed out that although the Secretary-General's memorandum (E/C.2/R.18/Add.2) devoted a number of pages to the World Federation of Democratic Youth, the International Association of Democratic Lawyers and the International Organization of Journalists, those pages contained very little concrete information and such data as they did contain had been before the Council when it had last considered those organizations several years previously. The question before the Council was whether or not the organizations in question had complied with the rule. In the opinion of the United States delegation they had not done so and their applications should therefore not be granted.

17. Mr. ADIL (Pakistan) thought there were two questions which should be kept separate: first, whether the Council endorsed the NGO Committee's interpretation of the rules, and, second, whether the organizations in question should be granted consultative status. For his part he would endorse the resolution in paragraph 3 of the annex to the Committee's report (E/2550), since he agreed with the Committee's interpretation of the rules.

18. Mr. GORSE (France) proposed that the name of the Fédération internationale de sauvetage should be included in paragraph 1 of draft resolution A recommended by the NGO Committee (E/2550).

19. At the previous meeting the United Kingdom representative had suggested that the activities of the Fédération were outside the Economic and Social Council's province. That was not the view of the French Government. The Fédération was concerned with safety in industry, an ILO report on which would shortly be considered by the Council. It also dealt with safety on the roads, which was related to the question of road signs and signals, discussed by the Council at its 757th meeting; with safety at sea, which was a matter for the Inter-Governmental Maritime Consultative Organization discussed at the same meeting; and with safety in the air, which came within the purview of the International Civil Aviation Organization.

20. After a procedural discussion in which Mr. FENAUX (Belgium), Mr. EL-TANAMLI (Egypt), Mr. ADIL (Pakistan), Mr. SAKSIN (Union of Soviet Socialist Republics), Mr. MEADE (United Kingdom), Mr. RIVAS (Venezuela) and the PRESIDENT took part, the PRESIDENT asked the Council to indicate by a vote whether or not it endorsed the NGO Committee's interpretation of paragraph 35 (a) of resolution 288 B (X) as given the resolution adopted by the Committee (E/2550, annex, para. 3).

By 14 votes to 2, with 1 abstention, the Council approved the interpretation.

21. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he had not taken part in the vote because he did not consider that the question should have been put to the vote. Item 20 (a) of the Council's agenda read "Applications and re-applications for consultative status" and under that sub-item the Council was called upon to vote on draft resolutions A and B (E/2550) recommended by the NGO Committee. It was not, however, called upon to come to any decisions concerning interpretations of the rules.

22. The PRESIDENT put to the vote the USSR proposal that the names of the World Federation of Democratic Youth, the International Association of Democratic Lawyers and the International Organization of Journalists should be included in paragraph 1 of draft resolution A.

The proposal was rejected by 10 votes to 3, with 5 abstentions.

23. Mr. ADIL (Pakistan) said that he had voted against the USSR proposal because he felt that its adoption would be contrary to the interpretation of the rules which the Council had approved five minutes earlier.

24. He assured the USSR and Czechoslovak delegations that he had not been influenced by the fact that the organizations in question were Communist or Communist-sponsored.

25. The PRESIDENT put to the vote the French proposal that the name of the Fédération internationale de sauvetage should be included in paragraph 1 of draft resolution A.

The proposal was not adopted, 6 votes being cast in favour and 6 against, with 6 abstentions.

26. The PRESIDENT called on the Council to vote on draft resolution A recommended by the Council Committee on Non-Governmental Organizations (E/2550).

27. Mr. SAKSIN (Union of Soviet Socialist Republics) asked for separate votes on paragraphs 3 and 4.

28. Mr. SAKSENA (India) asked that each paragraph should be voted on separately.

Paragraph 1 was adopted unanimously.

Paragraph 2 was adopted unanimously.

29. Mr. TSAO (China) explained that he had voted for paragraph 2 as a whole. The statement which he had made at the previous meeting was unaffected by his vote.

30. Mr. SAKSIN (Union of Soviet Socialist Republics) called for a separate vote on the proposal to place the Fédération internationale libre des déportés et internés de la résistance on the register of non-governmental organizations.

The proposal was adopted by 13 votes to 2, with 3 abstentions.

31. Mr. SAKSIN (Union of Soviet Socialist Republics) explained that he had voted against the proposal because the organization in question was not representative, was actively hostile to the peoples' democracies and was acting in violation of the principles of the United Nations Charter.

The rest of paragraph 3 was adopted by 16 votes to none, with 2 abstentions.

Paragraph 4 was adopted by 16 votes to none, with 2 abstentions.

32. Mr. SAKSIN (Union of Soviet Socialist Republics) proposed that the International Federation of Free Journalists (of Central and Eastern Europe and Baltic and Balkan Countries) be removed from the register.

The proposal was rejected by 11 votes to 3, with 4 abstentions.

33. Mr. SAKSIN (Union of Soviet Socialist Republics) alleged that the organization mentioned in paragraph 4 of the operative part of the resolution was composed of traitors and renegades from Eastern European countries who were fomenting hostile acts against the peoples' democracies and the Soviet Union.

34. Mr. KOS (Yugoslavia) explained that he had voted for the proposal because the organization in question was not representative of any country in the localities mentioned in its title.

The draft resolution as a whole was adopted by 16 votes to none, with 2 abstentions.

35. The PRESIDENT requested the Council to discuss resolution B recommended by the Council NGO Committee (E/2550).

36. Mr. HOTCHKIS (United States of America) pointed out that the Chamber of Commerce of the United States of America, the biggest national organization of business in the world, had been following the Council's work very closely. It was in a position to contribute informed advice and technical services and to assist in promoting the flow of private capital to under-developed countries. It was fully qualified for admission to category B.

37. The Co-operative for American Remittances to Everywhere, Inc. (CARE) was a humanitarian organization with an outstanding record of assistance to the victims of war and other disasters. In recent years it had helped in the development of technical assistance programmes by providing such supplies as books, agricultural implements and tool kits. He was pleased to propose it for inclusion in category B.

38. Mr. SAKSIN (Union of Soviet Socialist Republics) stated that he would support the proposal for the inclusion of the Chamber of Commerce of the United States of America in category B in the hope that trade relations among the peoples of the world would thereby be extended.

39. He would vote against the admission of CARE since its actions were incompatible with the principles of the United Nations and were designed to kindle hostility among peoples.

40. The PRESIDENT put to the vote the proposal to

admit the Chamber of Commerce of the United States of America to category B.

The proposal was adopted unanimously.

41. The PRESIDENT put to the vote the proposal to admit the Co-operative for American Remittances to Everywhere, Inc. (CARE) to category B.

The proposal was adopted by 16 votes to 2.

The draft resolution as a whole was adopted by 16 votes to none, with 2 abstentions.

The meeting rose at 5.20 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Israel, Netherlands, Philippines.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Meteorological Organization.

Expanded Programme of Technical Assistance: report of the Technical Assistance Committee (E/2558 and Corr.1, E/TAC/32 and Add.1, E/TAC/33, E/L.585)

[Agenda item 11]

1. Mr. EL-TANAMLI (Egypt), Chairman of the Technical Assistance Committee (TAC), pointed out that the TAC working Party had had to consider many aspects of financial administration, whilst bearing in mind the recommendations of the Technical Assistance Board (TAB) and proposals made by the French and Australian representatives.
2. The report (E/2558 and Corr.1) before the Council contained, in annex I, draft resolution A, on financial procedures for the Expanded Programme of Technical Assistance, and draft resolution B, on the system of allocation of funds under the Expanded Programme. He drew the Council's attention to the memorandum (E/TAC/32 and Add.1) submitted by the French delegation on the basis for allocation.
3. Part III of the report contained TAC's recommendations regarding the reports it received from TAB.
4. Finally, there was a draft resolution submitted by the Australian delegation (E/L. 585).
5. Mr. SALVESEN (Norway) announced his support for draft resolution A recommending the constitution of a Working Capital and Reserve Fund. He thought the proposal struck a good balance between independent finance and the need to be able to meet urgent commitments.

6. His delegation felt some hesitation, however, in accepting paragraph 5 (c) of the draft resolution, which provided that withdrawals from the Working Capital and Reserve Fund should be replaced before the end of the financial period in which they were made. He doubted whether it was possible to find a formula to meet that particular problem and would welcome any alternative proposal giving promise of greater flexibility. It might be possible even to omit the paragraph altogether.

7. His delegation approved the French proposals (E/TAC/32) for reorganization of the system of allocating funds, but felt that there had not been enough experience for the alternative proposals to be properly assessed. The proposals for reorganization were far reaching; they would fundamentally change the whole system, and they involved many interests. It would be advisable to await a statement from the Administrative Committee on Co-ordination, since the specialized agencies represented therein had wide experience which it would be well to draw upon, although the Council was not bound in any way by their opinions.

8. The second part of the French proposals recommended a new administrative system, and in that case again there had not been enough experience for the proposal to be properly assessed. It was not clear whether the present administrative system would have to be replaced by another system of allocations and a new body. The system of allocations should be based on an overall evaluation of proposals, giving priority to those of greatest merit. Any decision on a new agency would be premature.

9. Mr. AKANT (Turkey) supported the proposal to establish a Working Capital and Reserve Fund at a normal level of 50 per cent of total pledges, with a provisional target of \$12 million, and approved the other financial procedures for the Expanded Programme of Technical Assistance mentioned in the report. He also favoured the abolition of the principle of automatic allocations in the interest of greater flexibility. But he could express no definite views on the proposal to set up a new inter-governmental body.

10. Although available funds had been reduced, a successful programme of technical assistance had been carried out in Turkey in 1953. He hoped that in 1955 it would be possible to increase the number of scholarships and to complete projects which had been held in abeyance.

11. He regretted that his government could not, under Turkish law, pay allocations for more than one year ahead, as suggested in the draft resolution.

12. His delegation would support draft resolution A on financial procedures and draft resolution B on the system of allocations (E/2558, annex I).

13. Mr. CAFIERO (Argentina) announced his delegations support in principle for the draft resolution establishing a Working Capital and Reserve Fund. It must be understood, however, that the constitution of

the Fund should not be allowed to delay the launching of new programmes, and that the period of three years provisionally allowed for the building up of the Fund might have to be modified if there were any marked increase or decrease in contributions.

14. The Fund should consist of convertible currencies, though that was not an essential condition; moreover, it might be necessary to revise the principles in the light of any subsequent decision by the Council on the allocation of funds.

15. There was no objection to consulting the Administrative Committee on Co-ordination, but the Council need not follow that Committee's recommendations. Council decisions could be modified only by the General Assembly.

16. With regard to the allocation of funds, he agreed that there was an apparent contradiction between the preparation of national technical assistance programmes to cover national requirements for economic development and the system of automatic allocations which had originally been adopted as a temporary expedient.

17. Since draft resolution B before the Council invited TAC to resume consideration of the question of the allocation of funds in the light of the Council's debates, he wished to emphasize that his delegation favoured a compromise between alternatives (b) and (c) in draft resolution B. Such a compromise would enable automatic allocations to be gradually eliminated. A percentage of available funds would be allocated by TAC on the basis of comprehensive country plans and a careful review of existing and proposed programmes.

18. The questions of modification of the existing system of automatic allocations and of the mechanism by which funds were allocated must be solved simultaneously; it would be of no use to have the funds but no agency to allocate them. But it was not essential to set up a new inter-governmental body for that purpose. The existing Technical Assistance Committee might well be best able to interpret the Council's decisions with regard to technical assistance and economic development in general. It was clearly illogical that the body set up by the Council to translate the Council's resolutions on technical assistance into action should have no control over expenditure or programmes, but should merely be an administrative unit. There was a need for greater co-ordination between the Council and the Expanded Programme of Technical Assistance which it had instituted.

19. The Secretary-General, in his opening address to the Council at the 755th meeting, had stated that, in conducting a survey of the Departments of Economic Affairs and of Social Affairs, an attempt had been made to assess how the substantive activities of the Secretariat could best be organized so as to ensure a more effective integration of the programme of economic and social development, with particular reference to United Nations technical assistance activities. It was therefore all the more difficult to understand why the Expanded Programme should not likewise be subject to such control and co-ordination. That should be the role of TAC. Although non-member States contributing to the Expanded Programme could not be members of that Committee, they still had a right to participate in its work, and suitable mechanisms could be devised to enable them to do so. That would be a further step towards a world-wide Organization.

20. His delegation approved for the time being the modifications suggested by TAB in its reports to TAC.

21. Mr. RIBAS (Cuba) pointed out that his delegation had already, in the Technical Assistance Committee, expressed its agreement with the draft resolutions in annex I; he wished, however, to make a few remarks regarding the rules governing the allocation of funds. He agreed to the elimination of automatic allocations and therefore supported the French proposals, adding that experience showed that programmes should be drawn up at the national level, in accordance with the particular needs of each country, and should fit in with each government's plans for economic development, but that that principle could not be applied if the present system of automatic allocations were maintained. He supported the French proposal for the establishment of an inter-governmental body which would act as an administrative council and would approve programmes and allocate funds; the only point on which he disagreed with the French proposal was the structure of such a body. The French proposal was that the new body should be elected by the Economic and Social Council and should consist of twenty-one representatives of States participating in the Programme, some of which might be non-Members of the United Nations.

22. He agreed that it was important to accommodate contributing States which were or were not Members of the United Nations, but felt that any new inter-governmental body should retain the structure of the existing Technical Assistance Committee which, since it consisted of the members of the Council, provided equitable geographical distribution. Thus, the new body, which would have powers wider than those of TAC, would work in the closest co-operation with the Council. Representation of Member States could be arranged under rule 75 of the rules of procedure, and as for non-Member States, new provisions could be adopted. He endorsed the proposal in paragraph 22 of the TAC report (E/2558) that the Council should give new terms of reference to TAC in order to permit it to study the question at its eighteenth session.

23. Mr. ADIL (Pakistan) reaffirmed his delegation's view, expressed in the Technical Assistance Committee, that technical assistance should keep pace with the speed of economic development in any particular country. Technical assistance was of the greatest value in building up the resources of under-developed areas. The importance which his government attached to such development was shown by the fact that in 1953-54, despite reduced resources owing to the international recession in the prices of and the demand for raw materials, a record amount had been set aside for economic development, while the sum earmarked for 1954-55 was 12 per cent higher still. However, the allocation for technical assistance to Pakistan had fallen to \$803,000 in 1954, because the Board's available funds were smaller. If that were so, the proposal to set up a Working Capital and Reserve Fund would deplete them still further. It was important to provide assistance when it was most needed and the next few years would be rather critical for the development of his country and also others in the region. It would be a pity if the programme of integrated economic development which had been launched in the under-developed countries of South and South-East Asia were to be handicapped by lack of funds just when it was beginning to show results.

24. However, he agreed that the idea of a reserve fund as a means of achieving long-term financial stability was basically sound; but no concrete evidence had been available to TAC or the Council to show what effect the constitution of a Working Capital and Reserve Fund would have on current technical assistance programmes. His delegation would consequently abstain from voting on the proposal.

25. The Council should consider alternative methods of establishing the fund; it might be possible, for example, for countries which were economically more fortunate to grant long-term loans to start the fund. These loans could be paid back over a longer period of years than was stipulated for the formation of the reserve fund.

26. With regard to the proposal concerning the allocation of funds, his delegation recognized the implicit contradiction between a system of automatic allocations and the necessity for integrated country programmes, and would therefore support the relevant draft resolution. His delegation favoured the setting up of some inter-governmental body to administer the programme, perhaps TAC itself with revised terms of reference.

27. He agreed that it would be well to await the opinion of the Administrative Committee on Co-ordination on the proposal to set up an inter-governmental body.

28. His delegation approved the modifications suggested by TAB regarding its reports to TAC (E/TAC/33).

29. Mr. KOS (Yugoslavia) said that the problem of the financial procedures for the Expanded Programme had arisen as a result of the increased interest shown in the Programme and the inadequacies of the existing financial arrangements, which had become apparent in 1953. In that year, interest in the Programme had increased to such an extent that the proposed projects had far exceeded the financial possibilities. The number of experts had more than doubled and the number of fellowships had almost tripled. All available funds had been rapidly engaged, and only a modest fund of \$3 million, established in accordance with Council resolution 222 (IX), had remained as an operating reserve.

30. An essential characteristic of the Programme was that it was built on the basis of voluntary contributions by governments. As a result, there was a danger of fluctuation in the level of the funds raised and of irregularity in the dates of payment. In most cases, the delay in payment was a consequence of parliamentary procedure.

31. Another characteristic was that it was long-term and co-operative. That meant that recipient governments contributed far more to common projects than the funds directly received by the Programme. In the case of Yugoslavia, for example, the ratio was one to twelve, taking into consideration only local costs of contributions. Actually, the participation of the recipient governments was far greater. A temporary cessation of the operations of the Expanded Programme owing to a sudden lack of financial means might therefore cause the under-developed countries far greater harm, by immobilizing their own means, than might be supposed on the basis of the financial commitments of the Programme itself. The problem of ensuring the continuity and financial stability of the Programme was urgent and unavoidable.

32. An adequate solution lay in the establishment of a Working Capital and Reserve Fund which would provide a basis for unhampered and continued development. His delegation was convinced that the proposed scheme for the functioning of the Fund would not adversely affect the continuity of longer-term projects carried out by some of the specialized agencies. Information showed (E/TAC/L.54) that allocations for financing completion of projects approved in 1953 and prolonged in 1954 represented almost three-quarters of the total operating sum available for 1954. Nevertheless, the problem had been solved, since draft resolutions A and B of the report (E/2558) provided that, during the first part of the financial year before contributions had been paid, continuing projects would be financed by advances from the Working Capital and Reserve Fund. In addition, paragraph 13 of the report authorized TAB to permit the specialized agencies to retain unobligated balances to ensure the continuity of their programmes.

33. He would vote in favour of draft resolutions A and B. If, however, certain inadequacies subsequently became apparent in the proposed scheme, TAC should take steps to eliminate them. Successful continuation of the Programme was more important than strict compliance with the established principles.

34. His delegation wholeheartedly supported the French proposals to eliminate automatic allocations and to establish a new inter-governmental body. Those proposals represented a logical step towards the implementation of the principle of country programming and would ensure a better allocation of priorities by placing the primary responsibility on recipient governments. The new body should include representatives of non-member States who were major contributors to the Programme. It would thus help to promote the universality of the United Nations.

35. In view of the Secretary-General's suggestion that the opinions of the Administrative Committee on Co-ordination should be ascertained, his delegation fully supported TAC's proposal to postpone the issue until the Council's eighteenth session, particularly since the new method of allocation could not be applied before the beginning of the next financial year.

36. Mr. SPAEY (Belgium) said that the Expanded Programme in many cases was a real programme of mutual assistance. The increasing number of requests from governments and their satisfaction with the quality of the assistance they had received indicated the importance of the work accomplished.

37. In the past an aura of uncertainty had enveloped the Expanded Programme. TAB had found it difficult to draw up long-term programmes when it did not know exactly what funds it would have. The delays in the payment of contributions, and the fact that some contributions had been made in inconvertible currencies which it was hard to use, had been additional obstacles to good administration. The only mitigating factor was that governments attached such importance to the Expanded Programme that it was unlikely that future annual budgets would be lower than the budgets of previous years.

38. Nevertheless, on the basis of proposals submitted by TAB, TAC had made certain suggestions (E/2558) to the Council for improving the financial procedures in force. The establishment of a Working Capital and Reserve Fund with a provisional target of \$12 million

would mark a considerable step forward. It was quite understandable that some governments should fear that the activities of the Expanded Programme might have to be reduced during the transitional period, but the stability and security which would ultimately result from the adoption of TAC's proposals would more than compensate for any temporary disadvantages, which would moreover be reduced by the transitional arrangements set out in paragraph 8 of the report.

39. The French delegation had proposed that the system of automatic allocations should be eliminated altogether. TAC had recognized that there appeared to be a lack of consistency between the establishment of comprehensive country plans of technical assistance best suited to advance the development of the countries concerned and the present system of automatic allocations. On the other hand, the mechanical nature of the present system tended to facilitate the administration of the Programme and gave the specialized agencies some assurance about the funds available to them. To eliminate any fears on the latter count, the French representative had explained in TAC that his proposals should be combined with measures to avoid any large fluctuations in the funds allocated to the participating organizations. The French proposals were very radical. Whether or not they were adopted, a movement had become apparent to place at the Executive Chairman's disposal for unallocated distribution a greater proportion of the budget of the Expanded Programme, thus reducing the portion of the budget to be distributed in accordance with fixed percentages.

40. The French delegation's proposal on the elimination of automatic allocations was closely linked to its suggestion that a new inter-governmental body with wider functions should be set up to replace TAC. In that connexion, it should be noted that TAB had established satisfactory relations with governments. That gain should not be cast aside. The French delegation had given some assurances to the effect that, as it saw it, the new body would retain TAB with its present functions *vis-à-vis* requesting governments and its control of day-to-day administration. One of the main tasks of the new body would be to give TAB directives concerning the programmes for future years in the light of current programmes. The new body would also be called upon to supervise the programme more closely and to approve the annual budget.

41. There was some justification in the argument that governments which made major contributions to a United Nations programme should participate more closely in its administration. On the other hand, if TAC eliminated automatic allocations, it might be important that there should be an inter-governmental body to relieve the Executive Chairman of some responsibility in the allocation of funds to the specialized agencies. TAC was a plenary committee of the Council. As matters stood, States Members of the United Nations which were major contributors to the Expanded Programme but not members of the Council, and States not Members of the United Nations which were major contributors, were deprived of any possibility of participating in the administration of the Programme. That defect should be remedied.

42. Nevertheless, as had been pointed out in TAC, the Council was the body primarily responsible for economic and social activities, the co-ordinating link between the United Nations and the specialized agen-

cies, and the body which had initiated the Expanded Programme. It was arguable, therefore, that the Council should not give up its prerogatives. Purely as a hypothesis, however, and if there were any idea of setting up a larger body, or of enlarging TAC by the addition of certain members appointed, for example, by the Technical Assistance Conference, it might be well to consider the possibility of giving some representation to the principal contributors and recipients, both Member and non-Member States. The active participation of such countries in the administration of the Programme might prove very important.

43. Mr. HOTCHKIS (United States of America) said that in TAC his delegation had supported the proposal for the establishment of a Working Capital and Reserve Fund. It would vote in favour of draft resolution A. When fully constituted, the Fund would give greater financial stability to the Programme and would help to ensure orderly administration by making sufficient working capital available in the first part of the financial year. By accumulating the Fund over a period of years, security would be achieved without a drastic cut in current programmes.

44. The discussion in the TAC Working Party had shown that there was some difference between the financial terminology of TAB and standard United Nations terminology. TAC had agreed that at an appropriate time the financial terminology should be brought into line with United Nations usage as far as possible. It was to be hoped that TAB would bear that point in mind.

45. His delegation would also vote for draft resolution B. The United States Government had greatly appreciated the French proposals and felt that the discussion which they had evoked had helped to clarify various problems and to indicate the general direction of future progress. The aim should always be to bring about a distribution of funds which reflected the needs of the recipient countries as closely as was consistent with rational programming and expenditure. The maximum degree of government interest and responsibility should be promoted. Paragraph 21 of the report (E/2558) reflected the main considerations on which any final decision should be based. His Government had felt for some time that TAC had not always done everything it could do, even under its present terms of reference.

46. The possibility of associating members of participating organizations which were not Members of the United Nations in TAC's work was raised in paragraph 22 of the report. That would certainly be an equitable and highly desirable procedure and it could be achieved by electing some of the governments concerned, to TAC. Some United Nations Members who were large contributors might also be elected, even if they were not members of the Council. He strongly urged that action along those lines should be taken at the next session.

47. Mr. RIVAS (Venezuela) said that from the outset his delegation had made it quite clear that the principles underlying the Working Capital and Reserve Fund should provide for some flexibility during the transitional period. That consideration was adequately covered by paragraphs 8 and 13 of TAC's report. He asked the Secretariat to revise the Spanish text of paragraph 13 to ensure that the future and not the conditional tense was used.

48. He would vote in favour of draft resolution A.

49. His delegation had welcomed the French proposals. The system of automatic allocations had been set up in the early days of the Programme, in the light of very limited experience. The experimental stage had passed, and a more effective system should now be adopted.

50. In February 1954, senior officials of the Technical Assistance Administration (TAA) and of TAB had visited Venezuela. In consultation with the Venezuelan Committee on Technical Assistance a basic agreement had recently been signed providing for a large-scale programme of economic development. It was the first time Venezuela had asked for technical assistance on a large scale. Many other governments were formulating similar programmes and the system of automatic allocations was inconsistent with efficient country programming. Nevertheless, it would be unwise to eliminate the system immediately, because that might have undesirable repercussions. In supporting draft resolution B, his delegation therefore favoured alternative (c).

51. He agreed with the French proposal to establish an inter-governmental body with wider powers than TAC in the approval of programmes and with wider representation. While his delegation could not entirely agree with the French proposals concerning the structure and competence of the new body, it was in favour of including in its membership countries which were members of the Technical Assistance Conference but not of the United Nations. That would necessitate the insertion of an additional rule to follow rule 76 of the Council's rules of procedure. The Secretary-General's suggestion that the Administrative Committee on Co-ordination (ACC) should be consulted on the subject seemed reasonable, provided that it was understood that the final decision would lie not with ACC but with TAC and the Council.

52. On that understanding he would vote in favour of draft resolution B. He would also vote in favour of the Australian draft resolution (E/L.585) and paragraph 23 of TAC's report (E/2558) concerning the reports of TAB to TAC.

53. Mr. RIFAAT (Egypt) supported the TAC report and would vote in favour of draft resolutions A and B, although his delegation had previously envisaged other solutions.

54. With regard to draft resolution A, it had felt that the principle of mutual confidence and trust should outweigh considerations of stability. Although it had agreed in principle to the establishment of a single Working Capital and Reserve Fund, it hoped that that would not adversely affect the equitable distribution of funds between recipient countries. The principles underlying the Expanded Programme must be respected. His delegation considered that by having TAC fix each year the percentage of the funds to be allocated to participating organizations that would meet any criticism of the system of organizing allocations. The question of eliminating that system should therefore be given further consideration.

55. Draft resolution B was merely a procedural resolution determining the framework within which the French proposals for the elimination or improvement or even for the retention of the existing system of automatic allocations should be considered.

56. He read paragraph 19 (b) of the report and expressed the hope that, in accordance with the accepted United Nations procedure, the Executive Chairman of TAB would apply to the governments concerned for any necessary information on their attitude and policy.

57. With regard to the establishment of a new inter-governmental body, his delegation was convinced that effective control of the administration of the Expanded Programme could be ensured by extending the composition and clarifying the terms of reference of TAC in order to give greater representation to the under-developed countries.

58. Mr. AVILES MOSQUERA (Ecuador) said that his delegation was very interested in TAC's recommendations. Technical assistance was one of the most encouraging and effective forms of international co-operation. It was very important to countries in the process of economic development, because it enabled them to profit from the experience of more advanced countries and to avoid the mistakes of the past. The various forms of technical assistance represented a positive contribution to improving the standards of living throughout the world.

59. It was therefore important to ensure greater stability and continuity in the Expanded Programme. The Council must, however, take care that present programmes were not curtailed and that future programmes were better adapted to the particular needs and peculiarities of the recipient countries. A large-scale expansion of assistance should take place in the near future. It was important to consider means of attenuating the repercussions of establishing the Working Capital and Reserve Fund on existing programmes. It might be advisable to extend the three-year transitional period.

60. His delegation welcomed the French proposals, but agreed that they should be the subject of further study.

61. Mr. HSIA (China) urged the Council to approve paragraph 23 of the report concerning the recommendations of TAB on its reports to TAC.

62. His delegation would vote in favour of draft resolution A. Experience had shown that during the first part of each financial year considerable financial difficulties arose because of delays in the payment of pledges. The Special Reserve Fund of \$3 million was quite inadequate to meet the needs of requesting governments, to continue the operation of projects that had already been launched, and to cover possible liquidation charges. Experience had also shown that a working capital fund of 50 per cent of total pledges would be sufficient to meet the annual financial crisis. The Working Capital and Reserve Fund to be built up over a period of three years with a goal of \$12 million would undoubtedly assure continuity and have a stabilizing effect. In particular, the provisions of paragraphs 3 (a) and (c) of draft resolution A would greatly reduce, if not completely eliminate, the likelihood of financial difficulties.

63. His delegation supported the principle embodied in paragraph 13 of the report (E/2558). Participating agencies should under no circumstances go beyond the limit contemplated by that principle. Multiplicity of reserve funds should be avoided. If participating agencies could fully utilize their unobligated balance of cash allocations and could apply for allocations from the

Working Capital and Reserve Fund when absolutely necessary, they would not encounter the great financial difficulties that had beset them in the past. Until further experience had been gained, the setting up of any other reserve fund should be discouraged.

64. The French delegation's proposals had clearly revealed the problems inherent in the system of allocating funds under the Expanded Programme. In theory, country programming would appear to be the more rational system, since it ensured that correct emphasis was placed on the various parts of the Expanded Programme. On the other hand, it would be unwise immediately to abandon a system of which some experience had been gained for another system which must be in the nature of an experiment. If participating agencies were more or less satisfied with the present system in spite of its imperfections, the difficulties involved in bringing about a change would be very great. It was quite understandable that the participating agencies preferred to know the possible allocation of funds in advance, although his delegation favoured the concept of country planning in accordance with actual need. Draft resolution B contained a number of alternative solutions. TAB's experience would be an important factor in enabling TAC and the Council to come to the right decision. He was glad to note that the matter was to be reconsidered in TAC and that further proposals would be submitted to the Council at its eighteenth session. He would vote in favour of draft resolution B.

65. The proposal to establish a new inter-governmental body was very far-reaching. For the moment, his delegation was in favour merely of endorsing paragraph 22 of the TAC report.

66. Mr. SAKSENA (India) associated himself with the other representatives who had thanked the French delegation for its efforts to find a solution to the many problems that had been encountered in the administration of the technical assistance programme. He also congratulated the Technical Assistance Committee on its report.

67. The solution suggested in annex I of the Committee's report was acceptable to the Indian delegation. He was glad to note that it was so worded as to avoid any rigidity in its implementation. Sufficient powers should be left in the hands of TAC to allow it to vary the targets set in accordance with the situation prevailing at any particular time. If, for instance, conditions were more favourable than had been anticipated, it should be possible to set aside a sum in excess of the \$3 million mentioned in draft resolution A. Similarly, if the situation deteriorated, it might be desirable to extend the period during which the Special Reserve Fund was to be built up to the target of 50 per cent. Similar considerations would apply to the replacement of withdrawals, referred to in paragraph 5 (c) of draft resolution A. The objective in each case should be to avoid any sudden disruption of programmes or projects.

68. In the light of the experience gained so far, it was very difficult to say whether the abandonment of the system of automatic allocations and its substitution by another system would offer overriding advantages. The existing system was undoubtedly helpful to the specialized agencies, since it enabled them to draw up programmes with some assurance that the sums they required would be forthcoming. Moreover,

it avoided any temptation for the specialized agencies to try to increase their respective shares of the available funds. On the other hand, it was undoubtedly true that the system did not take sufficient account of country programming.

69. The French proposal in this connexion was likewise open to certain objections. It would place the responsibility for approval of country programming and determination of priorities on an international agency which might be unable to discharge that responsibility to the full satisfaction of the various recipient countries. He was glad therefore that the question would come before the Council again.

70. The French proposal for the establishment of a separate inter-governmental agency including non-Member States could not be accepted or rejected without further detailed consideration. India fully agreed in principle that it was appropriate and desirable that contributing countries, even if they were not Members of the United Nations, should have a voice in the administration and adoption of technical assistance programmes, but he thought that that objective could be achieved by simpler means. Since any change in the composition of TAC or the institution of a new international agency, would probably affect the relationship between the specialized agencies and that body, the question should be more fully considered by the Administrative Committee on Co-ordination.

71. He reserved the right to comment in detail on the various proposals in draft resolution B after they had been examined by TAC.

72. He would support the Australian draft resolution (E/L. 585).

73. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that his Government had always regarded United Nations technical assistance to under-developed countries favourably. It had participated actively in the work of the ninth session of the Economic and Social Council, at which the basic principles governing the granting of such assistance had been laid down. The USSR representative had repeatedly stressed that technical assistance should be directed towards the development of the national economies of under-developed countries and of their national industries, including heavy industry, and that such assistance should not be dependent on political, economic or military privileges for the countries granting it. The extension of technical assistance would contribute to strengthening the economic and political independence of the under-developed countries. Furthermore, technical assistance should be granted only in agreement with and at the request of the governments concerned.

74. The USSR, true to the guiding principles of its foreign policy, which was designed to promote economic, political and technical relations with all countries on the basis of equality and mutual respect for the sovereignty and independence of all, had granted and was continuing to grant technical and economic assistance to many countries which were expanding their agriculture or industry. The USSR, Byelorussian and Ukrainian Governments had contributed funds to the Expanded Programme of Technical Assistance. The USSR was prepared to consider concrete requests from under-developed countries for technical assistance for such purposes as the development of industry or agriculture, the expansion of transport or increased health services, according to the procedures and methods adopted by the United Nations.

75. The USSR delegation had no objection to the basic provisions of draft resolution A in annex I of document E/2558, but could not support draft resolution B in view of the vague nature of the recommendations concerning the system of allocating funds under the Expanded Programme.
76. Sir Alec RANDALL (United Kingdom) said that his delegation supported the report of TAC and would vote for both draft resolutions in annex I. It hoped that the measures suggested in draft resolution A would go a long way to remedy the instability caused by the uncertainty of government contributions to the Programme.
77. The United Kingdom delegation supported the proposal in draft resolution B that the Council should take no decision in the matter of the system of allocating funds under the Expanded Programme of Technical Assistance until its eighteenth session, when the Administrative Committee on Coordination would have had the opportunity to consider and comment on it.
78. His delegation also supported the proposal in paragraph 22 of the Committee's report that the Council should take no final decision on the French proposal for the establishment of a new inter-governmental body until its eighteenth session.
79. He expressed his Government's appreciation of the French initiative, which was aimed solely at increasing the efficiency of the Programme. At the same time his Government was not convinced by some of the arguments put forward by the French delegation.
80. The United Kingdom delegation agreed that the retention of the system of automatic allocations might appear to conflict logically with country planning, but it did not think that enough experience had been gained in the short life of the Programme, or sufficiently close co-operation established between governments and agencies, to enable the agencies to judge in advance the amount of funds they would get in the absence of some system of automatic allocations. Moreover, there was no proof so far that the present system was incompatible with the needs of countries. Nor had it shown itself to be lacking in flexibility, and that flexibility would be increased by the establishment of the proposed Working Capital and Reserve Fund.
81. His Government supported the policy of country programming, but felt that it should be given a longer trial before any new system was based on it.
82. The present system had the great merit of having reduced to a minimum competition for funds among the agencies. More important, it gave that degree of stability which was essential for the agencies in the interest of good administration and planning.
83. The United Kingdom delegation warmly welcomed the French suggestion that governments of countries which were not Members of the United Nations, but which contributed to the Expanded Programme, should be enabled to participate in some way in the supervision of the Programme. In its view, that end could be achieved simply by enlarging the membership of TAC. Furthermore, there were countries which were Members of the United Nations and which contributed generously to the Fund, but had no opportunity of supervising the Programme because they were not members of the Economic and Social Council. It might be advantageous for such countries to take a turn on the Technical Assistance Committee.
84. Mr. NOSEK (Czechoslovakia) said that he considered the technical assistance programme to be one of the most useful forms of assistance to under-developed countries. For a long time Czechoslovakia had been furnishing under-developed countries with a great variety of industrial equipment, and it continued to do so, to an ever-growing extent. It also sent technicians and experts to different countries to install equipment and put it into operation, and to train local personnel.
85. Czechoslovakia received technical assistance from the Soviet Union and participated in a mutual exchange of technical assistance with all the people's democracies. The assistance it had received from the USSR had enabled it to start new branches of industry. Thanks to that assistance, Czechoslovakia was living through a period of tremendous development; production was increasing from year to year both in volume and variety of goods.
86. In deciding to participating in the Expanded Programme of Technical Assistance Czechoslovakia had had only one object in view: to render assistance to under-developed countries, to help them to speed up their economic development and to make available to them, through the United Nations, the material equipment and extensive technical experience of Czechoslovak workers, technicians and scientists.
87. Czechoslovakia had always maintained the principles embodied in Economic and Social Council resolution 222 (IX). The Czechoslovak Government was placing its contribution to the Expanded Programme at the disposal of the United Nations because it believed that greater economy would result if the funds allocated to technical assistance were as far as possible concentrated in the United Nations, rather than being dispersed among specialized agencies. While stressing that principle, however, he would not exclude the possibility that part of Czechoslovakia's contribution might also be utilized through the specialized agencies.
88. He would vote in favour of draft resolution A and would abstain in the vote on draft resolution B.
89. Sir Douglas COPLAND (Australia) said that the report of TAC dealt with three major problems: the question of the financial procedures of the Expanded Programme of Technical Assistance, the question of the method of allocating funds, and the proposal to replace TAC by an administrative council.
90. With regard to the first of those problems, the Council would have to decide between two systems of budgeting, one which might be called "project budgeting", and the other "annual budgeting". The system at present in force was one of annual budgeting. The Australian delegation, feeling that that system had certain weaknesses, had suggested that consideration should be given to the adoption of a system of project budgeting. That system was not unorthodox; it was used by all the United Nations voluntarily financed programmes except the Expanded Programme. The Australian proposals had not commended themselves in their entirety to TAC or TAB. The Committee had, however, suggested certain changes which constituted a step in the direction of project budgeting, and the Australian delegation would therefore support draft resolution A.
91. With regard to the system of allocation of funds, two proposals had been put forward by the French delegation: first, that funds should be distributed to countries instead of to agencies; secondly, that an administrative council should be set up to supplant TAC.

92. When the Programme had been established in 1949, it had been decided that 85 per cent of the funds contributed in the first year would be distributed among the participating agencies in accordance with a predetermined table of percentages, and that the balance should be distributed by TAB. In the second financial period 50 per cent of the funds was to have been distributed automatically, and 50 per cent had been retained for further distribution by TAB. In the third financial period virtually the same pattern had been followed. In the fourth period—the current period—the proportion of funds to be automatically allocated had increased to 75 per cent, and the remaining 25 per cent had been retained to meet central administrative costs and to provide a small reserve. The distribution of the whole of the funds in accordance with the predetermined scale of percentages had never been envisaged, yet in fact 100 per cent of the funds had been distributed in accordance with the percentage table. There had never been a discretionary distribution.

93. The French delegation had proposed that each country should be given a target figure on which to plan its programme. That would represent a reversal of the present system. It was also part of the French proposal that an inter-governmental body (TAC) and not an inter-agency body (TAB) should give final authority for the expenditure of technical assistance funds.

94. In the Australian delegation's view the French proposal would impose an added strain at two points: at the country level and at the inter-governmental level. In connexion with the former, it might be wise to inquire what machinery existed in recipient countries to develop programmes and establish relationship with agencies. In connexion with the latter the question was whether TAC was ready to assume greater responsibilities than those it already had.

95. The key to the success or failure of the French proposal lay in the capacity of the administrative machinery to carry the burden that proposal would put upon it. There was the responsibility of the country concerned, that of the specialized agencies and that of the central body; the problem was to work out an administrative structure which would distribute the responsibilities and establish proper relationships among the three.

96. With reference to the proposal to establish an administrative council to replace TAC, the Australian delegation was not opposed to the closer association of an inter-governmental body with the final approval of the over-all programme. It also agreed that some procedure should be devised by which governments, which were not represented on TAC nor even Members of the United Nations, should be enabled to participate in discussions on matters affecting their interests. It believed, however, that both those objectives could be achieved without the establishment of a new body which would be largely independent of the Economic and Social Council. Nevertheless it would support draft resolution B put forward by TAC, though without committing itself to any of the possible alternatives. The draft resolution as it stood outlined the framework within which any future consideration of the problem should take place.

97. It was no exaggeration to say that the goals so far set had largely been attained. The credit was chiefly due to the specialized agencies and it would be most undesirable to reduce their field of action in any way. Whatever administrative system was devised in the

future, nothing should be done to detract from their present position or to deprive them of the initiative they had exercised in recent years.

98. Mr. DE SEYNES (France) said that he had been greatly encouraged by the reception accorded to the French proposals. Supporters of the present system were apparently in the minority.

99. The French proposals had been based on the recognition of the fact that the technical assistance programme had been established to contribute to the maximum economic development of the under-developed countries. The under-developed countries themselves, however, were the best, and indeed the only, judges of the economic development plans best adapted to their needs. The system of automatic allocations was based on an entirely different concept, which had been expressed by those who opposed the French proposals. A number of delegations apparently believed that the specialized agencies were in a better position than the governments of the recipient countries to establish programmes. That approach seemed to repudiate the whole doctrine of economic development worked out by the United Nations. If the Council accepted the premises on which the French proposals were based, it would surely be more logical to ask the governments themselves to draw up their own lists of requirements and to give priorities and, when the lists had been considered by the competent organs, to decide what shares the various agencies should receive of the allocations that had been made.

100. In the arguments advanced, a certain distrust had been implied of TAC or of the proposed inter-governmental body which might replace it. It must be admitted that TAC had not fully accomplished the task laid down in 1949, particularly in regard to the programmes. The reason was simple: TAC had never been empowered to approve the budget, a function which was the very foundation of all legislative control.

101. He appealed to the members of the Council to re-read the French memorandum (E/TAC/32) and supplementary memorandum (E/TAC/32/Add.1). There was nothing radical in the French proposals. The reforms they proposed would not constitute any departure from established practice. They provided, firstly, that recipient Government would be required to prepare a list of their requests in order of priority; secondly, that TAB should work out a comprehensive programme based no longer on programmes submitted by the specialized agencies but on the requests of Governments; lastly, that an inter-governmental body would be asked to approve the programme in advance. France had offered all the necessary assurances concerning the relations which should exist between TAB and the inter-governmental body in regard to the preparation of programmes. It had also recognized that unduly sharp fluctuations in the funds allotted to the various specialized agencies should be avoided. Although France was prepared to have its system put into effect forthwith, it recognized the constructive value of the Argentine and Venezuelan proposals for the gradual elimination of automatic allocations.

102. He re-emphasized that the French proposals were very moderate. He felt sure they could be adopted in the light of further consideration.

The meeting rose at 5.45 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, World Health Organization, World Meteorological Organization.

Expanded Programme of Technical Assistance: report of the Technical Assistance Committee (E/2558 and Corr.1, E/TAC/32 and Add.1, E/TAC/33, E/L.585) (*concluded*)

[Agenda item 11]

1. The PRESIDENT invited the Council to vote on draft resolution A in annex I to the report of the Technical Assistance Committee (E/2558).

Draft resolution A was adopted by 17 votes to none, with 1 abstention.

2. Mr. ADIL (Pakistan) said that he had abstained because, although his delegation regarded long-term financial stability as a laudable aim, it feared that the financial procedures just adopted for building up the Special Reserve Fund might lead to significant cuts in the Programme. The need for technical assistance was particularly great now and would continue to be so in the next few years since integrated economic development in South and South-East Asia, which had been launched some three or four years ago, was just beginning to show results. The tempo of economic development was increasing and the need for technical assistance was directly related to the rate of economic development.

3. He had suggested earlier in the debate that the question of building up the Reserve Fund out of loans from contributing countries, to be repaid over a longer

period of years than had been stipulated for the purpose of building up the reserve fund, should be examined.

4. He paid a tribute to the work performed by Mr. Owen, Executive Chairman of the Technical Assistance Board, in the face of many difficulties.

5. He hoped that the Expanded Programme would continue on the same or even a larger scale.

6. The PRESIDENT put to the vote draft resolution B of E/2558.

Draft resolution B was adopted by 16 votes to none, with 2 abstentions.

7. The PRESIDENT put to the vote the Australian draft resolution (E/L. 585).

The draft resolution was adopted by 16 votes to none, with 1 abstention.

8. Mr. CAFIERO (Argentina) said that he had voted in favour of the Australian draft resolution subject to reconsideration when the basis for the allocation of funds by the Technical Assistance Committee (TAC) had finally been established.

9. He had voted for draft resolution B, on the system of allocation of funds, in view of the proposal, in paragraph 22 of the Committee's report (E/2558), that no final decision on the matter should be reached before the Council's eighteenth session.

10. Mr. RIBAS (Cuba) said that he had voted for draft resolution B in the Committee's report in view of the fact that paragraph 2, which was based upon paragraph 22 of the report, invited TAC to resume consideration of the question of the allocation of funds in the light of the debate in the Council and to formulate proposals which the Council could consider at its eighteenth session.

11. Mr. HSIA (China) explained that he had abstained from voting on the Australian draft resolution (E/L.585) because he had not been entirely clear as to its implications.

Non-governmental organizations: (c) Hearings and applications for hearings: report of the Council Committee on Non-Governmental Organizations (E/2561, E/2562)

[Item 20 (c)]

12. Mr. FENAUX (Belgium), speaking as Chairman of the Council Committee on Non-Governmental Organizations, submitted the Committee's reports on requests for hearings from non-governmental organizations in category A and in category B (E/2561 and E/2562).

13. The PRESIDENT said that, if there were no observations, he would assume that the Committee's reports were approved.

It was so decided.

Draft convention on the enforcement of international arbitral awards (E/2552, E/C.2/373 and Add.1, E/L.586)

[Item 27]

14. The PRESIDENT invited the representative of the International Chamber of Commerce (ICC) to make a statement.

15. Mr. ROSENTHAL (International Chamber of Commerce) said that the draft convention (E/C.2/373) was the product of long study by business men and legal experts in thirty countries and had been drawn up after careful review and consideration. The ICC proposed the judicial enforcement of arbitral awards based primarily on the will of the parties, as set forth in the arbitration clauses in the contracts of the parties and in properly held arbitrations pursuant thereto. That was implied in the concept of freedom of contract.

16. The matter had been laid before the Economic and Social Council as the only United Nations organ which under the Charter would have absolute authority to deal with the question. So far as the International Law Commission was concerned, the ICC understood that its schedule was already too full to enable it to assume any additional work. Moreover, its field of activity was primarily that of public international law, whereas the ICC's proposal belonged to the fields of international trade as well as international private law.

17. Disagreements in themselves were not harmful; the danger lay in the nature of conflicts and the methods used to resolve them. Disputes between buyers and sellers in world markets were common: there were controversies with regard to shipments and deliveries, the quality of goods, differing interpretations of foreign trade definitions and other contractual conditions. During the last fifty years, there had been a steady and increasing resort to arbitration among private traders and government agencies, which bought and sold goods; and skilled arbitration systems and tribunals had been developed in many countries. Many such commercial cases had been dealt with in the Court of International Commercial Arbitration of the ICC alone since its inception in 1923.

18. The inclusion of an arbitration clause in a contract whereby the parties agreed to submit subsequent disagreements to arbitral adjudication was entirely voluntary. Those who included such clauses in their contracts recognized the obvious advantages of that method of adjudication. They knew of the congestion of law courts and that lawsuits were often long drawn out, frequently bitter and always costly, whereas arbitrations were conducted quickly, economically and in a friendly atmosphere and those chosen to serve as arbitrators were competent, fair, and well versed in international trade customs and practices.

19. The ICC was submitting its draft convention because of two basic problems confronting those who voluntarily used that method of adjudicating their disputes. First, there was the need for ensuring that an agreement in a contract to submit disputes to arbitration was a valid one and that neither party could subsequently refuse to abide by the arbitration provisions of the contract to which both parties voluntarily agreed. Secondly, it was essential that a party should not be able afterwards to refuse to comply with the award, either because the arbitral procedures agreed to were

not strictly in conformity with the procedural laws of the country in which the arbitration was held or of the country in which enforcement was sought, or because of the difficulties at times of enforcing arbitral awards rendered in foreign jurisdictions.

20. The ICC felt that the 1927 Geneva Convention on the Execution of Foreign Arbitral Awards (E/C.2/373/Add.1) no longer corresponded to the requirements of international trade. One of its substantial weaknesses was that arbitration awards made in foreign jurisdictions were enforceable only when in accordance with the procedural law of the country in which the award was to be enforced. It would be helpful to all international traders if there were an international convention which would recognize the validity of an arbitration clause in a contract, and would also enable the winner of an award to obtain its legal enforcement in the jurisdiction of the loser. The proposed convention would accomplish that through multilateral agreement among nations.

21. There might be differences of opinion about some of the technical provisions of the draft convention, but he felt sure they would be easily resolved. It was necessary of course to have safeguards and provisions consistent with national laws and policies; and the ICC had tried to enumerate them in article IV of its draft, which it felt would be a basis for further consideration in the drafting of a final convention.

22. The ICC was not asking the Council to pass on the substantive provisions of the draft convention at its seventeenth session. It hoped the Council would set up an *ad hoc* committee to study the ICC draft convention and submit a final draft at a later session. In approving that proposal, no government would now bind itself to future definitive action. The principles and objectives of arbitration were so generally recognized and accepted that all governments could support the proposal for such a study. The ICC would be glad to furnish any assistance the Council might desire in connexion with such a committee.

23. The advancement of international economic relations was of greater importance today than ever before in history. The ICC strongly believed that by the adoption of a convention on the enforcement of international arbitral awards, the Council would help substantially to lessen some of the barriers to be increased flow of goods and thus make an important contribution to the furtherance of world peace through the advancement of international trade.

24. Mr. FENAUX (Belgium) said that both in the Committee on Non-Governmental Organizations and in the Council the Belgian delegation had favoured the inclusion in the agenda of the item proposed by the ICC. The Council had agreed to include it on the understanding that there would be no debate on the substance of the matter at the current session. The fact that the item had been sponsored by an organization with the prestige of the ICC was a sufficient guarantee of the importance of the question.

25. A suggestion had been made informally that the draft convention might be submitted to all governments for their comments. That method, however, limited consultations between governments and he was therefore not in favour of it.

26. Another suggestion was that the problem should be referred to the International Law Commission. The

Belgian delegation, however, did not consider that advisable, since the matter did not relate to international law properly so called, but rather to conflicts between national laws; the question was how arbitral awards in commercial cases could be enforced in one country in accordance with the laws of another. It might be argued that private international law was not necessarily outside the competence of the International Law Commission, but the question was whether reference to that body would be the most expeditious procedure. The International Law Commission had a very comprehensive programme, including important problems of public international law which could not be left in abeyance indefinitely, and it was already behind its schedule.

27. In view of those considerations the Belgian delegation was submitting a draft resolution (E/L. 586). The draft resolution was simple; it did not commit Member States and would not involve any additional expenditure. He commended it to the members of the Council.

28. Mr. SAKSENA (India) emphasized that his Government believed in the encouragement of international trade as a means of improving international relations. Clearly, trade disputes might hinder the development of good relations between States, and his delegation therefore welcomed the ICC draft convention as a promising means of settling such disputes. The provisions of the convention would need careful analysis and he therefore agreed that an *ad hoc* committee should be established for that purpose.

29. Provided that the necessary examination of the proposals could be undertaken without undue expense, his delegation would support the Belgian draft resolution.

30. Mr. KOTSCHNIG (United States of America) appreciated the work done by the ICC relating to international arbitral awards. His Government was in sympathy with the objectives of the convention prepared by the ICC. It had serious doubts, however, whether these objectives could be attained by way of a multi-lateral convention.

31. The convention raised complex legal questions and the Council would probably agree that no recommendation for action could be made to governments until the issues involved had been submitted to expert examination.

32. It would be premature to submit any draft proposals to governments, since the result might be merely to prejudge the issue and to express an implied preference for a particular convention as against possible other measures which might be taken.

33. The Belgian draft resolution proposed the setting up of an *ad hoc* committee to examine all phases of the enforcement of international arbitral awards and to report to the Council. That would be the best preliminary arrangement and he would therefore support the Belgian draft resolution.

34. Mr. RIVAS (Venezuela) thought that, as the ICC draft convention involved domestic legislation, the Council should ask for the views of governments before considering the substance of the matter.

35. However, if the Belgian proposal for the establishment of an *ad hoc* committee were adopted, it would be possible to submit to governments a much wider variety of relevant information.

36. His delegation would support the Belgian draft resolution provided that action on any conclusions reached by the *ad hoc* committee were deferred until governments had been consulted.

37. Mr. ARMENGAUD (France) congratulated the ICC on its efforts to improve the 1927 Geneva Convention. That Convention was unduly restrictive in the sense that where nationals of two different countries had freely decided to submit to arbitration, enforcement of the decisions of the arbitral tribunal did not follow automatically because the Convention stipulated that an award must conform in all respects to the law of the country in which it was to be enforced. Consequently, the strict application of the 1927 Convention had raised difficulties of a moral and practical nature.

38. It was obviously logical and in fact essential that, where two parties had agreed to abide by the arbitration clauses of an organization which existed for the purpose of international co-operation, the award should be automatically enforceable. Any subsequent action to enforce an award under national law was a source of delay and an undesirable influence in international relations.

39. The necessity for international arbitration was beyond doubt and, so far as public law was concerned, the International Court of Justice had solved many difficult questions; but the success of that Court was due largely to the fact that its decisions were enforceable without further formality. The same should apply to freely accepted and properly conducted international arbitration in private law.

40. If a small committee of experts could devise suitable machinery for giving international effect to arbitral awards, it would thereby encourage the co-ordination of domestic legislation with international conventions. If, however, such a committee of experts was to accomplish its work quickly, it should not be required to consider broad administrative and legal questions. In his delegation's view, the Committee should prepare a draft convention which would be likely to obtain the widest possible acceptance, and the preliminary work should consist merely of an inventory of such national laws as might offer escape clauses for parties to an arbitration.

41. The experts who would serve on the *ad hoc* committee proposed in the Belgian draft resolution would have to be instructed by their governments; when they met as a committee they would be able to prepare without delay a report incorporating the opinions expressed by the Governments of Member States on the ICC draft convention.

42. His delegation therefore supported the Belgian draft resolution.

43. Mr. EL-TANAMLI (Egypt) felt that the proposals made in the ICC draft convention could well be studied at the national level, in the hope that more governments might thereby become convinced of the value of international arbitration.

44. He supported the Belgian draft resolution on the understanding that the Secretariat would request governments to submit to the *ad hoc* committee their opinions on the ICC draft convention as a whole.

45. The question would obviously have to be reviewed by the *ad hoc* or some similar committee before any final decision was taken. He had advocated reference to the International Law Commission, not because he

thought that the *ad hoc* committee would fail to be impartial but because the obstacles to the enforcement of arbitral awards were the same as those which hindered the acceptance of public international law, and were based on concepts of national sovereignty.

46. His delegation agreed, however, to the proposal to establish an *ad hoc* committee, but felt that it was most important that the members of that committee should be as widely representative as possible. In view of the need for geographical distribution, the Belgian proposal to limit membership of the committee to representatives of eight Member States was unsound.

47. Mr. RIBAS (Cuba) agreed that it was essential to obtain the opinions of the Governments of Member States before taking any positive action on the ICC draft convention. His delegation felt, however, that the *ad hoc* committee proposed by the Belgian delegation would afford a suitable means of obtaining the opinions of the Governments of Member States, and he would therefore support the Belgian draft resolution.

48. Sir Douglas COPLAND (Australia) agreed that in a matter of such complexity, governments would wish to hasten slowly, and the Council could take no final action until the views of the Governments of Member States had been obtained.

49. The *ad hoc* committee proposed in the Belgian draft resolution would presumably take at least a year to make its study and prepare its report; consultation with governments could therefore proceed simultaneously with the committee's work.

50. His delegation would support the Belgian draft resolution on the understanding that it was not thereby committing itself to any acceptance of the principles or the provisions of the ICC draft convention.

51. Sir Alec RANDALL (United Kingdom) said that his Government recognized the importance of the principle of arbitration. Nevertheless, the problem of the enforcement of international arbitral awards was very complex and governments would have to conduct lengthy consultations, on the issue in general and on the ICC draft convention, with legal experts and trade organizations before they could express any definite opinion. His Government had already initiated such consultations in the United Kingdom, but the results would not be available for some time. His delegation had therefore voted for the inclusion of the item on the Council's agenda on the understanding that only procedural aspects would be discussed at the current session.

52. He preferred the first of the three procedures to which the Belgian representative had referred: in other words, the ICC draft convention should be circulated to governments for their comments; the Council could then reconsider the matter in the light of those comments and decide whether or not it would be appropriate to establish an *ad hoc* committee such as that envisaged in the Belgian draft resolution. Indeed, his Government felt that such a committee would be appropriate at a later stage.

53. The consensus of opinion, however, seemed to be in favour of establishing the committee immediately. He wished to make it quite clear that, if the committee were to be composed of governmental representatives, as was apparently the case, and if his Government were designated, it would not be in a position to give its representative instructions for some time. Nevertheless, he would be prepared to vote in favour of the Belgian

draft resolution provided that it was understood that the committee would not be convened for at least six months after the adoption of the resolution.

54. Mr. FENAUX (Belgium), replying to the various points that had been raised, said that the United States representative had correctly interpreted his draft resolution.

55. He agreed with the French representative that the committee's task should be kept within certain clearly defined limits, but he felt that that point was met by the draft resolution as it stood.

56. The Egyptian representative had suggested that an eight-member committee might be too small to ensure adequate representation of all opinions, especially from the point of view of geographical distribution. Expert committees of the type envisaged invariably functioned better if they were small. Unless any formal amendment were forthcoming, eight might be retained as a suitable number.

57. The Indian representative had referred to the value of consulting the non-governmental organizations. Their views could be ascertained when the question was reconsidered by the Council.

58. The representatives of Egypt, the United Kingdom and Venezuela had all raised the question of ensuring that governmental opinion was fully consulted. That could obviously be done by circulating the ICC draft convention for comment immediately. He had already drawn attention to the disadvantages of that procedure and was convinced that it would be better to establish a committee to undertake a preliminary study of the question. The committee's views would undoubtedly assist governments in forming their opinions. When the Council received the committee's report, it could be circulated to governments for comments. In the meanwhile, the Egyptian representative's suggestion that, in circulating the resolution, the Secretariat could inform Member States that they could submit their opinions to the committee without further delay if they so desired would provide a very good way of reconciling both points of view. It would not be necessary to include specific instructions to the Secretariat in the draft resolution. Were that procedure followed, the government consultations and the committee's work could proceed simultaneously without further loss of time.

59. The matter was urgent and the *ad hoc* committee should meet as soon as possible. He therefore regretted that he was unable to accept the United Kingdom representative's suggestion for a six months' intermission.

60. Mr. KOTSCHNIG (United States of America) and Mr. ARMENGAUD (France) declared themselves satisfied with the Belgian representative's explanation.

61. They would vote in favour of the draft resolution.

62. Sir Alec RANDALL (United Kingdom) failed to see what the *ad hoc* committee could do until the Secretary-General had made a preliminary survey of government opinions. While his Government certainly could not instruct a representative at that juncture, it would make every effort to reply to a request for observations as soon as possible. If the draft resolution could be amended to provide for government consultation without committing Member States to what his delegation felt to be the premature establishment of an *ad hoc* committee, he would vote in favour of it. If the *ad hoc* committee was to meet immediately, he would have to vote against the draft resolution.

63. Mr. ADIL (Pakistan) thought the Council should bear in mind the fact that conventions such as that under consideration remained in force for a number of years. The Geneva Convention had been in effect since 1927. He shared the United Kingdom representative's anxiety lest the *ad hoc* committee should embark on its study of a very complex matter before the views of Member States had been ascertained. His Government would be prepared to state its position on the ICC draft convention in from four to six months' time.

64. He would be prepared to vote in favour of the draft resolution on the understanding that the *ad hoc* committee would not start work until replies had been received from a substantial number of governments.

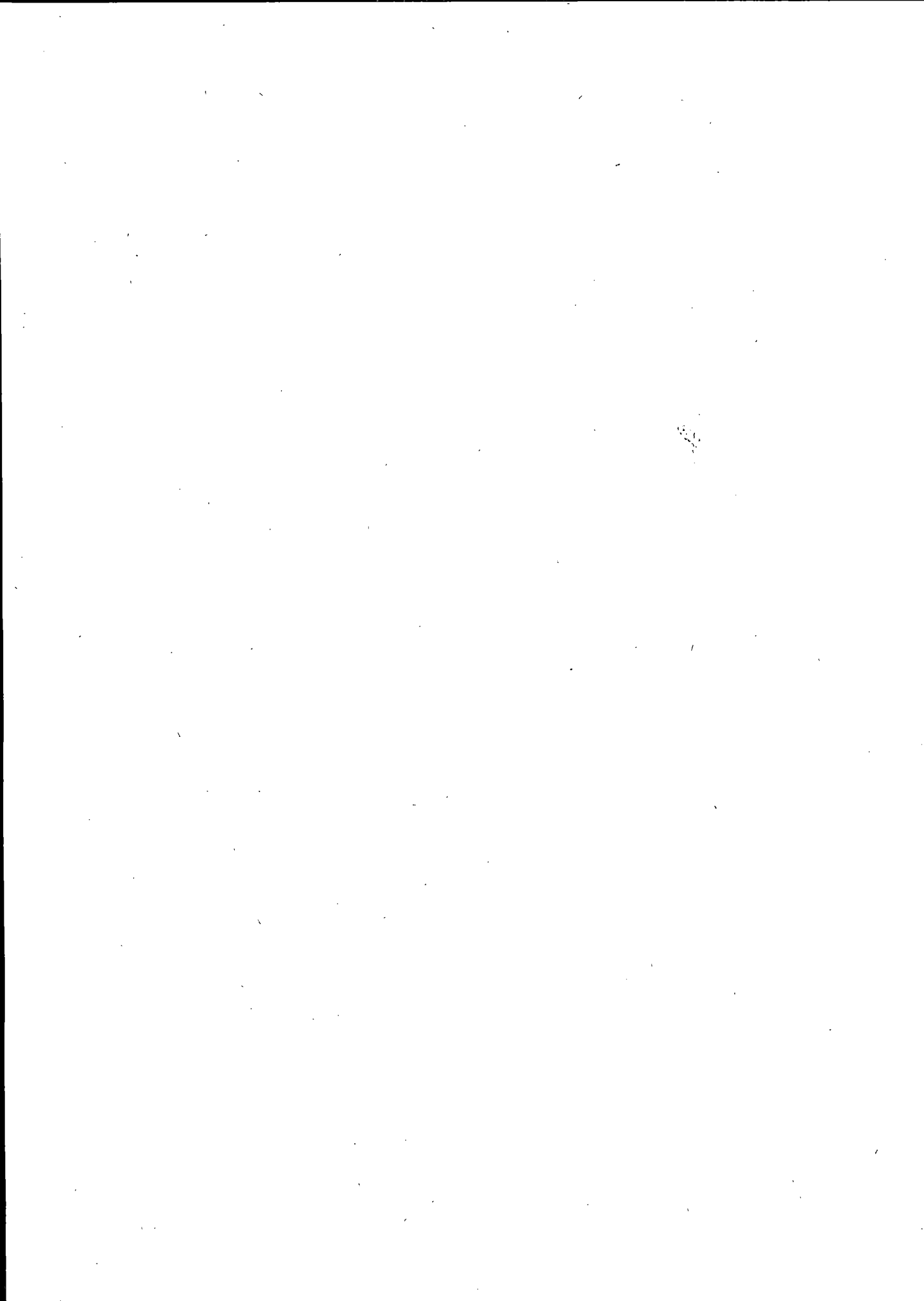
65. Mr. EL-TANAMLI (Egypt) and Mr. FENAUX (Belgium) pointed out that in practice a certain period would elapse between the adoption of the resolution and

the convention of the committee. That should give governments ample opportunity to submit their opinions if they wanted to do so.

66. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that the Soviet Union was deeply interested in the complex question of the enforcement of international arbitral awards. His delegation was in favour of setting up an *ad hoc* committee to study the question, but it would prefer a committee of experts to one composed of government representatives. The draft resolution had only just been circulated and he requested that, in accordance with rule 56 of the rules of procedure, the vote should be postponed for twenty-four hours.

It was so decided.

The meeting rose at 12.45 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands, Philippines.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, World Health Organization.

Economic development of under-developed countries

[Agenda item 3]

GENERAL DEBATE

1. The PRESIDENT declared open the general debate on the economic development of the under-developed countries.
2. Mr. BUNGE (Argentina) stressed the importance and the difficulty of the question of economic development of the under-developed countries. Prolonged and fruitless discussions must be avoided and practical solutions must be sought. If the United Nations wished to help make peace and security prevail in the world, it had no better means of doing so than by fostering international co-operation to ensure well being and progress in the under-developed countries through economic development.
3. For such co-operation to be effective, it was important clearly to determine the requirements to be met and the methods to be used and, instead of being satisfied with working out abstract systems, to take realities into account.
4. It was undeniable that the goal to be reached was a rapid rise in the standard of living of the peoples of the under-developed countries: the vicious circle of hunger, disease and poverty must be broken so as to enable the peoples which are aspiring to political and social justice, to attain economic independence also.
5. It was more difficult to agree upon the form international co-operation should take and the field in which it should be exercised. In the past, nations had collaborated chiefly in solving urgent problems connected with world political events; they had thus granted priority to the reconstruction of areas devastated dur-

ing the Second World War. The question of economic development of the under-developed countries had been relegated to the background because it was not there a matter of overcoming a crisis, but of improving what were considered to be the normal standards of life of the peoples concerned. But his delegation thought that the really urgent question was there and that, if the United Nations wished to help effectively to ensure the peace and security of mankind, it should devote its energies to solving the serious problem of the economic lag the greater part of the world still had to make up as soon as possible.

6. Once the paramount importance of the question of development of the under-developed countries had been acknowledged, the magnitude of the problem had to be determined. It was obvious that it was essential to increase the productive capacity of those areas in order to raise the standard of living of the peoples and, for that purpose, to ensure the full employment of the active population and increase the productivity of labour by the adoption of modern techniques.

7. During the nineteenth century and the greater part of the first half of the twentieth, an economic system had been established and consolidated in which manufacturing production had become concentrated in a few countries of the world, while other countries served only as sources of raw materials and low-cost foodstuffs. Engineering progress and the resulting increase in productivity had benefited only the industrial countries. They had become rich and the standard of living of their peoples had constantly risen, while the countries which supplied raw materials found that the gap between them and the industrial countries was daily widening.

8. It was important that the under-developed countries should also benefit from the general increase in world productivity. To that end, their full economic development should be ensured; they should not be forced to remain primary producing countries, and their production should be diversified. That aim would be more easily attained if the countries concerned were to unite their efforts to form economic unions, ensure more rational development of their resources, intensify their trade and find common outlets for their products. Argentina had shown the way by signing agreements with the republics of Chile, Ecuador and Paraguay, to which the other countries of Latin America might accede.

9. Furthermore, if, in order to ensure more even distribution of riches in the world, it was desired to reduce the difference between the standards of living in the under-developed countries and in the industrialized countries, the rate of development of the under-developed countries must be made faster than that of the industrial countries. A study, "Preliminary Study of the Technique of Programming Economic Development" (E/CN.12/292), carried out by the Economic Commission for Latin America (ECLA), gave a rough idea of the magnitude of the problem. According to

that study, the average *per capita* income in Latin America amounted to US\$245 in 1952, whereas it had been \$2,000 in the United States. If it was desired to raise the *per capita* income in Latin America to \$665, or one-third of the *per capita* income in the United States, which was a reasonable target, 42 years would be required, assuming an annual rate of increase of 2.5 per cent, which was the highest rate reached since the war. But, if it was considered that during the same period the *per capita* income in the United States would increase by 2 per cent every year, it became evident that 255 years would be required to reach the target. If the Latin American countries wished gradually to reduce the considerable difference between the standard of living of their peoples and that of the people in the United States, they must make a decisive effort to speed up their development.

10. In brief, it was obvious that economic development of the under-developed countries should aim both at increasing and diversifying their production to enable them to meet the vital needs of their peoples, and at accelerating their development so as to bridge the gap between their standard of living and that in more advanced countries. Of course, those two aims could only be achieved to the extent to which the people directly concerned devoted their every effort to them. But the fact remained that such efforts would be in vain without an efficient international organization to direct them towards positive results. A vast field of action was therefore open for collaboration among nations. National effort and international action must support and complement each other.

11. If it were granted that the full and speedy development of the under-developed countries deserved absolute priority, and if it were acknowledged that the same methods could not be applied to the under-developed countries as to the highly industrialized countries, the conclusion was that a change in the economic structure of the world was imperative and that it must be made essentially in terms of the needs of the under-developed countries.

12. Hitherto, international agencies had been concerned chiefly with restoring the pre-war order of things and doing away with the artificial barriers and restrictions which had hampered international trade and the free movement of capital and persons. That explained, to some extent, why the International Monetary Fund, the International Bank for Reconstruction and Development, and the General Agreement on Tariffs and Trade had not come up to expectations. His delegation thought it was essential to undertake a general revision of the complex provisions governing international relations in the commercial, monetary and financial sphere, in order to equip the international community with the necessary instruments and agencies to ensure the economic development of the under-developed countries. General Assembly resolution 623 (VII) of 21 December 1952, which had been proposed by his delegation, aimed at such a revision of the existing economic order. Experience had shown that further progress on those lines was necessary.

13. In the first place, it was vital to find a means of stabilizing world prices of primary commodities entering international trade on a fair and equitable basis. Everybody realized that sudden and violent price fluctuations were the principal cause of weakness in the primary producing countries, the economy of which

depended first of all on exports. Without a stable and growing market for their products, those countries would find it difficult to get out of their present rut. A careful perusal of the Secretary-General's excellent report on the "Repercussions of Changes in Terms of Trade on the Economies of Countries in Process of Development" (E/2456 and Add. 1) showed that excessive fluctuations in the prices of primary commodities entailed consequences the gravity of which far surpassed the advantages of unrestricted supply and demand.

14. The inevitable conclusion, therefore, was that industrial countries must refrain from taking any step which might limit the volume of international trade in the primary commodities exported by the under-developed countries. International trade could not, in fact, continue to be governed by the principles of reciprocity and universality underlying the postwar agreements, since there could be no question of reciprocity and universality between nations in such very different stages of development. In his delegation's view, future international instruments should bear those factors in mind, and a relaxation of restrictions on imports of primary commodities from under-developed countries should not in any event be contingent upon compensation.

15. Nevertheless, restrictions on international trade had recently become ever more numerous and serious. In the circumstances, it was reasonable to question the use of repeated statements of calculated aims, if the under-developed countries were to be deprived of the fruits of their efforts to produce, which constituted the only real economic weapon in their possession.

16. However, although it was important to prevent the consumption of primary commodities from becoming paralysed by restrictions and limitations, it was perhaps even more vital to prepare for the consequences of the current fluctuations in prices of raw materials in international trade. It was certain that any lowering of the true value of those materials could only have harmful consequences, and hence it was necessary to avoid excessive fluctuations in the terms of trade between primary commodities and manufactures by stabilizing the prices of raw materials, not only over a period of time but also with regard to their purchasing power in relation to the general price level.

17. The example of Latin America provided a good illustration of the great importance of such minimum stability in under-developed areas. The statistics published by ECLA showed that between 1945 and 1952, when the terms of trade had favoured Latin America, the improvement in the balance between prices of raw materials and those of manufactures had amounted to \$21,000 million, which was 8.3 per cent of the gross revenue of the countries in the area. During that period, for the first time in many years, Latin America had seen a reasonable quickening of the tempo of its development, and the capital accumulation rate, which had averaged 16.5 per cent over the seven years, had for the first time exceeded the rate of 13.2 per cent reached in 1925-1929. But, while the movement in price relations had such remarkable consequences in a period of prosperity, its effect on under-developed countries was even greater when it reflected an adverse trend. For those reasons, his delegation was convinced that it was necessary to stabilize the relations between prices of primary commodities and those of manufactures. In his opinion, that aim was not

incompatible with the desire to provide for the organic development required for economic advancement.

18. Fluctuations in the prices of primary commodities had brought about a substantial reduction in the Argentine revenue derived from exports. A study recently published by the Central Bank of Argentina showed that between 1913 and 1951 the terms of trade had been distinctly unfavourable to Argentina during thirty years, and had only been favourable in 1948. If the prices of exports and the prices of imports had followed parallel courses since 1913, Argentina would have derived additional revenue, which would have enabled it, *inter alia*, to meet its obligations regarding foreign loans, to nationalize its public services, and to pay off the national debt. That reduction in Argentine revenue from foreign trade was justified neither by the fluctuations in the volume of its exports nor by changing trends in international demand.

19. The question of commodity trade and economic development was the subject of a report prepared by a group of experts appointed by the Secretary-General (E/2519), who had put forward several interesting ideas. "Just" and "equitable" prices were defined by the experts as "reasonably stable" prices. The experts recognized the gravity of the problem and the need for a rapid solution. In their view, contractual agreements in respect of particular commodities were insufficient. The monetary aspects of the problem were not overlooked. The Committee stressed the responsibility of the industrial countries, and asked them not to abuse their economic power when negotiating with the under-developed countries. Finally, the experts demonstrated the need for concerted international action in assuring stable prices for the primary commodities used in international trade.

20. The committee had analysed the various possible suggestions, but had refrained from advocating any of them. The experts had confined themselves to suggesting that an international committee should be established to submit such recommendations as it might consider desirable. The Argentine delegation considered that suggestion useful but inadequate to meet present needs, and it intended to submit a draft resolution for the establishment of a permanent advisory committee on international trade in primary commodities. That body would supply an important need and would enable governments to consult with one another on questions concerning international trade in primary commodities.

21. Bound up with the problem of the stability of primary commodities was that of surplus stocks of agricultural produce and livestock, which could not be absorbed in the international market at reasonable prices. The world was still fluctuating between periods of glut and periods of shortage, and surplus stocks were accumulating while a large part of the population lived in famine and poverty.

22. When there was a shortage, the importing countries made agreements to control demand, to prevent an excessive rise in prices, and to secure an equitable distribution of scarce commodities. But in a period of glut and sagging prices there was no analogous device to protect the interests of the exporting countries. The problem of surpluses was consequently closely linked with that of the stability of prices of primary commodities, and the two had to be studied concurrently. The solution was not to be found in fragmentary measures,

but in closer international collaboration and in a revised pattern of international trade, within which the laws of supply and demand could operate effectively.

23. He also drew the Council's attention to the conclusions reached by the Working Party of the Committee on Commodity Problems of the Food and Agricultural Organization concerning the problem of surpluses. Those conclusions should facilitate the preparation of a plan for stabilizing the prices of raw materials. It was necessary, when taking measures to control demand and fix maximum prices, to provide corresponding measures for regulating supply and ensuring observance of minimum prices.

24. Those factors had, moreover, resulted in certain recommendations by the tenth Inter-American Conference held at Caracas. The Conference had condemned measures to restore equilibrium by the destruction of surpluses, and had stressed the need to avoid excessive fluctuations in the prices of agricultural produce and livestock, and to maintain an even ratio between the prices of primary commodities and those of manufactures. The countries which had surpluses had been asked to refrain from any measures liable to disturb the normal course of trade. It had been recommended that only those countries which played a secondary part in international trade should receive gifts. Finally, the Conference had advocated increased consumption through an economic development policy aimed at raising the standard of living.

25. He also recalled the pressure which industrial countries sometimes exercised on less advanced countries by boycotting their products or by favouring the development of substitute commodities. Such measures caused considerable harm to the under-developed countries; the industrial countries should not resort to such practices or, at least, should not encourage them.

26. The committee envisaged by his delegation could lay the foundations for a more equitable and more stable trade structure, and so pave the way for an international conference to complete the instruments which the world needed.

27. It was well known that the under-developed countries were forced to call on foreign capital in financing their development. The role of such capital was, however, limited. A study recently undertaken by ECLA showed that between 1946 and 1952 foreign capital had not exceeded 3 per cent of the total investments in Latin America, and that foreign investment was mostly confined to the production of raw materials. Argentina encouraged foreign investment, but attempted to direct it towards undertakings of value to the national economy, in accordance with a general development programme.

28. There were other possible sources of investment, and Argentina had already stated that it favoured the establishment of a special fund and an international finance corporation. It must be borne in mind that those methods of international financing, far from hindering private enterprise, could, in fact, widen its scope.

29. Finally, it must be remembered that the economic development of certain under-developed countries was dependent on reforms in land tenure. That question was the subject of two documents prepared by the Secretariat: *Progress in Land Reform* (E/2526) and

Rural Progress through Co-operatives (E/2524). Those two studies showed that much remained to be done in that respect. Most of the obstacles to land reform were certainly outside the scope of international action, but some of them were related to the economic situation of the under-developed countries and could only be overcome through a general programme of development. Argentina had adopted a land policy based on the principle that ownership, a primarily social function, had to be vested in those who worked on the land, but any land policy fell within a general economic development policy.

30. In conclusion, he stressed that the Council's main efforts should be directed towards meeting the needs of the under-developed countries. It was vital for the industrial countries to abide by the provisions of

resolution 623 (VII), in which the General Assembly recommended to Member States that, whenever they adopted measures affecting the prices of primary commodities, they should duly consider the effect of such measures on the terms of trade of countries in the process of development in order to ensure that the prices of primary commodities were kept in an adequate, just and equitable relation to the prices of capital goods and other manufactured articles so as to permit the more satisfactory formation of domestic savings in the countries in the process of development with a view to reducing the existing disparity between their standards of living and those of the highly industrialized countries.

The meeting rose at 4.10 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Indonesia, Netherlands.

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

Draft convention on the enforcement of international arbitral awards (E/2552, E/C.2/373 and Add.1, E/L.586) (concluded)

[Agenda item 27]

1. Mr. GEORGES-PICOT (Assistant Secretary-General) pointed out that under rule 34 of the Council's rules of procedure the Secretary-General had to advise the Council of the financial implications of the draft resolution which was to be put to the vote (E/L.586). In addition, under General Assembly resolution 593 (VI), paragraph 2 (d), he also had to give the Council an estimate of the cost of any documentation arising from the resolution.

2. Documentation would probably be limited to correspondence with the Governments of all Member States and to the preparation of the proposed committee's reports and records. The costs, for which no precise figure could be given, would clearly be small and it should be possible to meet them within the existing budget. The establishment of an *ad hoc* committee would not involve additional expenditure if the committee met at headquarters.

3. The PRESIDENT invited the Council to vote on the Belgian draft resolution (E/L.586).

The draft resolution was adopted unanimously.

4. Sir Alec RANDALL (United Kingdom) explained that he had supported the resolution on the assumption that there would be a considerable interval between the passing of the resolution and the first meeting of the *ad hoc* committee. His Government would not be able to formulate positive views or to instruct its experts for

about six months and he hoped that all governments would have sufficient time to select and instruct their representatives.

5. Mr. ADIL (Pakistan) associated his delegation with the United Kingdom representative's views.

Non-governmental organizations: (b) Review of non-governmental organizations: report of the Council Committee on Non-Governmental Organizations (E/2551)

[Agenda item 20 (b)]

6. Mr. FENAUX (BELGIUM), speaking as the Chairman of the Council Committee on Non-Governmental Organizations, explained that the Committee's report (E/2551) contained a draft resolution to withdraw consultative status in category B from the Women's International Democratic Federation and to place three other non-governmental organizations on the register. The annex to the report contained a list of non-governmental organizations in category B concerning which no action by the Council was recommended.

7. The NGO Committee had heard the WIDF representative at its 139th meeting and had then gone into closed session and adopted two proposals, to the effect that, first, the Committee should give the Women's International Democratic Federation the opportunity to consult the summary records of the Committee's 134th (closed) meeting at which that organization's status had been discussed; and secondly, the Committee should permit the Women's International Democratic Federation to have a written statement not in excess of 500 words circulated in conformity with resolution 288 B (X), paragraph 23 (e). He noted that that statement had since been circulated as document E/C.2/382.

8. Mr. HOTCHKIS (United States of America) said that his delegation supported the NGO Committee's recommendation that consultative status in category B should be withdrawn from the WIDF. The principles governing the consultative relations between the Council and non-governmental organizations were embodied in resolution 288 B (X), paragraphs 3 and 4 of which specified that the aims and purposes of the organization should be in conformity with the spirit, Purposes and Principles of the Charter and that the organization should undertake to support the work of the United Nations and to promote knowledge of its principles and activities.

9. It was more than questionable whether the activities of the WIDF could be interpreted as helping the United Nations or supporting its principles and activities. First, in 1951, the WIDF had set up a "Women's International Commission for the Investigation of the Atrocities Committed by the United States and Syngman Rhee Troops in Korea". The report of that group had been circulated as document S/2203. After giving a number of instances of alleged atrocities, the report had concluded that such "mass tortures and mass murders surpass the crimes committed by Hitler's Nazis in temporarily occupied Europe" and, in protesting to the United

Nations, the WIDF Executive Committee had "firmly" declared "that these crimes, leading to the annihilation of the Korean nation, have been committed under the United Nations flag, mainly by the Americans, with the participation of British, Canadian, Turkish and other troops". Secondly, the WIDF had become the principal sounding-board for the notorious germ warfare propaganda campaign. For example, in March 1952 it had sent a letter to the Secretary-General claiming that "after a long period of preparation in collaboration with Japanese war criminals, the United States is using sixteen kinds of bacteriological weapons which it manufactured with the idea of continuing its barbarous and inhuman programme . . . of annihilating the whole Korean population and reducing the country to a barren waste". Thirdly, the WIDF had persistently falsified economic and social situations to suit its propaganda purposes. For example, its publication *Documents et actualités* reported that in the colonial and dependent countries women had no social or legal rights whatsoever; that in all Mohammedan marriages the woman was deprived of her property rights and stripped of all her possessions upon divorce; that in India the woman was considered a beast of burden in the family; and that in Indonesia mothers had been compelled to sell their children or to exchange them for food. Lastly, the WIDF had persistently and falsely attacked various subsidiary bodies of the United Nations and its organs, especially the Commission on the Status of Women. The publication to which he had just referred alleged that in the six years of its existence the Commission had done very little to implement the principles of the United Nations Charter concerning the question of equal rights for women in the social, economic and political fields.

10. Obviously, therefore, the record of the WIDF was one of flagrant violation of the principles governing consultative relationships between the Council and non-governmental organizations. The WIDF was a propaganda machine which cynically exploited women for ulterior political purposes. It had a record of vicious attacks, lies and slander against the United Nations, many of its Member States and most of its purposes. It was tragic that the WIDF claimed to speak for 140 million women and to be the only link for many of them with the United Nations and it was frightening to think that day in and day out it was building in the minds of those women an utterly perverted image of what the United Nations stood and worked for. It was preposterous that such an organization should claim to present to the United Nations their real aspirations for human rights and economic betterment.

11. The United Nations was composed of many countries and governments. It reflected widely divergent opinions. The peoples in the United Nations belonged to different religions and creeds. His Government would not have it otherwise. It firmly believed in the United Nations as "a centre for harmonizing the actions of nations in the attainment of . . . common ends" and earnestly hoped that honest differences could be reconciled in the interests of general progress. None of those purposes was served by continuing to grant the WIDF a consultative status which it employed only as a weapon to sabotage the Council's work.

12. His delegation believed that the record proved the unfitness of the WIDF for consultative status and urged the Council to support the Committee's recommendation.

13. Mr. MEADE (United Kingdom) said that as a member of the Committee his delegation had voted in

favour of withdrawing consultative status from the WIDF. It had taken that action only after very careful consideration. Its decision had been based on its interpretation of Council resolution 288 B (X). With regard to paragraph 2 of that resolution, it went without saying that any women's organization was bound to be interested in social, cultural, educational and health matters. The WIDF, however, had largely subordinated its activities in those respects to political considerations. It had admittedly issued a number of statements and undertaken certain activities related to social matters but only intermittently and with an eye to political propaganda. Its social activities had certainly not been on the scale that might have been expected from an organization which claimed to represent 140 million women. With regard to the political activities of the WIDF, he agreed with the United States representative that they should be considered in the light of paragraphs 3 and 4 of Council resolution 288 B (X). Far from supporting the United Nations, the WIDF had used the whole weight of its propaganda machine to oppose action taken by the United Nations in accordance with the decisions of the General Assembly. It had hurled wild accusations of germ warfare and atrocities against troops fighting under the United Nations flag. Those accusations were an insult to the United Nations. While claiming to further the cause of peace, the WIDF actually fostered hatred among nations.

14. His delegation had therefore felt that it had no choice but to support the NGO Committee's recommendation, which he hoped the Council would endorse.

15. Mr. PSCOLKA (Czechoslovakia) said that he was strongly opposed to the proposal of the majority of the NGO Committee to withdraw consultative status from the WIDF. Such a step was completely unwarranted and unfair. It was contrary to the principle of co-operation between the Council and non-governmental organizations and was against the Council's interests. The only purpose of the Committee's recommendation was to make it impossible for the WIDF—which was a mass organization with millions of members in sixty-five countries—to participate in the Council's work.

16. The WIDF had been founded at the First International Women's Congress in Paris in 1945. It had come into being as a result of the will of women to unite their efforts to protect their children and homes from the horrors of a new war. Its aims were to defend the political, economic, legal and social rights of women, to ensure social progress and to create conditions for the happy, harmonious development of children and young people, to eliminate all remaining vestiges of fascism, to establish democracy and to fight for peace. It was an association uniting the women's sections of trade unions, co-operatives and other social and cultural organizations. Its members held the most varied political, religious and philosophical beliefs and were drawn from all strata of society and from countries with varying political régimes. It had consistently supported the United Nations Charter, and its co-operation with the Council, and particularly with the Commission on the Status of Women, represented a considerable and valuable contribution to the Council's work.

17. The Secretary-General's report on consultative activities undertaken by non-governmental organizations granted category B consultative status (E/C.2/374, para. 24) made it appear, erroneously, that the WIDF had made no oral statements to the Council and its subsidiary bodies and conferences. The Council's report

to the fourth session of the General Assembly¹ indicated that at the ninth session of the Council, the WIDF representative had spoken on the status of women, trade-union rights, unemployment and full employment.

18. The representative of the WIDF had also made an oral statement at the fifth session of the Commission on the Status of Women in May 1951. The United States authorities had refused to grant a visa to the representative originally designated by the WIDF to attend the sixth session of the Commission and the substitute representative had arrived only on the last day of the session, by which time the Commission's report had already been adopted. She had nevertheless made a statement.² In 1952 the WIDF had made two very constructive statements to the Commission on the Status of Women, on equal pay for equal work and on part-time work for women. A representative of the WIDF was attending the current session of the Commission on the Status of Women.

19. The co-operation of the WIDF was particularly striking in view of the obstacles that had been placed in its way by the United States Government, which had sought to prevent its representatives from gaining access to United Nations Headquarters. It was essential that the WIDF should be allowed to continue to make its important contribution to the Council's work.

20. Before the Council took any final decision, it should have a further opportunity to study the WIDF statement (E/C.2/382), which had only just been circulated, and to hear a statement by the Chairman of the Commission on the Status of Women on the contribution of the WIDF to the Commission's work.

21. He formally proposed that the vote on the Committee's recommendation should be postponed.

22. Mr. NUÑEZ PORTUONDO (Cuba) said that his delegation had come to the Council's session without any preconceived ideas on, or detailed knowledge of, the question. On its arrival in New York it had received a document sponsored by the WIDF concerning its activities and co-operation with the United Nations. On the basis of that document, the Cuban delegation had come to the conclusion that the Committee's recommendation for the withdrawal of consultative status should be endorsed. The relations of the WIDF with the Council were harmful and its activities were contrary to all the principles of the Charter.

23. In 1951, the WIDF had sent a commission to Korea to study crimes against the civilian population and had denounced the alleged crimes involved in the conduct of the war there. In 1952, the WIDF had intervened on the question of the alleged use of bacterial weapons in Korea and had drawn attention to alleged violations of human rights and the Geneva Convention relative to the Treatment of Prisoners of War. It had urged the United Nations to withdraw all foreign troops from Korea immediately and work for a peaceful settlement of the Korean question. It was clear, therefore, that the WIDF had consistently disregarded the fact that United Nations participation in the Korean war was the result of almost unanimous agreement in the General Assembly and had been undertaken to repel the unjust and unwarranted aggression of North Korea against South Korea. Hence, it was not proper for a non-governmental organization to discuss charges of germ war-

fare and open aggression in the United Nations, and the WIDF was the only non-governmental organization which had attacked the United Nations for defending the principles of the Charter.

24. His delegation did not consider that the fact that an organization was Communist-dominated was sufficient grounds for excluding it from participation in the work of the United Nations. The Council was quite entitled to admit Communist organizations to consultative status, but no truly democratic organization would have carried out activities such as those undertaken by the WIDF. The WIDF had participated in United Nations debates on false pretences: it was in fact a Communist organization, although it did not admit to being one. Its anti-democratic activities were liable to have deplorable repercussions in many countries, since it could advance Communist-inspired arguments and sway public opinion in a way that an openly Communist organization could not.

25. His delegation would also favour withdrawal of consultative status from any other organization which indulged in similarly harmful activities, regardless of whether or not it was Communist-dominated.

26. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that the statements made by the United States and Cuban representatives showed that what was sought was not an equitable solution of the problem, but reprisals against the WIDF because that organization had been bold enough to defend the rights of women and to speak in defence of the Korean people. The United States and Cuban representatives appeared to believe in the old German theory that the province of women was *Kirche, Kinder, Küche*, (the church, children and the kitchen) but the world had progressed beyond that stage and women today took a deep interest in the political questions on which their own lives, as well as the lives of their husbands and children, depended.

27. The Federation had been accused of subversive activities. If in fact an organization with 140 million members was Communist, that was a proof of the strength of the Communist movement in the world. Except in the United States of America, it was not considered a crime to be a Communist. The truth was, however, that the Federation included women of every shade of political opinion, belonging to various religions and following many different professions and occupations, but united in a common struggle for peace and the welfare of humanity. The assertion that it was a Communist organization was merely a device to influence the Council to deprive it of consultative status.

28. The debate in the NGO Committee had been purely formal; the United States representative had expressed his Government's views and made a number of accusations against the WIDF, after which, following brief statements from the United Kingdom and some other delegations, the Committee had approved the recommendation for the withdrawal of consultative status, although by only four affirmative votes out of seven. Thus opinions had been divided in the Committee; moreover, those four votes had been obtained only under United States pressure.

29. According to the United States representative, the Federation's activities were entirely political and bore no relation to the work of the Economic and Social Council. If that representative had taken the trouble to inform himself more fully of the nature of the activities of the WIDF he would realize that they concerned

¹ See *Official Records of the General Assembly, Fourth Session, Supplement No. 3.*

² See document E/CN.6/SR.100.

numerous economic and social questions and various aspects of the struggle of women for economic, social and political rights.

30. The WIDF had done much to improve the lot of women in many countries. Its members took an oath to defend women's economic, social and political rights. It opposed economic discrimination against women and supported the principle of equal pay for equal work. In 1950, the Italian branch of the WIDF had succeeded in obtaining the passage through Parliament of a bill for the defence of women in industry, and in 1952 another bill had been submitted through their efforts, establishing equal pay for equal work and social security for seasonal workers.

31. National conferences of the WIDF had been held in 1952 in Argentina, Brazil, Canada, Costa Rica, Guatemala, Italy, Mexico and Switzerland and resolutions in connexion with the struggle for equality between the sexes in the economic and other fields had been adopted. In France, in the summer of 1952, a national conference of peasant women had been held to discuss the defence of their economic rights.

32. The national organ of the WIDF in Western Germany had organized a conference of women factory workers which had demanded the enactment of measures granting equal pay for equal work. The national organs in the Scandinavian countries had held a round table conference on the same question in 1953. The national organs in India, Indonesia and the countries of the Middle East, with the support of the great mass of the women, were carrying on a struggle for the improvement of the position of women in society and in the family.

33. On the initiative of the Federation, and with its participation, a series of world congresses of women had been held, at which the most varied and urgent problems affecting the position of women had been debated.

34. In December 1952 the WIDF had addressed an appeal to women all over the world to convene in congress and agree on world-wide measures for the defence of the rights of women and children and the defence of world peace. As a result, the World Congress of Women, comprising over 2,000 representatives of women's organizations in seventy countries, had met at Copenhagen in June 1953 and had adopted a Declaration on the Rights of Women (E/CN.6/NGO/18). A glance at that document would show that, far from being propaganda, it reflected the general concerns of millions of women.

35. The United States representative on the NGO Committee had asserted that the WIDF did not co-operate with the Economic and Social Council and that it was not interested in the Council's work. That statement was entirely contrary to the facts. From 1946 up to the present time the WIDF had taken part in the sessions of more than twenty United Nations organs, including the General Assembly, the Economic and Social Council, the Commission on the Status of Women, the Social Commission, the Commission on Human Rights, general conferences of the non-governmental organizations and the UNESCO Conference; it had appointed as its representative in New York the President of the Congress of Canadian Women, but the United States Government had refused to grant her a visa. That was not the only time that representatives of the WIDF had been refused visas by the United States Government.

36. In February 1952, during the sixth session of the General Assembly in Paris, Mr. Benjamin Cohen, Assistant Secretary-General of the United Nations, had received a WIDF delegation and had written to the President of the Federation, on behalf of the President of the General Assembly, thanking the WIDF for its concern with the problems facing the world and expressing the hope that the negotiations for the settlement of the Korean and disarmament problems would be successful.

37. The United States proposal to withdraw consultative status from the WIDF had been adopted in a closed meeting, without a hearing being granted to the WIDF representative; thus the bankrupt policy was still being followed of favouring some organizations and discriminating against others. A similar situation existed in the General Assembly, where the United States refused to consider the admission to the United Nations of States of whose policy it disapproved and whose governments were not under its control.

38. An attempt was being made to isolate the United Nations from the currents of world public opinion; a political campaign was being carried on to turn the organization into the preserve of countries which shared the views of the United States of America. The United Nations, however, was a forum for the expression of different political opinions.

39. Before coming to any decision in the matter the Council should obtain additional data on the Federation and its activities and possibly grant a hearing to a representative of the WIDF. A committee might be set up to study the whole question; such an investigation would show clearly that the Federation's activities were in accordance with the Principles of the Charter.

40. He supported the Czechoslovak proposal that a vote on the NGO Committee's recommendation should be postponed.

41. Mr. HOTCHKIS (United States of America) saw no reason for any postponement. The matter had been discussed at length in the NGO Committee and the WIDF representative had had an opportunity to speak at length before that Committee and to submit a written statement to the Council.

42. The Soviet representative had objected that the NGO Committee's decision had not been unanimous. That was so, but unanimous decisions in committees, and in the Council itself, were the exception rather than the rule. Contrary to the impression the USSR representative had tried to create, the NGO Committee had voted by a strong majority for withdrawal of status; four delegations had voted for it with only one against and two abstentions.

43. Mr. MEADE (United Kingdom) thought there had been sufficient time for members of the Council to read the WIDF statement and saw no reason to postpone the vote.

44. Mr. TSARAPKIN (Union of Soviet Socialist Republics) stated that a new principle was being introduced into the Council and that a crusade was being organized against bodies which upheld peace and the legitimate rights of women. Other instances of such victimization would occur. Withdrawal of consultative status from the WIDF would initiate an era of intolerance in which only such organizations as enjoyed the favour of the United States of America would be admitted to consultative status. Some organizations had made slanderous attacks on the Soviet Union in the

United Nations. The American Federation of Labor, for example, had circulated a report alleging the existence of forced labour in the Soviet Union; yet such organizations, being supported by the United States of America, retained their consultative status.

It would be most desirable to obtain the views of the Chairman of the Commission on the Status of Women as to the value of the work of the WIDF and a WIDF representative should also be allowed to make a statement to the Council.

The PRESIDENT requested the Council to vote on the proposal that a decision on the withdrawal of consultative status from the Women's International Democratic Federation should be deferred until the opinion of

the Chairman of the Commission on the Status of Women had been obtained.

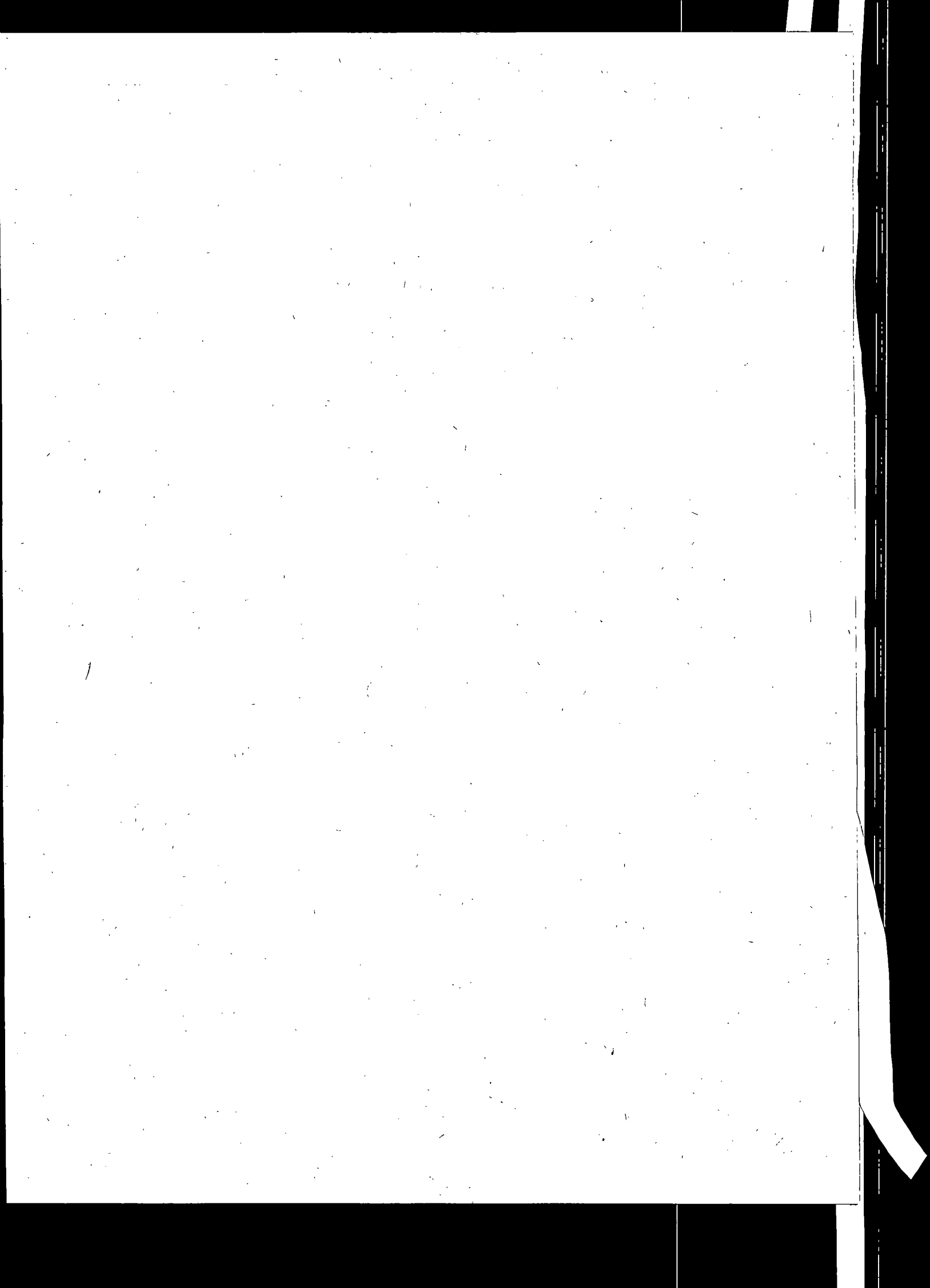
The proposal was rejected by 12 votes to 3, with 3 abstentions.

47. Mr. PSCOLKA (Czechoslovakia) proposed that the Council should adjourn and resume the discussion at its next meeting.

48. The PRESIDENT put to the vote the Czechoslovak proposal for the adjournment of the meeting.

The proposal was adopted by 7 votes to 4, with 6 abstentions.

The meeting rose at 1.5 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands, Poland and from the League of Arab States.

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

Non-governmental organizations: (b) Review of non-governmental organizations: report of the Council Committee on Non-Governmental Organizations (E/2551) (concluded)

[Agenda item 20 (b)]

1. Mr. TSARAPKIN (Union of Soviet Socialist Republics) wished to comment on the statement made by the United States representative when the latter had requested that consultative status in category B should be withdrawn from the Women's International Democratic Federation.

2. Contrary to that representative's assertion, the Federation's report (S/2203) had not been prepared merely by a group of members of the Federation; it was the joint work of a very representative group of members and non-members of that Federation.

3. He could not accept the United States representative's allegation that the Women's International Democratic Federation had, for propaganda purposes, given a false picture of the economic and social situation of certain countries, by stating for example that women had no rights in the colonial and dependent countries. It was presumptuous to term that statement a distortion of the truth. The representatives of the Administering Authorities in the Trusteeship Council were the first to recognize that state of affairs, although they regretted it and hoped that action would be taken to remedy it. Hence it was the United States which was falsifying the facts for propaganda purposes.

4. The United States of America also claimed that the Federation had slandered the United Nations, but the United Nations did not seem to share that feeling, since the Commission on the Status of Women had adopted, at its seventh session, a special resolution in which it had expressed regret that the Women's International Democratic Federation could not take part in its work because the representative of that Federation had not received the visa authorizing her entry into the United States.¹

5. Thus the false accusations made by the United States were obviously only a clever and typical manoeuvre on its part to incite the members of the Council against the Federation in order to rally a majority which would enable it to have its Government's point of view accepted as that of the United Nations. But the United Nations must not become an institution in the pay of the United States. It must maintain its universality and remain an organization in which all governments were represented and a forum in which the most diverse views were put forward.

6. To withdraw consultative status from the Federation in question, which represented 140 million women in sixty different countries, on the pretext that it had dared to raise its voice in defence of the Korean people subjected to the bombing attacks of United States planes and to speak on behalf of peace would be to show discrimination and vindictiveness.

7. He therefore requested that paragraph 1 of the draft resolution in the report of the Council Committee on Non-Governmental Organizations (E/2551) should be deleted and that the Women's International Democratic Federation should be kept in category B.

8. Mr. SAKSENA (India) thought that withdrawal of consultative status from a non-governmental organization was a much more delicate matter than granting it such status and one which demanded great care and reflection. Such an act might give rise to feelings of bitterness and vengeance and might cast discredit on the United Nations.

9. The WIDF had been granted consultative status in category B in 1947. It could be presumed that at that time its credentials had been carefully examined and had been deemed to comply with the standards prescribed by the Council. Its status could therefore not be withdrawn unless it no longer fulfilled the required conditions. The Federation had been concerned with the improvement of the welfare of women and children and it had never ceased to act in conformity with the purposes of the United Nations. No doubt the Federation had sometimes drafted outspoken reports on certain matters which might have displeased some Member States, but he felt that indulgence should be shown in the face of a certain violence of language and account should be taken of the fact that the reports were drafted by women, who were occasionally given to impulse, as everyone knew.

¹ See *Official Records of the Economic and Social Council, Sixteenth Session, Supplement No. 2, chap. I, para. 9.*

10. He therefore requested the Council to act with great circumspection and not to deprive a non-governmental organization of its right to criticize, which was one of the fundamental rights which the United Nations tried to preserve. The Council could postpone consideration of the matter until the following year.

11. Mr. KOS (Yugoslavia) explained that he in no way supported the Women's International Democratic Federation, the entire activities of which were at the service of USSR policy, as was proved by the decision taken by Moscow to exclude the Yugoslav Women's Federation from the WIDF.

12. Nevertheless the principle that the United Nations was a universal organization which grouped countries with different political régimes and ideologies and not an association of States holding the same views should be respected.

13. Even if the WIDF was regarded as being under the control of the Soviet Union, that was not sufficient reason for depriving it of its consultative status in category B. Such action would conflict with the principles of the Charter.

14. Mr. ADIL (Pakistan) pointed out that, contrary to the allegations brought to the notice of the Council by the United States representative, in the report of the Women's International Democratic Federation that Moslem women did not enjoy the right to property, Islam had expressly recognized that as a right of women for over 1,300 years. Under Islamic law, men and women were given equal rights and that was true of Pakistan.

15. Mr. EL-TANAMLI (Egypt) thanked the Pakistan representative for his explanation, which the United States and USSR representatives had not seen fit to make, although they had examined the report in detail. He recalled that only the previous year, the Egyptian representative in the Trusteeship Council had made a statement on that subject in denial of the assertion.

16. With regard to the withdrawal of consultative status from the Women's International Democratic Federation, he thought that the principle of the universality of the United Nations should be respected. He would vote therefore against the draft resolution.

17. Mr. TSARAPKIN (Union of Soviet Socialist Republics) thought that the Pakistan and Egyptian statements were a good illustration of the success of United States diversionary tactics, the aim of which was to sow discord and create hostility towards the Women's International Democratic Federation. It was clear that the Federation's report was directed at neither Pakistan nor Egypt, but at all those countries where women did not yet enjoy equal rights, and where it could not be denied that there still remained much to be done in that field.

18. Turning to the slanderous statements by the United States representative, which were later taken up by others, to the effect that the Women's International Democratic Federation was under the control of the Soviet Union, he pointed out that the Federation's membership covered a variety of religions, political opinions and social classes, and that it was waging a struggle for peace, which was not a Communist monopoly, but rather the sincere desire of the whole of mankind.

19. It was unthinkable that the United States of America should demand the withdrawal of consultative status

from that non-governmental organization for the sole reason that it had aroused its animosity. The Council should act with the greatest caution and not turn the United Nations into an American organization from which all those who were not acceptable to the United States would be excluded. The only just decision would therefore be to keep the Women's International Democratic Federation in category B.

20. The PRESIDENT put to the vote the draft resolution submitted by the Council Committee on Non-Governmental Organizations to the Economic and Social Council (E/2551).

21. Mr. EL-TANAMLI (Egypt) asked for a vote by division on the two paragraphs of the operative part.

Paragraph 1 of the operative part was adopted by 9 votes to 5, with 4 abstentions.

Paragraph 2 of the operative part was adopted unanimously.

The draft resolution as a whole was adopted by 10 votes to 3, with 5 abstentions.

22. Mr. TSARAPKIN (Union of Soviet Socialist Republics), speaking on a point of order, pointed out that the annex of the NGO Committee's report (E/2551) listed three organizations, the *Nouvelles équipes internationales* and the two *Pax Romana* organizations, whose activities he thought did not conform to the purposes of the Charter and had nothing in common with them.

23. Mr. EL-TANAMLI (Egypt) observed that the Council had not been asked to express its opinion on the annex just mentioned by the USSR representative. If it had, the Egyptian delegation would have been obliged to make reservations in respect of certain non-governmental organizations included in that list.

Economic development of under-developed countries

[Agenda item 3]

GENERAL DEBATE (*continued*)

24. Mr. HSIA (China) said that he would confine himself to making general observations on certain aspects of the questions raised by item 3 of the Council's agenda, and he reserved the right to discuss those questions more fully in the Economic Committee.

25. He would first of all consider sub-items (a) and (b) of item 3, which were closely connected and could be dealt with at the same time.

26. The United Nations document on *Relative Prices of Exports and Imports of Under-developed Countries*² showed that from 1876 to 1938 the terms of trade of under-developed countries showed a secular downward trend. Superimposed upon that secular trend, there were fluctuations which appeared to be of a cyclical nature. Since 1938, conditions had improved for primary producing countries, but the situation had become more complicated after 1948, although the over-all improvement which was evident since 1938 seemed to have continued. The favourable movement had become more rapid in the second half of 1950, and the climax had been reached a year later in the second half of 1951; from that time on, terms of trade had begun to deteriorate, and during the first half of 1952 they had declined

² United Nations Publication, Sales No.: 1949.II.B.3.

to the level of the first half of 1950. On the basis of more recent but incomplete data it appeared that the trend had become more favourable. But it was possible that it would once again reverse itself after some time, and he wondered whether, rather than being a secular trend, it was simply a cyclical fluctuation, in which case it would sooner or later be followed by a downward trend.

27. Apart from the secular trend and cyclical movements, random fluctuations in terms of trade, such as those that had occurred in 1950-1952, should be considered. The net effect of those changes seemed to have been beneficial to primary producing countries, since they had tended to lead to a "boom" rather than to a depression. However, the strength of those fluctuations had prevented the countries concerned from working out their economic development plans, and dislocations of an enduring nature had resulted.

28. Consequently, both now and in the future, steps must be taken to prevent or rectify any undesirable trends in the terms of trade, to stabilize the prices of certain commodities, and to mitigate the dislocations that might be caused by those fluctuations.

29. Countries had a rather restricted field of action in the matter, since on the one hand it would be difficult for them to adapt themselves to secular changes in the terms of trade, and on the other, they did not possess the necessary resources to deal with major random fluctuations. However he thought that it was possible to cope with cyclical movements, and he agreed with the group of experts that in this difficult and complex field, no action which would help towards the right result was to be despised, even if it were in itself incomplete and of limited effectiveness. Before multi-commodity buffer stocks could be created, the main reliance would have to be placed on international single-commodity agreements and on the creation of buffer stocks on the national level. The functions of the Trade Stabilization Commission, which was proposed in the report of one group of experts entitled *Commodity Trade and Economic Development (E/2519)*, should be to keep constant watch over the price situation and to promote the conclusion of international agreements on price stabilization.

30. Passing to agenda item 3 (c), he was glad to note from the Secretary-General's report, entitled *The International Flow of Private Capital 1946-1952 (E/2531)*, that the majority of long-term foreign capital investments during the post-war period came from private sources. According to that report, since 1946 the average annual net total of private long-term investments made by industrialized countries had been 1,500 million dollars, and the annual amount of those investments might have been over 2,000 million dollars during the last few years. The United States Government's long-term investments had reached an annual total of 885 million dollars, exclusive of its contribution to the International Bank for Reconstruction and Development and the International Monetary Fund. The loans granted by the International Bank were far below the total of private long-term capital investments, and averaged only some 265 million dollars a year.

31. It was gratifying to note that the United Kingdom, Switzerland, France and Belgium had reappeared on the international scene as net exporters of capital. It was those countries, together with the United States of America, which had to a greater or less degree contributed to the economic development of China before the Second World War.

32. Finally, a third encouraging fact revealed by the Secretary-General's report was the growing number of countries which, while they were capital importers, showed a keen interest in making investments abroad. They included Canada, Germany, Italy, Argentina and Denmark.

33. Apart from such favourable observations however, the report also revealed certain disturbing aspects of the international flow of private capital. In the first place, that flow was inadequate; the annual total of 2,000 million dollars was only about half the amount of private capital available between 1920 and 1930, and the demand for capital had increased and was more acute than ever before. Secondly, there was an uneven geographical distribution of private foreign capital. Little capital had been invested in the independent countries of South-East Asia. In some under-developed Asian and African countries, a definite outflow of long-term private capital had been witnessed. The obstacles to the movement of private capital towards the South-East Asian countries were the comparative poverty of those countries in natural resources and the political insecurity prevailing there as a result of war and the threat of war. None of the measures proposed in the report seemed adequate to remedy that state of affairs.

34. With regard to land reform, it was obvious from the document entitled *Progress in Land Reform (E/2526)* that the principal objective of the land reforms applied in many countries had been to enable farmers to own land. Though some countries had made much progress in that respect, much still remained to be done in others, particularly the Asian countries.

35. He described the stages of application of the reforms in China, and the circumstances in which the State had bought up private land to sell it to farmers.

36. Outlining the recommendations made to the Secretary-General by his Government in its reply to the questionnaire on land reform, he said that its main proposals had been that the United Nations should: first, prepare and adopt a declaration on land reform, similar to the Universal Declaration of Human Rights; secondly, set up a committee on international action for the promotion of land reform; thirdly, set up machinery for technical consultation and training; fourthly, establish a special land reform fund to provide necessary financial assistance to Member States, either directly or indirectly, for the purpose of effecting land reform, and fifthly, sponsor regional conferences on land reform to be held periodically.

37. Mr. NUÑEZ PORTUONDO (Cuba) said that his delegation did not think it should conceal its anxiety at the fact that, in most of the under-developed countries, economic progress fell short of the needs of the inhabitants; a good many of those countries were passing through a period of depression which could not leave conscientious members of the Council unconcerned. Indeed, the Economic and Social Council could not remedy all the economic ills which beset the world; it was an advisory rather than an executive organ, and its principal means of helping the under-developed countries was the valuable studies it undertook. But it should be noted that, generally speaking, world opinion, which was ill-informed of the exact working of the Council and of the limits set to its influence, tended increasingly to view its work with scepticism and to lose the hopes it had placed in it.

38. His delegation had already echoed those feelings—which were those of the large majority of Cubans—at

the 726th meeting of the Council's preceding session. It had then warned the Council against the mistake and danger of trying to solve the essentially human problems which faced the under-developed countries and called for varied and immediate solutions by purely mathematical formulae, and it had pointed out that such an attitude was liable to give rise to a general atmosphere of disappointment, of which democracy's opponents would not fail to take advantage to suit their own ends. His delegation would adopt the same attitude when taking part in the present debate and submitting general observations.

39. In the first place, it wished to pay a public tribute to the group of five experts who had produced the report *Commodity Trade and Economic Development* (E/2519), which would certainly be a great help in solving the problems with which it dealt. Quoting from General Assembly resolution 623 (VII), in compliance with which the report had been prepared, he pointed out that, from the outset, the experts had stressed the difficulty of giving precision to the meaning of such words as "fair" and "equitable" as applied to prices and commercial transactions: in that connexion, the group, as its members themselves had admitted, had been presented with a complex problem. It should be congratulated for having succeeded, after making a detailed analysis of the two main trends of opinion which had become apparent in the General Assembly, in reconciling apparently irreconcilable opinions and formulating the principles, which his delegation endorsed in a general way, in paragraphs 7 (a), (b), (c) and (d) of its report.

40. With regard to paragraph 24, concerning fluctuations in proceeds from exports which were particularly serious for specialized primary producing countries, he pointed out that Cuba, whose tobacco had rightly acquired a world-wide reputation, might develop the cultivation of that plant if customs barriers, State monopolies and excise duties did not have disastrous effects both for Cuba, whose export trade suffered, and for the smokers throughout the world who were compelled to buy poor quality tobaccos at prohibitive prices.

41. He then read out paragraph 27, the last two sentences of paragraph 28 and the last sentence of paragraph 29, by which he had been particularly impressed, and unreservedly subscribed to paragraph 51.

42. In chapter 4 of the report, the experts had recalled how the purpose of commodity agreements had been defined in the Havana Charter; in the same connexion, they had mentioned the 1953 International Sugar Agreement, to which Cuba was a party. That chapter also contained a judicious analysis of the proposal for the establishment of international buffer stocks, which his delegation had sound reasons to believe would not be effective.

43. In paragraph 128 of the report, the experts had stated it was "not, perhaps, beyond imagination to conceive of a world in which nations attempt to stabilize prices and export proceeds, regulate production at particular levels, and arrive at a mutually desirable relation of primary product prices and other prices by means of a maze of bilateral contracts". Cuba was satisfied with the understanding on sugar quotas it had reached with the United States; although not fully in compliance with Cuban aspirations, the understanding nevertheless safeguarded the interests of both States, which were united by traditional bonds of friendship.

44. After having pointed out in paragraph 273 that there was at present no effective international procedure for discussing and proposing action on the general

problem of stabilization and that, through the absence of an international trade organization, a gap had arisen in international organization, the group of experts had proposed in paragraphs 274 to 279 that the Economic and Social Council should establish an inter-governmental commission, the Trade Stabilization Commission, which would be advisory and not executive. His delegation wished to reserve its opinion on that proposal. It did not doubt that the organization considered would play a very useful part, but it wondered what the reaction of public opinion would be to the establishment of yet another commission, in addition to the many existing international organizations. Furthermore, it should not be forgotten that the commission would bring together countries which differed greatly from one another in social organization, political structure and the principles on which their commercial activity was based, and which certainly did not take the same view on how world economic problems should be solved. In the circumstances, would the commission really be able to fulfill the task expected of it? His delegation had felt that it ought to inform the Council of those doubts, but wished to state that they were not based on any firm conviction: nothing would please it better than that they should be dispelled.

45. He thanked the Secretary-General for placing such useful information before the Council in the reports submitted in virtue of Council resolution 427 (XIV) (E/2455) and General Assembly resolution 623 (VIII) (E/2438). It was difficult to comment in a general debate on the facts given, for they were essentially statistical and could not be considered one by one; he would therefore simply draw the Council's attention to table 10 of document E/2455 on United States terms of trade, in order to point out that the data on sugar, Cuba's main export product, showed that Cuba was in an unfavourable position.

46. The Secretary-General was also to be congratulated on his two reports to the Council on the international flow of private capital, namely: *The International Flow of Private Capital 1946-1952* (E/2531) and "International Flow of Private Capital for the Economic Development of Under-Developed Countries" (E/2546). He was particularly interested in the Secretary-General's observations on the main tendencies of the flow of capital (E/2531, chapter 2). The Cuban delegation had long urged the Council to adopt a resolution for the encouragement of fiscal measures to stimulate the flow of private capital to finance the development of the under-developed countries. Such a resolution would be based on resolution 3 (IV) of the Economic Commission for Latin America, which the Council itself had implicitly ratified in adopting its resolution 368 (XIII). The Cuban representative at the sixteenth session of the Council had mentioned all aspects of the problems in his statement in Geneva on 3 July 1953 (710th meeting). There was therefore no need to reopen the question in a general debate, which required delegations to express their ideas rather than examine in detail the problems before them.

47. The Cuban delegation had likewise taken note of the Secretary-General's reports on land reform namely: *Rural Progress through Co-operatives* (E/2524) and *Progress in Land Reform* (E/2526). He reaffirmed his belief that international action was the only useful way of helping the under-developed countries. His Government, replying to the Secretary-General's questionnaire (E/2526, part III), had said that Cuba was ready to cooperate in any international action designed to put a stop

to the exploitation of labour, which was not only an outrage on civilized standards but also a form of unfair competition, in that it penalized countries whose workers were paid a fair wage.

48. He was prepared to assist in the drafting of constructive resolutions, and he appealed to the members of the Council to show unity of spirit and a will to international co-operation in order that all countries, advanced and retarded alike, might together fulfil the obligations laid upon them by the United Nations Charter.

49. Mr. KOS (Yugoslavia) considered that the different problems connected with the economic development of the under-developed countries, such as those of stabilization of the prices of raw materials, foreign capital investments, and land reform, were in fact very closely linked.

50. The under-developed countries were all primarily agricultural, their methods of cultivation were technically backward, and their productivity was low. Land reform was the necessary first step towards their economic development; but increased production could only result from the industrialization and modernization of agriculture, for which large-scale investment was required.

51. It was only reasonable, too, that the under-developed countries should wish to maintain at a high level, without great fluctuations, the prices of the raw materials which they exported, in order that they might accumulate the capital necessary for the execution of such programmes. But the instability of their incomes from exports resulted from the excessive rigidity of their economies, and industrialization was the only remedy.

52. The sole solution, then, appeared to be to resort to foreign capital. In order to attract foreign capital the under-developed countries would be obliged to adopt a more flexible system of exchange controls and to relax their economic restrictions. But the deficit in their balance of payment had forced them to limit their outflow of capital, and they would have to adopt a number of restrictive measures if they were to speed up their economic development.

53. The obstacles to the economic development of the under-developed countries were therefore considerable, but the Yugoslav delegation could say from the experience of its own country that they were not insurmountable. Although there might be some doubt whether the measures proposed would be effective, appreciable economic progress had already resulted from the efforts of the under-developed countries themselves and from the assistance given by the international community.

54. With regard to land reform, the Secretary-General's report entitled *Progress in Land Reform* (E/2526) revealed that perceptible progress had been made in a great number of countries.

55. A just distribution of land based on the principle that the land belongs to the tillers was the social prerequisite for economic development. Redistribution of land alone, however, would not increase agricultural productivity. The Secretariat's report rightly pointed out that land reform must be part of a general policy of economic development. A redistribution of land could not itself solve the problem of the concealed unemployment which hindered agricultural development in a great number of countries. The sole solution lay in a policy of

industrialization. Furthermore, the modernization of agriculture demanded the construction of factories to manufacture fertilizers and agricultural machinery.

56. The parcelling-out of land itself, however, created a technical problem of some magnitude because it was more difficult to use fertilizers and modern equipment on small plots than on large. The formation of co-operatives might perhaps overcome that difficulty. In that connexion the Secretariat's report on *Rural Progress through Co-operatives* (E/2524) contained some interesting information. He regretted, however, that greater prominence had not been given to the experiments carried out in certain new countries in the course of economic development—for instance, Israel.

57. Perhaps none of those solutions, however rational, would in fact increase productivity sufficiently to meet the needs of an accelerated economic development. A large part of the arable area of the world was not under cultivation. Its exploitation was another requisite for the economic development of the under-developed regions, and for that purpose large-scale capital investment would be required to finance irrigation and soil-conservation programmes. International co-operation in that direction would be essential.

58. While the problem of land reform was primarily national, that of the stabilization of the prices of raw materials was the direct consequence of the present economic structure of the world. It had been very thoroughly studied in the report entitled *Commodity Trade and Economic Development* (E/2519).

59. A study³ made by the Contracting Parties to the General Agreement on Tariffs and Trade had shown that in the last twenty years world industrial production had increased much more rapidly than world production of raw materials, and that at the same time international trade in basic commodities had expanded much more slowly than trade in manufactured goods. In general, therefore, world industrial production was developing far more rapidly than world trade in raw materials. The main reasons were technological progress, enabling a more rational use of raw materials; the increased production of synthetic materials; and the efforts of some countries to increase their domestic production of raw materials for reasons of national security. That appeared to be a long-term trend, and it would therefore be most unwise for the under-developed countries to attempt to base their future prosperity solely on their exports of raw materials.

60. However, the experts who had drafted the report on commodity trade and economic development had given little attention to long-term trends but had concentrated on the problem of short-term fluctuations in the prices of raw materials and on the means of avoiding the harmful consequences of those fluctuations—two very closely-linked questions.

61. Short-term fluctuations were due to the fact that the production of the countries producing raw materials was excessively rigid while world demand for primary products, on the other hand, was extremely unstable. In other words, the lack of diversity in the economies of the producer countries prevented them from transferring part of their production to the home market when world demand declined; in addition, those countries lacked reserves of foreign currency and were therefore unable to pay for the imports they needed.

³ *International Trade, 1952*, Geneva, June 1953.

Thus, every reduction in world demand for raw materials resulted in a fall in prices. The only possible solution of the problem therefore lay in a diversification and a balanced development of the economies of the producer countries.

62. An analysis of the long-term trends in the prices of raw materials again revealed that the disparity between world industrial production and international trade in raw materials was another consequence of the economic structure of the under-developed countries. The industrialization of those countries would inevitably lead to increased consumption and production of raw materials. Any solution designed simply to stabilize the prices of raw materials in relation to those of manufactured goods would tend to perpetuate the existing international distinction of work and present world economic relations, which were themselves the causes of the fluctuations.

63. The group of experts proposed three alternatives. The first was bilateral and multilateral agreements covering one or more commodities, with the establishment of buffer stocks. The second alternative was contractual and compensatory lending by the International Monetary Fund or other international agencies. The third alternative was the adoption of national measures, possibly co-ordinated through an international body. The experts had also studied the proposal to create a commodity reserve currency scheme, but had refrained from taking any position on that point.

64. The only specific recommendation which had come from the group of experts was the setting-up of a trade stabilization commission to study the problem more thoroughly. The Yugoslav delegation favoured the establishment of such a commission because it felt that the problem was too complicated for direct study by the Council and that a permanent commission would be able to submit practical recommendations to the Council for the gradual solution of the problem of stabilizing trade in raw materials.

65. The third part of agenda item 3 concerned measures to stimulate the international flow of capital. He wished to emphasize from the beginning that the Council had to deal with only one special aspect of that problem, namely the part that the flow of international capital played in the economic development of under-developed countries. In that connexion, the United Nations Secretariat had prepared a very interesting study entitled *The International Flow of Private Capital, 1946-1952* (E/2531). From the data available it was apparent that in the post-war period the United States had become the greatest world exporter of private capital; moreover, the quantity of such capital was still very small and most of it went to developed countries while the remainder was invested in the oil industries of some countries in Latin America and the Middle East. Private capital was not interested in vast areas that were still under-developed and shunned public utilities, although such undertakings were essential for the economic development of under-developed countries.

66. To stimulate the flow of private capital to under-developed countries, the business circles of creditor countries usually recommended: first, the abolition of the present system of double taxation; secondly, the assurance of free transfer of profits, either through bilateral agreements or by establishing general convertibility of currencies; and thirdly, guarantees to foreign capitalists by governments of either debtor or creditor countries that they would not suffer losses from nation-

alization measures. The effectiveness of such measures depended, of course, on the reason for the limited flow of private capital: if the limitation were attributable to low differential profits in the first case, or to currency restrictions in the second, or to political insecurity in the third, then such recommendations would be helpful; but if the root of the problem lay elsewhere, then neither the measures proposed, nor even the adoption of an international code on private investment, would contribute to the solution of the problem.

67. The consideration to be borne in mind above anything else was that world conditions today were wholly different from those of the nineteenth century. The number of colonies and Non-Self-Governing Territories was constantly on the decrease. The governments of the under-developed countries themselves laid down their economic policies, which included various trade and exchange restrictions. Under-developed countries, in endeavouring to base their political independence and national security soundly on a healthy economy, did not wish to remain producers of raw material but sought to diversify their production as much as possible. As a result they sought foreign capital no longer to develop extractive industries but to finance the diverse enterprises envisaged in their economic-development plans. On the other hand, foreign capitalists did not wish to increase their investments until certain restrictive measures taken in the national interest were rescinded.

68. In view of such conditions it was not right to attribute the changes in the economic climate of under-developed countries to xenophobia. The reason was not xenophobia but, first, the unpreparedness of private capital to accept the authority of the governments of under-developed countries and, secondly, the gulf separating the interests of capitalists from the objectives of the economic policy of under-developed countries. That was why the Yugoslav delegation did not think that the situation could be easily set right by giving international guarantees or adopting an international code on investment. In its view the flow of private capital would increase only when foreign capitalists were prepared to comply with conditions imposed by the national interests of borrowing countries. That conviction explained why the Yugoslav Government had always urged the United Nations to seek new ways to international economic co-operation and had spared no efforts to facilitate the establishment of a special United Nations fund for economic development.

69. Mr. BAUDHUIN (Belgium) congratulated the authors of the report entitled *Commodity Trade and Economic Development* (E/2519). It was a remarkable document both for its clarity and for its useful recommendations. It examined all the possible methods of stabilizing the prices of raw materials, including the most novel schemes, some of which called for the creation of reserves. In that connexion he would, as an economist, hesitate to recommend the financing of commodity stock by issuing paper currency.

70. Belgium was interested in the question of raw materials for various reasons. First, it was fully aware of the problems of under-development, since it was making a very great effort of its own in the Belgian Congo, where a plan costing a thousand million dollars was in course of execution. Secondly, it was a consumer of raw materials: its agricultural production met only approximately three-quarters of its food requirements, and it imported large quantities of such raw materials as textile fibres and oil for processing in its industries.

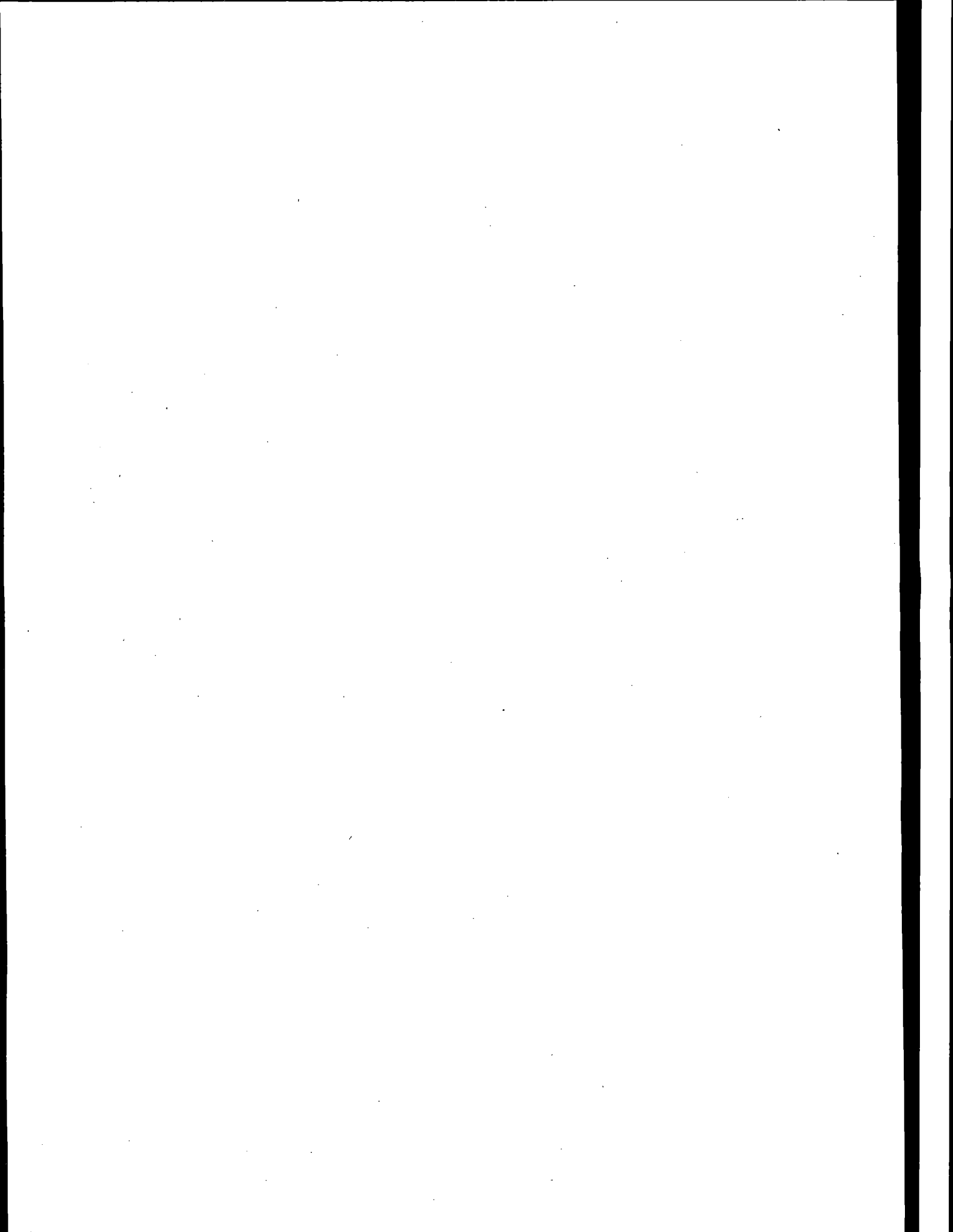
Finally, it was itself a producer of raw materials in the Congo, a fact which explained the active part it had taken in the negotiation of commodity agreements: it had been among the first countries to ratify them.

71. Therefore Belgium could only welcome any step that would stabilize the prices of raw materials—i.e., stabilize what was generally referred to as fair and equitable prices. However, like the experts, it was aware of the risks in any action contrary to the basic laws of world economy. It emphasized that increased productivity would inevitably lead to a decline in prices but that the interests of raw-material producers would not suffer thereby.

72. Having said that, the Belgian delegation was all in favour of the proposal of the experts to authorize an

inter-governmental body to study the development of the problem of world market prices. In its view the proposed commission should be given a strictly limited task. It should be expressly instructed to keep up to date the documentary material necessary for the study of all possible international measures to cope with violent price fluctuations and ensure the supply of raw materials. One of the commission's special functions should be to encourage international consultations; and it should be required to report periodically to the Secretary-General. It was difficult at the present stage to define precisely the nature and the functions of the new body. Nevertheless, the Belgian delegation wished to express at once its agreement in principle while indicating the boundaries within which solutions should be sought.

The meeting rose at 5.55 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands.

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

Economic development of under-developed countries

[Agenda item 3]

GENERAL DISCUSSION (*continued*)

1. Mr. OZGUREL (Turkey) recalled that the three groups of experts which had prepared the reports on full employment (E/1584), economic development (E/1986), and international economic stability (E/2156) had all stressed the urgency of increased economic development in under-developed countries.

2. The first of the reports noted that full employment could be achieved only in an expanding world economy in which the economic development of under-developed countries was the most important single factor. Clearly, therefore, an expanding world economy implied the acceleration of the general recovery of under-developed countries and, consequently, the question of full employment was seen to be an aspect of the question of economic development. The group of experts which had prepared the second report had also recognized that an increase in the rate of development of under-developed countries would remedy their sensitivity to world economic fluctuations. A similar conclusion was stated in the third report.

3. Increased production in under-developed countries was a prerequisite of any practical scheme for restoring the balance of world trade or remedying the dollar deficit. The latter phenomenon was, in fact, merely a manifestation of the insufficient volume of production and relatively low productivity in certain regions where demand had risen. Many countries had constantly to apply restrictive measures to make good the deficit in their

trade and payments balances because their present production in terms of hard currency was insufficient to cover their increased demand. A group of economists discussing the Randall report had come to a similar conclusion, that United States foreign policy should be directed toward the improvement of economic, political, social and psychological conditions, and should not seek a cure for the dollar deficit as such, the deficit being merely symptomatic of the effect of those factors.

4. The rapid economic development of under-developed countries depended largely on the flow of private capital to them, and that could best be achieved through private channels. The beneficial effects of the influx of private capital would be felt alike by the under-developed countries, the capital-exporting countries and the world in general.

5. The governments of the capital-exporting countries should take steps to give taxation privileges to profits earned abroad which had already been taxed, whilst the under-developed countries should ensure that the scope for the application of capital was wide, and that facilities were available for the transfer of profits and the repatriation of capital. The vast capital exports of the United States between 1946 and 1952 had been a particularly laudable manifestation of a spirit of international economic co-operation, and it was to be hoped that the United States Government would take measures to encourage the flow of United States private capital to the under-developed countries in future.

6. Turkey had made great efforts to attract private investment in every field and had given guarantees of security and freedom for the export of profits and the repatriation of capital. The Turkish oil industry was an example of the inability of domestic sources of capital to produce results with sufficient speed, and the Government had realized the need to attract and co-operate with the foreign investor.

7. Turkey's liberal economic policy had prepared a foundation on which recovery could be built. For example, private bank deposits had increased by 175 per cent between early 1950 and September 1953 and were being channelled through the banks into production. Between 1949 and 1952, gross national production had increased by 41.1 per cent and it was likely in 1953 to be considerably above the 1952 figure.

8. Private enterprise had played a very important part in the increase of production in Turkey. Eleven new sugar refineries were under construction; 90 per cent of the necessary capital had been provided by sugar-beet growers and private sources. New cotton-spinning mills were being built; the number of spindles had increased from 260,000 in 1950, to 545,000 in 1954, and would rise to 700,000 in 1955. More than 70 per cent of the new mills had been provided by private capital. Twenty new cement works were being built with the assistance of the national banks, local companies and private contractors in order to meet the demand for cement, which had risen from 535,000 tons in 1950 to 2 million tons in 1953. More than 50 per cent of the capital for the

nitrogenous fertilizer and nitric acid industry had come from private sources. Two limited liability companies with a capital of £T16 million and £T26 million respectively had been set up to develop hydro-electric power. A general survey of recent Turkish industrial development showed that State participation had been only 25 per cent, the other 75 per cent being furnished by private sources; whereas in 1950, State and private sources had each provided 50 per cent.

9. The Secretariat's work on the international flow of private capital should be continued, with greater attention to changes in the general position and in the individual situations of capital-importing and exporting countries, and an annual report should be made to the Economic and Social Council.

10. The report *Commodity Trade and Economic Development* (E/2519) was generally admirable. The authors' interpretation of the phrase "just and equitable relationship" in General Assembly resolution 623 (VII) to mean "freedom from violent short-run fluctuations" was an excellent basis.

11. His delegation generally approved the experts' observations and would support their recommendations wherever implementation appeared practicable.

12. Mr. ADIL (Pakistan) said that on the successful solution of the economic problems of the under-developed areas depended the fate of hundreds of millions of people. They were living in an age in which prosperity as well as poverty could not remain isolated, where it was not possible to avoid the effects of poverty in a region from spreading its contamination beyond its frontiers. After the end of the last war, as a result of greater association amongst the people of the world, there had grown an urge amongst the people of the under-developed areas; those people felt that their lot had to be improved and, further, that it was within the competence of governments to do so. That urge was so deep-rooted that any non-fulfilment of their hopes would lead to a calamity which he would not particularly care to visualize. The economic argument for rapid development lay in the absolutely non-controversial statement that if economic development was not rapid enough, any perceptible increase in national income would be swallowed up by population growth, and, further, that the vicious circle of low incomes, low savings and low investment would be perpetuated. There were, therefore, both human as well as material considerations for promoting rapid economic development. However, if economic development was to be rapid enough, requisite finances, internal as well as external, had to be found. While the cost of national economic development should as far as possible be met from local resources, there was a limit beyond which those resources could not be stretched without causing intolerable hardship to people at large. It was in that field that international economic co-operation had been trying to play its part in bridging the gulf between local resources and the quantum of finance requisite for development. The maintenance of adequate national resources offered a fruitful field for international co-operation.

13. Pakistan had suffered from the post-Korea recession. Foreign exchange receipts in 1952-1953 had been Rs. 1,521 million, as compared with Rs. 2,417,200,000 in the previous year. In 1951-1952, jute exports of 4,850,000 bales had earned Rs. 1,168 million; whereas in 1952-1953, an increased export of 5,750,000 bales had earned only Rs. 532 million. Similarly, in 1951-1952,

1,100,000 bales of cotton exports had earned Rs. 809 million, as against Rs. 648 million from a larger export of 1,500,000 bales in 1952-1953. The foreign exchange surplus of Rs. 576 million in 1950-1951 had been followed by deficits of Rs. 460,200,000 in 1951-1952 and Rs. 406,900,000 in 1952-1953. As a result of corrective measures, including suspension of imports of all but essential consumer goods, industrial raw materials and capital equipment, a balance in international payments had been achieved, and in 1953 there had been a surplus of Rs. 122,400,000. The Pakistan Government was making every effort to promote exports, to earn more foreign exchange and to supplement exchange earnings by outside assistance. His Government was grateful to the Governments of the United States, Canada, Australia and New Zealand for the assistance they had given, and to the Government of the United Kingdom for making available certain credit facilities. So far as internal revenues were concerned, central government revenue had declined to Rs. 1,245,900,000 in 1952-1953, and to Rs. 1,079,200,000 in 1953-1954. Nevertheless, despite reduced internal and external resources during 1953-1954, the Pakistan Government had devoted the highest figure on record since the inception of the country for developmental purposes. For the budget year 1954-1955 the provision for development was 12 per cent higher than that for the preceding year. That indicated the importance which the Government of Pakistan attached to economic development.

14. The organizational character of development varied from region to region, and there could be no hard and fast rules for it. In the United States, private enterprise had been eminently successful in developing national resources, but in Pakistan it was not possible to leave economic development entirely in the hands of private enterprise. His Government had endeavoured to combine public and private enterprise and had formed the Pakistan Industrial Development Corporation to develop some of the larger industries in partnership with private capital; the system appeared to be working very well.

15. Raw material prices had been subject to violent short-term changes which had led to abrupt variations in foreign exchange earnings, as well as in the incomes of individual producers. Economic development in under-developed countries depended largely on the proceeds of current exports, and if such countries were to finance the major portion of their own development, they must be assured of adequate earnings through guarantees of equitable prices for their products. Nevertheless, the terms of trade were just as important to the under-developed countries as the absolute price level of their raw materials, and it should be possible for the Council to devise a system for establishing an equitable relationship between the prices of raw materials and the prices of manufactured goods.

16. Few under-developed countries could bear the entire cost of their development from local resources alone without inflicting intolerable strains and stresses on all classes of people. That necessitated supplementing national resources with foreign assistance, and by assistance in that context he did not mean outright gifts. The matter could be broadly discussed under two headings: (a) the international flow of private capital, and (b) loans from international financial institutions such as the International Bank for Reconstruction and Development, and also use of the resources of the International Monetary Fund.

17. The flow of private capital to under-developed countries was guided essentially by the profit motive. The margin of profit in the capital-exporting countries varied between 7 and 10 per cent, and private capital would thus not seek investment in foreign countries unless the guaranteed rate of return were much higher, say 10 to 15 per cent.

18. It had been stated that private capital investments in foreign countries had been limited by the risks of expropriation, bans on the remittance of profits and the ultimate repatriation of capital, and the instability of the political and social climate of certain countries.

19. Pakistan had a stable society with a stable government, which had repeatedly stressed that there was no fear of expropriation of private property. There was no ban on the remittance of profits or the repatriation of capital, subject to exchange control regulations, whilst fiscal policy was designed so as to provide powerful incentives to private enterprise and investment in industry.

20. Nevertheless, the response from foreign capital had been disappointing and he felt that foreign private capital could only make a significant contribution to the economic development of under-developed regions if a system of loans on reasonable terms were organized, guaranteed by and channelled through the government of the capital-exporting country or some international financial institution. For example, it was fairly easy for the United States Government to borrow at less than 3 per cent, and it could make such loans available at a rate of interest of, say, 3½ to 4 per cent. The interest on the loans and the ultimate repatriation of the capital would be guaranteed by the government of the region concerned. The Council should at its present session take definite action to stimulate the international flow of private capital. He felt that the capital-exporting countries could revise their fiscal systems to remove the bias against foreign investment without causing undue dislocation in their fiscal structures. There could be a greater dissemination of information regarding investment opportunities and the investment climate in capital-importing countries by the governments of capital-exporting countries.

21. The International Monetary Fund and the International Bank could play an important part. Under its present regulations, however, the Fund had to limit borrowings to a point where they might be insufficient to tide over the balance-of-payments difficulties of applicants. It should therefore be empowered to adopt a more flexible policy.

22. The Bank's operations had been very small in comparison with the requirements of the under-developed countries of Asia and the Middle East, and it appeared to have provided a greater amount of investment capital to countries where domestic savings formed a larger part of the national income. If the Bank really wished to assist under-developed countries it should supply them with investment capital equal to at least 10 per cent of their national income. It had shown a preference for the financing of public utilities for which foreign capital was not forthcoming or investments likely to bring about an increase in foreign exchange earnings or a saving in foreign payments. It had also been reluctant to finance industrial projects which could be better left to private enterprise and had not been liberal with the financing of non-self-liquidating projects, even where they might have a social and also a large measure of indirect economic value.

23. Loan applications should be processed much more quickly. Moreover, in assessing the credit-worthiness of under-developed countries, the Bank should not be influenced by temporary recessions, but should pay much more regard to the country's normal credit standing. Council resolution 427 (XIV), successfully sponsored by Mr. Said Hasan, the chief of the Pakistan delegation to the Council in 1952 in fact recommended the Bank not to be unduly influenced by countries' economic positions in times of recession.

24. The mainspring of the economic development of under-developed countries was the provision of continued and adequate national resources, supplemented by measures designed to attract private and institutional foreign capital on reasonable terms. It was to be hoped that the Council would find an early solution to the problem.

25. Mr. WILLIAMS (International Monetary Fund), referring to the report of the experts on *Commodity Trade and Economic Development* (E/2519), said that further progress towards the objectives sought by members of the Fund would be much easier if greater stability could be achieved in international markets, provided that the stabilization methods employed did not unduly interfere with economic efficiency and progress. In that connexion, the Fund was pleased to note that the experts had warned against the adoption of ill-considered schemes which would involve the danger of excessive rigidities and restrictions on production, and that the report called attention to the relation between general monetary policy and the stabilization of particular markets.

26. The Fund concurred in the experts' opinion that it was one of its important functions to make available to its members temporary assistance in meeting a decline in their international receipts arising out of a fall in the value of their exports in time of depression. That view was entirely consistent with the Fund's Articles of Agreement and with past statements of its policy. Present rules and procedures with respect to transactions in general were intended to allow appropriate contra-cyclical transactions.

27. The Fund had given particular attention to the question of contra-cyclical use of its resources in connexion with the report on *Measures for International Economic Stability* (E/2156). Its observations at the fourteenth session of the Council were still fully applicable and he referred the members of the Council to them (624th meeting). In recent years, the Fund had found a wider scope for its operations and had thus acquired further experience in handling requests for drawings by members in widely varying circumstances. In that connexion, he drew the Pakistan representative's attention to the fact that in recent months the Fund had twice—in the case of Turkey and of Peru—waived the 25 per cent limit on drawings.

28. The world economic situation and the level of world trade had, on the whole, been favourable in recent years. Since mid-1952 the gold and dollar reserves of countries outside the United States had increased by \$3.5 thousand million, and the upward trend was continuing. The need for any generalized use of the Fund by a large number of members to meet a situation of general depression had fortunately not arisen, although there had been a considerable need for use of the Fund's resources, leading to a total of transactions of \$230

million in 1953. The members requesting the Fund's assistance in 1953 had encountered temporary balance-of-payments difficulties arising from their own particular situation, rather than from any world-wide depressive tendencies.

29. Another important field for the use of the Fund's resources was assistance to countries desiring to make their currencies convertible. A concerted attempt by the major countries to make their currencies convertible was likely to mean that some of them would have further to strengthen their international reserves. The recent renewal of the Fund's stand-by credit policy had envisaged a more extensive use of the Fund in that connexion, as well as in connexion with the support of currencies that were already convertible.

30. The alternative situations in which the Fund's resources might have to be used were likely, to a considerable degree, to be overlapping. One of the reasons, for example, why countries which were assuming the risks of convertibility needed adequate foreign exchange reserves was to enable them to maintain convertibility even if their income from exports declined because of a contraction in world demand. He did not wish to imply that the Fund considered its function with respect to mitigating the effects of a depression unimportant. As the representative of the Fund had said in the statement to which he had already referred, the Fund was fully aware of its responsibility to act with determination to assist its members in lessening the balance-of-payments impact of any future depression and believed that, with its existing machinery and even with its existing resources, it could make a useful contribution to that end. Moreover, as stated in the Fund's study on the "Adequacy of Money Reserves" (E/2454) transmitted to the sixteenth session of the Council, in the event of a severe depression, the Fund would probably consult its members on the desirability of additions to its resources and would consider possible changes in its modes of operation.

31. Mr. HOTCHKIS (United States of America) said that the foreign economic policy of the United States Government had been summarized by President Eisenhower as curtailing aid, encouraging investment, facilitating convertibility and expanding trade. He was confident that almost all of the members of the Council would agree with that policy. No country liked to rely on assistance from abroad, and most countries realized the benefits resulting from a free flow of private investment and a free exchange of currencies. All were eager to co-operate in the removal of artificial barriers to the increase of peaceful trade. The United States had already demonstrated its interest in the economic development of the under-developed countries by the scale and scope of its activities in providing financial and technical assistance. Congress was now being asked to maintain the programmes of development assistance and to increase the programmes of technical assistance to under-developed areas. Future conditions must be created in which extraordinary financial assistance was not required.

32. The experts' conclusions on the problem of long-term changes in the relationship between the prices of primary commodities and of manufactured articles corresponded to the conclusions set out in the report of a group of experts on *Measures for International Economic Stability* (E/2156). His Government had expressed similar conclusions on a number of occasions. In brief, they were that it would be neither desirable nor practicable

to attempt to change the long-term relationship between prices of primary commodities and of manufactured goods, which tended to be established by the operation of competitive market forces. The experts' work in that field had been most realistic and had been admirably supplemented by the Secretariat reports (E/2438, E/2455, E/2456 and Add.1).

33. The experts had concentrated on the problem of extreme short-term price fluctuations within the long-term trend. Such price-swings presented difficulties for all countries, but especially for the less-developed countries which derived their foreign exchange earnings mainly from the export of only one or two primary commodities. There could be no disagreement as to the desirability of reducing price instability in primary commodity markets. The problem was how that could be safely accomplished. Devices that served temporarily to reduce price fluctuations might retard rather than promote healthy economic growth if they interfered with long-term price trends and introduced restraints that impaired the elasticity which was fundamental to economic progress.

34. That danger, together with the great practical difficulties involved in reaching accord on the details of governmental commodity arrangements, largely explained why so few international agreements involving consumer as well as producer countries had been reached. His delegation agreed with the experts that there was little likelihood of any substantial increase in the number of such agreements. On the other hand, it could see little justification for the experts' hope that commodity agreements might be an effective means of preventing excessive price fluctuations if several commodities were dealt with in a single agreement. The difficulties experienced in negotiating agreements on a single commodity would be greatly multiplied in any attempt to deal with a number of commodities at the same time. Moreover any agreement covering a number of commodities would magnify the danger of diverting production, consumption and trade from the channels they would be likely to assume under a more competitive and free enterprise system.

35. There was no likelihood that his Government would be prepared to give serious consideration in the foreseeable future to a commodity reserve currency schemes such as that which the experts had recommended (E/2519) for study. It was politically impracticable and he hoped that the Council would not waste time on it.

36. The most specific proposal (E/2519) by the experts concerned the establishment by the Council of a trade stabilization commission, which would be concerned with general proposals for dealing with the stabilization problem but would not interfere with the work of existing international machinery, such as the Interim Co-ordinating Committee for International Commodity Arrangements and its associated study groups. His delegation was unable to support that recommendation, since the proposed commission would inevitably exercise the same general functions as the former Economic and Employment Commission and might be expected to suffer from the same defects. In addition, duplication of discussion would be involved, since the Council itself must necessarily debate broad questions of economic policy.

37. With regard to the experts' suggestions relating to the use of the Fund's resources, his Government agreed

with what the representative of the Fund had just said and would be prepared, when necessary, to consider increasing the Fund's resources.

38. His delegation particularly welcomed the experts' warning on the danger of excessive concern with international measures and the emphasis on the need for national policies contributing to stability. Under-developed countries must avoid inflation and prevent the dissipation in boom times of investment funds, public revenues and foreign exchange earnings. Industrial countries could play a major role by combining steady economic growth with the maintenance of high levels of employment. The problem of excessive fluctuations could best be met by a realistic combination of international and national measures. Internationally, greater economic stability could be promoted by the relaxation of trade and currency restrictions and the wider exchange of information on the world supply of and demand for materials and foodstuffs. At the national level, the experts had rightly emphasized the need for sound fiscal, monetary and investment policies and had stressed the importance of formulating broad developmental programmes and establishing the administrative resources and political atmosphere necessary for their execution.

39. The United States was participating in study groups on several basic commodities, and the President had recommended to Congress specific measures for the relaxation or removal of impediments to foreign trade. In its stock-piling programme, the United States recognized an obligation to avoid actions which would have disruptive effects upon world prices. In disposing of agricultural surpluses, it would take special precautions to safeguard against the substitution or displacement of normal commercial marketing. Through its financial and technical assistance programmes and its efforts to promote conditions favourable to an increased flow of private investment, it was assisting in the economic development and diversification of under-developed countries. Lastly, his Government was resolved to maintain high levels of economic activity in the United States. In maintaining employment, purchasing power and reasonably stable prices in the United States, it would be making a major contribution to world economic stability.

40. Turning to the international flow of private capital, he pointed out how foreign capital imported in a climate favourable to foreign investments showed the way to private, local capital. As the industry or country developed, local capital would assume the dominant role, although foreign capital would still be welcome. The benefits of private international investments were enormous and should be still further extended. In the last two years approximately \$3.5 thousand million had been invested abroad by United States citizens alone and, if the flow of private capital from northwestern Europe were added, the total in the last two years might be as high as \$5 thousand million.

41. Global statistics were perhaps less impressive than some specific investment histories. One United States firm had recently introduced a totally new and complex industrial process in a South American country. Within a few years direct employment had been given to 4,000 men, only eleven of whom came from the United States. In the development of the tremendous iron ore resources of Venezuela, the United States Steel Corporation was building a ninety-mile railroad from Cerro

Bolivar to Puerto Ordaz on the Orinoco River. Through intensive dredging, the Orinoco River had become an important artery for the supply of raw materials to world markets. The impact of that single investment in terms of the employment of Venezuelan nationals, the provision of electrical facilities, housing, schools and medical facilities, in addition to direct contributions to the Venezuelan economy in the form of taxes, was staggering. The Firestone Tire and Rubber Company investment in Liberia was a classic example of the way in which foreign capital investment could contribute to the economic strength, political stability and social progress of an under-developed country. Its success and the good relations consistently maintained with the Liberian Government had encouraged other investments in Liberia, particularly in mining, and additional major investments could be expected.

42. Those examples illustrated the predominant form of investments in recent times which was direct investment. The capital-exporting countries invested not only their capital, but also their technicians, ideas, skill and ideals. The flow of managerial and technical assistance was often more important than the capital itself. Portfolio investment had today pretty well disappeared. The International Bank and national institutions such as the United States Export-Import Bank provided the under-developed countries with basic facilities which increased the opportunities for diversified private investment, they sought private partners in their lending operations and they were, to an increasing degree, seeking funds in the private portfolio markets. Consequently, the investment climate abroad was of direct importance to the investments of the public lending agencies. Government lending agencies could conceivably provide capital in the face of an unfriendly investment climate, but the supply of such funds was never likely to be large. In talking about measures to stimulate the international flow of private capital, he was, therefore, referring to measures to influence the individual decisions of potential private investors.

43. Unfortunately, those decisions were adversely affected by such general conditions as the fear of war, and political instability. Other impediments, however, were more fully within the control of individual governments. They included threats of nationalization and expropriation, discriminatory treatment of foreign companies, stringent controls over the entry and operations of foreign investors and restrictions on the repatriation of earnings, capital gains and capital itself. Such impediments must be removed if a satisfactory climate for foreign investments was to be created.

44. Even if they were removed, however, there would not necessarily be a tremendous volume of private investment. The American corporate or individual investor had ample opportunity to invest his capital within the United States in a familiar environment in which he had confidence. American corporations had a large domestic market, and their overseas interests might be confined to production in the United States for export. In investing abroad they were likely to be interested initially in the countries most familiar to them, which might be those which were closest geographically.

45. The problem of the under-developed country was not to protect itself from the American investor, but rather to solicit his active interest by demonstrating that there were opportunities for profitable investment and that reasonable efforts were being made to meet his

legitimate requirements. The capital-importing countries should recognize that in seeking private capital they were entering a highly competitive market.

46. A successfully operating enterprise was better evidence of the investment climate in a given country than broad statements of policy or intent. It was of the utmost importance therefore that existing enterprises should receive fair and non-discriminatory treatment; the maltreatment of a single enterprise could do much to deter the flow of capital. In that connexion he had been particularly interested in the statements of the representatives of Turkey and Pakistan.

47. His Government had taken various steps to encourage investment abroad by United States citizens. Wide circulation was given to information on foreign investment opportunities in the *Foreign Commerce Weekly*, through the field offices of the Department of Commerce, through chambers of commerce and trade associations, and through the contact clearing house system of the Foreign Operations Administration. The Department of Commerce had published an analysis of factors affecting investment in approximately 26 countries. It was now publishing studies on investment conditions and outlook in selected countries, and such studies had already been published on India, Venezuela and Colombia.

48. The United States was actively pursuing a programme of negotiating treaties, *inter alia*, to ensure conditions favourable to the investment of private foreign capital. Thirty-two comprehensive treaties dealing with general economic relations between the United States and individual foreign countries were in effect, and his Government was prepared to discuss the conclusion of such treaties with any country which wished to facilitate foreign investment. Since 1948, the United States Government had been guaranteeing some of the non-business risks affecting investments abroad. That programme had at first been limited to European countries, but it was now available for any new United States investment in any country which concluded the necessary bilateral agreement with the United States. Guarantees could be issued against inability to convert local currency earnings into dollars and loss from expropriation or nationalization. The President of the United States had recently recommended that the programme should be extended to cover the risks of war, revolution and insurrection.

49. To provide incentives for an increased flow of private capital abroad the President had recommended to the Congress a number of important changes in the United States tax laws relating to the taxation of income from foreign sources, including a proposal that business income derived by United States corporations from sources abroad should be taxed at a rate 14 per cent less than the rate prevailing for corporate income in the United States. The long established policy of granting a tax credit for certain taxes paid abroad would further reduce the effective rate. Such tax benefits would be made available to United States corporations operating abroad through a branch or through a corporate entity of the foreign country. When the operation was conducted through a foreign corporation, it was proposed that in certain circumstances the United States corporation would be permitted to hold as little as 10 per cent of the stock of the operating company and still obtain tax benefits. Another proposal would recognize, for tax credit purposes, the tax régimes of

countries which relied on taxes other than income taxes as the principal source of revenue from a particular business activity. That would still further reduce the burden of United States taxation.

50. Unilaterally, the United States was taking every reasonable step through tax incentives to induce its capital to seek outlets abroad. Bilaterally, the United States was prepared to enter into tax treaties to alleviate double taxation. It was a party to fifteen treaties with foreign countries on income taxes, ten on estate taxes and death duties, and one on the taxation of gifts. Negotiation of income and estate tax treaties with three other countries would soon be concluded.

51. It would be interesting to hear from the representatives of the capital-importing countries what measures they had taken to encourage the international flow of private capital by reviewing their domestic laws and administrative practices to remove deterrents, and by providing adequate assurance through treaties or otherwise concerning the treatment of foreign investors. It would be interesting to know whether they had developed adequate information services and other means for informing potential investors of business opportunities and the laws and regulations governing foreign enterprise and whether they had enlisted the participation of their own private business interests in such activities. His Government felt that there was considerable room for further action by individual governments along those lines.

52. The United Nations could encourage private investment by continuing the kind of work embodied in the Secretary-General's two interesting and valuable reports (E/2531 and E/2546) pursuant to an earlier General Assembly resolution [622 C (VII)] which were most useful and should be brought up to date from time to time, perhaps on an annual basis. Periodic reports on the flow of private capital and the adoption of measures to stimulate that flow would be welcome. Technical advice and assistance on private investment should be given greater emphasis in the technical assistance activities of the United Nations and the specialized agencies. Governments might give more consideration to including in their technical assistance requests the following kinds of services: assistance in economic surveys to determine the sectors most likely to be of interest to private investors and to identify specific opportunities within those sectors; advice on the preparation of material regarding specific projects in order to command the attention of private investors; advice in the revision of legislation and administrative practices affecting foreign investment; and advice in establishing channels for presenting specific projects to potential investors in capital-exporting countries.

53. His delegation would join with other delegations in introducing a resolution embodying a number of recommendations to stimulate the international flow of private investment.

54. Mr. ALFONZO RAVARD (Venezuela) said that the problem of economic development had two aspects, internal and external. There was much that the countries concerned could and should do themselves; without preparatory work, a determination to progress and careful technical planning, co-operation by international agencies would be of little use. Social, psychological, legal and economic factors contributed either to facilitate or to hamper economic development. Even from the purely economic point of view, means would

always have to be found to mobilize domestic capital and to make the best possible use of national savings.

55. External co-operation was however also essential. In the threefold field of trade, investment and international technical assistance there was great scope for co-operative action which would benefit both the highly developed and the under-developed countries. Economic development presupposed changes in the physical resources and a large-scale use of capital goods, machinery and technical equipment which were not available to the under-developed countries unless they possessed the necessary foreign currencies, the principal source of which was trade.

56. Any measure to encourage trade would also stimulate economic development. That was one of the main reasons why the under-developed countries were against restrictions on the volume of external trade and violent price fluctuations which might disturb their plans for development. It was not enough, however, that the volume of trade should increase or relative price stability be established; the terms of trade for the products of the under-developed countries should not be unfavourable, as they had been for long periods in the past. It was true that since the Second World War they had been progressively improving, and this is partly the reason for the progress made in some Latin American countries during that period. The recent decline in the terms of trade for certain primary products was a cause of serious anxiety.

57. At the Tenth Inter-American Conference, which had recently met at Caracas, Venezuela, all the Latin American countries had emphasized the vital need for an equitable solution of the problem of terms of trade and had urged that the American nations would be unable to draw up positive plans for progressive economic development unless they could obtain remunerative prices for their primary commodities and natural products. Particular reference had been made to the research work carried out by United Nations technical bodies. The study of the problem would be continued at the next meeting of the Ministers of Trade and Economic Affairs of the American Continent, to be held at Rio de Janeiro towards the end of 1954. The work of that meeting would undoubtedly be influenced by the conclusions reached during the current session of the Economic and Social Council.

58. Venezuela was a striking example of the beneficial effects of a sound foreign investment policy. The financing of economic development required large-scale investments, which were not always available to countries in process of development, and foreign capital, whether public or private, was an essential factor. There had not been up to the present a sufficient flow of capital to the under-developed countries. From 1920 to 1930 the annual average flow had been not more than \$500 million. For 1951 the amount, including grants-in-aid and loans, had been \$1,500 million or a little less. According to the calculations of the United Nations experts, that sum, added to the present level of savings in each country, would increase the annual *per capita* income by barely 0.75 per cent. From 1905 to 1913 the United Kingdom had exported an annual average of £143 million, or 7 per cent of the annual national income.

59. According to the group of experts, \$550 million a year of foreign capital would be required to bring about a *per capita* increase of 2 per cent in Latin America. The

Latin American countries must therefore consider by what methods such transfers of public or private funds could be effected.

60. Both the investing countries and the countries in process of development should adopt the most appropriate measures to promote and intensify the investment of private capital. The capital-exporting countries could stimulate the flow of capital to the under-developed countries by the adoption of appropriate fiscal measures. Measures to avoid double taxation, and especially to ensure that the proceeds of private capital invested abroad should be taxed only in the countries in which they had originated, would contribute materially to the end in view.

61. In that respect it was encouraging to note the policy pursued by one of the principal capital-exporting countries—the United States. It was to be hoped that the reduction of 14 percentage points recommended by President Eisenhower on income from certain investments abroad would be a first step towards a policy of complete elimination of taxes on the proceeds of such investments.

62. The most effective contribution the capital-importing countries could make would be the maintenance of a favourable climate which would inspire foreign investors with confidence. An essential factor was the equitable treatment of foreign investments. That was the cornerstone of Venezuela's policy in the matter, which had opened the door to large-scale investment in various fields of activity. Under the protection of Venezuelan law the oil industry had developed enormously; investments in that industry, amounting to about \$2,200 million, had contributed directly and indirectly to the welfare of the people and the general economic development of the country. Foreign investments in other sectors of the economy amounted to about \$300 million.

63. By means of what had been described as exemplary provisions, Venezuela participated fully in the exploitation of its natural resources. It had been enabled to undertake large-scale educational and health programmes and to lay the foundations for rapid agricultural and industrial development. The figures showed the excellent results of the policy pursued by the Venezuelan Government. In the industrial field, for example, taking 1948 as the base year for production, the index figure for 1953 would be 213.48. The rate of increase had not of course been the same for all sectors of industry; for textiles and foodstuffs respectively the index figures would be 144 and 165; in the tanning and leather industry 415.42; in the rubber industry 406.89; in the building materials industry 338.05; and in the metallurgical industry 791.15. Outstanding progress had been made in the oil industry; about 20 per cent of the crude oil produced was refined in the country, and the index figure for 1953 would be 905.62. The Venezuelan Government intended that that expansion should continue.

64. The production of crude oil had increased from 69 million cubic metres in 1947 to 105 million cubic metres in 1952. For 1953 the figure was 102,423,000 cubic metres. Oil exports for 1952 represented 95 per cent of the country's total export value. Currency from that source had amounted to 78.12 per cent of total revenue and taxes on the sale of oil to 57.67 per cent of the total fiscal revenue.

65. Iron mining had been started in the most favourable circumstances. In 1950 total production had been

198,952 tons; for 1953 the figure had been 2,069,805 tons and for 1954 it would probably exceed 5 million tons. So far, over 650 million bolivars, or about \$200 million, had been invested in that industry by various concessionary companies. It was estimated that during the period of construction, between 600 and 1,000 million bolivars, or from \$200 to \$300 million, had been spent in the country.

66. The resultant benefits had extended to all sections of the population. Housing conditions, health and sanitation had been transformed during the past few years. The standard of living of the working classes had improved along with the country's economy. The index figure for daily earnings in 1952 was 41 per cent higher than that for 1948. The index figure for real earnings, based on the relative increase in the cost of living and in nominal earnings, showed an increase of 18 per cent over 1948. Thus, nominal wages had increased more rapidly than the cost of living and the figures represented a genuine increase in real wages.

67. The Venezuelan delegation would welcome any proposals designed to increase the flow of private capital to the under-developed countries. It would be glad if the discussion gave rise to a declaration similar to that adopted by the Tenth Inter-American Conference, which stated that in order that new foreign investments might contribute effectively to economic development, due account should be taken of the situation of already established enterprises. That declaration had been adopted unanimously. The adoption of a similar resolution at the international level would help to avoid unnecessary friction in the receiving countries. The security of

foreign investments would undoubtedly be increased by a conviction among the peoples of the receiving countries that those investments contributed to national progress. Such a declaration would embody the principle that foreign capital should co-operate effectively in the development of the under-developed countries and should not operate to the prejudice of the national industries.

68. Agrarian reform on modern lines on a purely technical basis was being carried out in Venezuela. There were two main objectives: the national development of land resources with a view to increasing the production of foodstuffs and the transformation of rural society through a well-balanced, effective policy of gradual modernization of the old legal and technical agricultural conditions. Excellent results had been achieved: Venezuelan agriculture had been modernized; wages had risen and the whole way of life of the labouring population had changed. Moreover, there had been a considerable increase in agricultural output.

69. In view of the importance attributed by Venezuela to international technical assistance as a supplement to domestic plans for economic development, his Government had just signed a basic agreement and a supplementary agreement with the United Nations. Venezuela intended to make extensive use of the facilities offered by the United Nations, to contribute effectively where possible, and to increase its financial contribution to the United Nations technical assistance programme.

The meeting rose at 1 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands, Philippines.

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

Economic development of under-developed countries

[Agenda item 3]

GENERAL DEBATE (*continued*)

1. Mr. AVILES MOSQUERA (Ecuador) said that the increasing importance attached by the Council and its subsidiary bodies to the question of the economic development of under-developed countries proved that mankind was striving for a peaceful world in which all nations would unite their efforts to raise standards in those countries. It was being increasingly recognized that international economic co-operation would give better results than the free interplay of frequently conflicting interests. Just as in national affairs the object should be greater justice based on a more equitable distribution of wealth, so in international affairs means had to be devised for ensuring the harmonious development of all countries, so that both the social and the economic differences between the industrialized and the under-developed countries could be mitigated or eradicated.

2. Though terms of trade were not the only factor that, together with a country's national income, determined what sums it could apply to its economic development, fluctuation in them, one way or the other, had a considerable effect on under-developed countries, where the population's standards of living and the future of development programmes depended mainly on income from the export of primary products. It was that consideration which had led the General

Assembly to adopt paragraph 1 (a) of its resolution 623 (VII), to which he referred.

3. The group of experts who drew up the report on *Commodity Trade and Economic Development* had considered that, on the subject of prices and price relationships, the terms "just" and "equitable" were synonymous with "reasonably stable" (E/2519, para. 6). Contrary to that opinion, however, he thought that the latter term did not adequately reflect the desired object, which was to establish a satisfactory relationship between the prices of primary products and the prices of manufactured goods. Price stability was only one element of economic development and, unless based on justice and equity, was valueless. The trend of prices of manufactured goods was notoriously steadily upwards, but there was not always a parallel trend in the prices of primary products, which were often fixed artificially by monopolies and only rarely determined by the law of supply and demand.

4. That situation only accentuated the existing disparity between the standard of living in the under-developed countries and the standard in the highly-industrialized countries. If the future international community was to be based on equity, that abnormal situation should be ended through measures to promote the economic development of the under-developed countries, which would inevitably be accompanied by an increase in their capacity to import. But as long as certain countries had an unfavourable balance of trade, which was very often chronic, the economic maladjustment would tend to worsen. Fluctuations in the trade in primary products had serious repercussions on the social policies of the under-developed countries producing those materials, for they interfered with co-ordinated economic planning, discouraged savings and the process of capital formation by keeping the rate of the latter very low, and forced the countries in question to curtail their imports.

5. As mentioned in the study entitled *Instability in Export Markets of Under-Developed Countries* (E/2047/Rev.1), exports played a strategic part in the under-developed countries for they affected the national income, rate of savings and of capital formation, monetary stability and the progress of economic development programmes. In the case of Ecuador, approximately 20 per cent of the national income was accounted for by proceeds from exports. Hence, the relationship between export and import prices was of vital importance to that country. He outlined the economic development of Ecuador since 1928-1929, and with the aid of statistical data concerning terms of trade and import capacity, emphasized how critical the country's position had been for fifteen years. Not until 1950 had economic activity in Ecuador exceeded the level of 1928-1929. Despite those difficulties, the Government had endeavoured to adjust the rate of the country's economic development to the increase in population and in recent years Ecuador had embarked upon economic development programmes—development of agriculture, industry, means of communication, electrification, and so forth—the principal object of which was to stimulate

and diversify exports, and thus to stabilize the economy and enable it more easily to adjust itself to fluctuations in world demand.

6. That result had been attained only at the cost of great sacrifices on the part of the population, since foreign capital, the supply of which was too often made dependent on the grant of privileges, had played only a small part in the financing of development programmes. The economic development of Ecuador, like that of most Latin American countries, was hampered by two factors: the instability of world demand for primary products and the shortage of capital.

7. Ecuador earnestly hoped therefore that equitable prices for the commodities of under-developed countries would be established, and opposed any measures involving boycott or substitution taken under the pretext of protecting the consumer. He would, like the Argentine representative, support any measure likely to accelerate the development of the under-developed countries.

8. Although such development should primarily be the result of the country's own efforts, it could also be advanced through the financial assistance of institutions especially created for that purpose and of foreign private capital, to which Ecuadorian legislation granted treatment equal to, if not better than that extended to national capital. It was to be hoped that capital-exporting countries would, for their part, revise their legislation or consider the conclusion of bilateral conventions to eliminate such injustices as that of double taxation.

9. He had read with much interest the Secretary-General's report on *The International Flow of Private Capital 1946-1952* (E/2531), which like the documents already mentioned deserved the most sincere praise.

10. He felt that progress in land reform was a question of the highest importance and deserved a detailed study. At that stage he would only say that something more was involved than the mere redistribution of land; the measures required in the most diverse fields varied not only from one country to another but also within a single country. In countries like Ecuador land reform was linked to the execution of road construction plans, population movements and community development programmes.

11. In conclusion, he wished to reaffirm the faith of the Ecuadorian people and Government in the peaceful purposes of the international community, the fruitful work of the United Nations and the coming of a better world, in which the welfare of all humanity would be secure.

12. Sir Douglas COPLAND (Australia) pointed out that in many ways Australia was not a highly developed country. It was a country of vast spaces and low population density, and a large part of its resources still awaited development. Actually, Australia was at an intermediate stage between the under-developed and the industrial countries.

13. The reports on the economic development of under-developed countries prepared by the Secretariat and the various committees of experts were a very important contribution to the study of the numerous problems that engaged the Council's attention. It appeared that those problems were being more and more understood and that a formula was in sight which would reconcile the interests of under-developed and industrial countries.

14. Since the war, a large number of under-developed countries had achieved political independence. That independence should not be jeopardized by the methods used for their economic development. Such countries would only be successful in adapting their traditional economic structures, which were chiefly agricultural, to the needs of a modern economy if they had the benefit of outside assistance.

15. Their development gave rise to numerous and interdependent problems. For example, the technical assistance they received aimed simultaneously at increasing their economic productivity and improving public health; but care should be taken to see that production and resources increased at the same rate as population. It was something that called for the greatest discretion.

16. The success of a development policy was also linked to the adoption of certain methods. There was great scope in the under-developed countries for public enterprise, which was better fitted than private enterprise for such tasks as the improvement of transport and communications, the production of energy, and irrigation. Furthermore, to obtain the necessary capital for such public enterprises, the under-developed countries needed facilities similar to those offered in the nineteenth century by the financial market of London.

17. The help which the economically advanced countries could give to the under-developed countries could take two forms. First, industrial countries could give them technical advice and, secondly, they could supply the capital required by the under-developed countries. Such assistance would enable the under-developed countries to move from a primarily agricultural economy to a mixed economy, in other words, one that was both industrial and agricultural.

18. The various studies before the Council dealt with questions of particular interest to developing countries: the trend of the terms of trade and the stability of commodity prices. He was convinced that the schemes suggested, if adopted, would not solve the difficulties of the under-developed countries. Australia knew by experience the possible effects of unfavourable terms of trade or excessive fluctuations in raw material prices, but it felt that those questions should be viewed from the broader angle of world economic activity. The stabilization of commodity prices would offer under-developed countries only temporary protection. They would only successfully overcome their difficulties against the setting of an expanding world economy. An expanding world economy implied, however, a continued high level of activity in the industrial countries, which would be translated into an increased demand for the raw materials produced by the under-developed countries. For them, that would represent a much better guarantee of prosperity than any obtainable by the regulation of prices.

19. Technical assistance was another factor in the economic development of such countries. It not only enabled them to increase their economic productivity but gave the feeling of being instrumental in their own progress. In that connexion he wished to draw attention to the Colombo Plan, certainly the most sensible scheme yet worked out for the development of under-developed countries. All countries in the plan participated on a footing of complete equality. Australia, which had little capital, was giving technical training to nationals of Far Eastern and South-East Asian countries. The plan would provide the under-developed countries with skilled

technicians and would lead to greater understanding between such countries and the industrial countries.

20. The removal of trade restrictions and the return to convertibility of currency were also effective methods of promoting the development of under-developed countries. Notable progress had already been made in that direction. The liberalization of trade now taking place gave evidence of an expanding world economy. In that connexion, he welcomed the recent development of trade between East and West.

21. Australia itself provided an example of rapid and well-balanced economic development. In seven years the Australian population had increased by 20 per cent. It enjoyed a high standard of living, indeed very high when compared with that of the great majority of the world's population. In the last seven years Australia had admitted 750,000 immigrants. Their integration in the national economy had called for a considerable investment, which had been supplied by national as well as foreign capital. Australia had borrowed from the International Bank for Reconstruction and Development, but the greater part of that capital had come from private sources. Its economic development had been made possible only by the joint endeavour of public and private capital. In his view, that kind of mixed economy best suited developing countries.

22. Australia, as the world's leading exporter of wool, was directly interested in the question of raw material prices but nevertheless felt that the main interest of the under-developed countries lay not so much in the stability of raw material prices or the introduction of machinery for regulating prices as in the expansion of the world economy and the general development of trade. That was a difficult problem which might require an adjustment in political relations among countries and perhaps several decades for its solution. However, bold action was needed and none should be daunted by the difficulty of the task.

23. Sir Alec RANDALL (United Kingdom) said he would confine himself to questions relating to commodity prices, and would deal with those parts of agenda item 3 relating to the international flow of private capital and land reform in the Economic Committee.

24. Commodity trade and economic development were the subject of a very thorough and well documented study (E/2519) on which he would like to congratulate the experts, even though he did not agree with some of their conclusions.

25. The experts expressed the view that even if it were technically feasible to regulate the prices of manufactured goods to keep them in line with those of primary products, it would not in any case be desirable to do so. Such regulation would hinder the operation of the price system as a means of bringing about the economic allocation of resources, and it would entail such a degree of government interference with production as would be against the interests of producers and consumers alike. His delegation entirely endorsed those views.

26. The group of experts had also made a very successful effort to keep the question of international action in its proper perspective. He was pleased to note the importance which the experts attached to national measures. They very properly pointed out that domestic stabilization schemes could have a useful effect provided that the authorities did not attempt to stabilize prices above the world level. They also reminded primary pro-

ducers that it was rising productivity which should enable them to sell their exports more cheaply, and that it was in their true long-term interest to export more at lower prices, rather than to restrict sales in order to force up the price. As the report pointed out, importing countries could also contribute towards stabilizing commodity prices by stock-piling or bulk buying, provided that they were on their guard against any prejudicial effects which such measures might have on the economies of the primary-producing countries and that they were prepared to minimize any harmful consequences that might ensue. His delegation entirely shared the views of the group of experts on that point and would like to point out that it was the usual practice of the United Kingdom Government in such situations to take the interests of producing countries into account.

27. The experts had, however, concentrated chiefly on the possibilities of international action, and particularly the conclusion of international commodity agreements. They said that where only one commodity was covered, bilateral agreements tended to lead to rigidity or to exploitation of the weaker party by the other; and that multilateral agreements relating to a single commodity also suffered from many disadvantages. Exporters' and importers' ideas about maximum and minimum prices were so far apart, and the period of agreement was so short that the stabilizing influence was slight. The experts had come to the conclusion that the solution lay in making multi-commodity agreements. Although convinced of the value of international commodity agreements, the United Kingdom delegation took the view that the solution advocated by the group of experts was neither practical nor desirable.

28. In the first place, the conclusion of multi-commodity agreements would present insurmountable technical difficulties. Secondly, it was unlikely that countries would at one and the same time consider it in their interest to conclude agreements on a number of commodities. Thirdly, the simultaneous negotiation of agreements concerning a number of commodities would presuppose a community of interest among the producing countries which would be unlikely to exist. Finally, even if governments were anxious to join a network of agreements, they might have little or no prospect of persuading their legislatures to ratify them.

29. The United Kingdom's opposition to that solution should not, however, be interpreted as a sign of satisfaction with the present situation. His delegation was prepared to study any suggestions on the matter which might be made and would have more to say on the question in the Economic Committee.

30. The group of experts also discussed other methods of international action, such as the negotiation of quota restrictions, the establishment of buffer stocks, the adoption of a commodity reserve currency scheme, the granting of loans with provision for deferred interest and amortization payments and the adoption of automatic compensation schemes. His delegation would express its views on those propositions in the Economic Committee. Meantime, it noted that the experts recommended a bold and generous policy of contra-cyclical lending by the International Monetary Fund as a method of compensating the effects of recession in industrial countries on their external expenditure. In that connexion, he had noted the very interesting statement made by the Fund's representative at the 765th

meeting, and the observations on the subject by the representative of the United States at the same meeting.

31. After discussing the various possible international measures for stabilizing commodity prices, the experts had concluded that a new body should be formed to study the problem. The new body would be called the trade stabilization commission. He felt bound to inform the Council that his Government could not support that suggestion. In the first place, it seemed inadvisable to establish a new body at a time when there were many uncertainties about the future of certain international bodies. Secondly, the proposed commission would unnecessarily duplicate the work of such bodies as the Interim Co-ordinating Committee for International Commodity Arrangements and the Economic and Social Council itself.

32. Still, he would not like to give the impression that his country's attitude was purely negative; he was prepared to give sympathetic consideration to any other proposals for improving the machinery of international co-operation on that vital subject.

33. Mr. NOSEK (Czechoslovakia) said that it was clear from the discussion that despite the numerous recommendations and resolutions that had been adopted on what was one of the most important matters with which the United Nations had to deal, the progress achieved with respect to the economic development of the under-developed countries had so far been very small. It was because it sincerely wished an inequitable situation to be corrected, and because it was firmly convinced that that could be done if the spirit of the Charter were respected, that the Czechoslovak delegation considered it its duty to return to a matter to which it had more than once drawn attention in the past.

34. Although they had considerable natural resources and ample man-power, the under-developed countries were not free to exploit their wealth as they desired, and their peoples were still condemned to poverty. For that reason the Czechoslovak delegation had always believed that efforts to promote economic development should be essentially directed towards strengthening the political and economic independence of the countries concerned. That alone would enable them to reduce the gap between their standard of living and that of the more developed nations—which would lead in its turn to an improvement in the world economic and social situation.

35. The Czechoslovak delegation had always argued that the economic development of the under-developed countries must be based on their industrialization, a process which should go hand in hand with the development of their agriculture, the main source of their wealth. Development should be financed by national capital, and foreign investment, both public and private, should play only an auxiliary part. Lastly, foreign financial assistance should be on a purely commercial basis and should in no case be attached to conditions detrimental to the interests of the receiving country. Hence, though it had a part to play in the economic development of the under-developed countries, foreign capital could not and must not be the primary factor. The soundness of that view had been amply proved by the discussions on the establishment of a special fund for economic development and an international finance corporation at the eighth session of the General Assembly.

36. One of the factors which tended to keep the standard of living in the under-developed countries very low was the feudal or semi-feudal structure of their system of land tenure. The land belonged to the great landlords and to foreign monopolies; millions of landless peasants and agricultural labourers had to accept subsistence wages. In those circumstances, the development of agricultural production, for example by the improvement of methods of cultivation and by more rational exploitation of arable land, was impossible. The situation was further aggravated by the single-crop system practised by the landlords and particularly by the foreign monopolies, usually in accordance with world market conditions and in complete disregard of the people's needs.

37. Furthermore, most of the under-developed countries were to a large extent dependent, both politically and economically, on the capital-exporting countries and the foreign monopolies which owned the investment capital; and it was common knowledge that the only reason why such foreign capitalists invested their funds in the under-developed countries was to make maximum profits. Profits far exceeded the amounts invested, which themselves consisted to a large extent of reinvested interest. To take only one example, two-thirds of the profits of the Standard Oil Company were derived from foreign investments; yet those investments represented only one-third of the Company's total investments. Not only did the foreign monopolies derive a large proportion of their income from the under-developed countries, but they ceaselessly strengthened and extended their grip on those countries by the reinvestment of undistributed profits, and that, for the under-developed countries, inevitably meant intensified exploitation and increasing dependence.

38. The interference of the foreign monopolies in the economies of the under-developed countries was a serious fact, to which it was the more necessary to draw attention since the capital-exporting countries—and particularly the most powerful of them, the United States of America—were always saying that the backwardness of those countries was caused primarily by the lack of available capital. At the same time propaganda organs in the capitalist countries sought, on the one hand, to convince the governments and peoples of the under-developed countries that they would be able to develop their economies only with the help of foreign capital, preferably private, and on the other hand, to induce them to admit the need for granting guarantees and advantages to the foreign investors.

39. Mr. Nosek went on to consider the situation with regard to American private foreign investment. Citing the *Statistical Abstract of the United States* and the *Survey of Current Business*, he stated that the amount of such investments had increased by 30 per cent in the last three years and had reached a figure of more than \$16,000 million in 1953. Of that total, about \$8,000 million were invested in under-developed countries, as against \$6,200 million in 1950. After the Second World War American private enterprise abroad had multiplied at an extraordinary rate, and its sole purpose was to serve the American monopolies in order to help them to dominate foreign markets and to keep United States industries supplied with raw materials. To the monopolies, foreign investment was merely a source of high profits; it was obvious that the interests and the economic development of the under-developed countries were a matter of indifference to them.

40. The American monopolies invested their capital in sectors which brought them the maximum profits, in other words, in the extractive industries, producing petroleum or other strategic raw materials: such investments accounted for over 50 per cent of American capital abroad.

41. An illustration of the size of the profits made by the American monopolies might be found in a report of the Economic Commission for Latin America: during the period 1945 to 1952, Latin America had received from the United States capital amounting to \$2,090 million, while the profits and interest derived from investments in the same region had amounted to \$5,280 million. In view of those figures it might well be asked whether it was not the Latin American countries that were financing the development of the American monopolies.

42. Despite the great disproportion between their investments and the profits they reaped from them, the foreign monopolies made no attempt to encourage the industrialization of the under-developed countries or to help to set up the basic industries without which there could be no real economic development. It was clear that in their search for new fields of investment the capital-exporting countries, and in particular the United States, were pursuing a policy of keeping the under-developed countries in their present state of dependency, thereby relegating them permanently to the role of suppliers of raw materials to their exploiters.

43. There could be no doubt that but for the harmful interference of the foreign monopolies, the under-developed countries could long since, and with their own resources, have developed their economy much more quickly and completely. That, however, presupposed free international trade, which, together with the mobilization of national resources, was a necessary condition of any integrated and genuine economic development.

44. The Czechoslovak delegation, conscious of the close connexion between the normalization of international trade relations and the development of the under-developed countries, had supported the USSR delegation's proposal to the Council that priority should be given at the present session to consideration of the item "Removal of obstacles to international trade and means of developing international economic relations" (756th meeting). He wished to dwell on that subject and make a number of observations on the present state of international trade; he felt encouraged to do so not only by the attitude of the under-developed countries themselves, which had long declared their support for the removal of all obstacles to international trade in goods and services, but also by the fact that the problem of the normalization of international trade was engaging the attention of statesmen and was being discussed by parliaments and in business circles throughout the world.

45. The relaxation in international tension which had occurred during recent months was favourable to the establishment of conditions which would permit the removal of the various obstacles—including political discrimination—which at present paralysed international trade, and would thus help to accelerate the rate of economic development in the under-developed countries. In its turn, the expansion of international trade, with its effects on the rate of development of the under-developed countries, would lead to a fresh relaxation of international tension and would strengthen world

peace and security, another essential condition of economic development.

46. The growing interest in the normalization of international trade and the many practical steps that had been taken throughout the world to that end were undoubtedly characteristic of the present situation. But it was also true that those facts had not failed to arouse concern in political circles in certain countries; a concern which seemed to grow proportionately to the number of trade agreements and treaties of friendship concluded between the USSR, the People's Republic of China and the people's democracies, on the one hand, and the various countries of Europe, Asia, the Near and Middle East, Latin America and Africa, on the other hand.

47. But regardless of the construction the American monopolist press tried to place upon it, the steady development of trade relations between those countries remained an undeniable fact. Similarly, the increasingly numerous contacts between the USSR and the people's democracies and the under-developed countries of Asia, Latin America and Africa helped to strengthen the economies of those countries, and proved that normal economic conditions broke down the artificial barriers set up by the American monopolies and certain political circles in the United States to prevent the development of international trade and the establishment of normal relations between nations.

48. Discriminatory trade practices and the policy of excluding one-third of the world's population from world trade were doomed to failure. The importance of the USSR, the People's Republic of China and the people's democracies in the world economic system was undeniable. The rapid development of their industrial production and of the other branches of their economy had created conditions favourable to a new expansion of their trade. The vast market constituted by the USSR and the people's democracies was free from crises and was expanding constantly, thanks to the steady rise in the people's standard of living and purchasing power. Those countries were now in a position to export vast quantities of goods of excellent quality, for which there was a demand throughout the world, particularly in the under-developed countries. That also applied to the People's Republic of China, as evidenced by the growing interest in its products shown by its closest neighbours, India, Ceylon, Indonesia and Japan, which were in the best position to judge the possibilities offered.

49. The under-developed countries had on several occasions expressed their desire for the removal of the obstacles to their trade relations with a number of countries. Mr. Nosek cited in that connexion the statement by the Prime Minister of Indonesia published in the *New York Times* of 13 February 1954. The *Christian Science Monitor* had reported on 11 March 1954, in the case of India, and on 27 February 1954, in the case of Latin America, the trend of those countries to turn to the USSR and the people's democracies in order to expand their trade relations.

50. The discussions during the Tenth Inter-American Conference held at Caracas in March 1954 had also reflected the urgent nature of the problem: the Conference had adopted two resolutions concerning economic relations between Latin America and the United States, the first calling for the removal of restrictions on the import of raw materials and semi-manufactured goods

from the under-developed countries and the second recommending the Latin American countries to take steps to counterbalance the losses incurred as a result of the restrictions placed on their exports of strategic goods and raw materials.

51. Similarly, the expansion of international trade had been the central issue at the ninth session of the Economic Commission for Europe; a joint resolution submitted by the USSR and the United Kingdom on East-West trade and another joint resolution submitted by Belgium and Czechoslovakia concerning inter-regional co-operation had been unanimously adopted. Those resolutions were well-known, but the Czechoslovak delegation nevertheless wished to emphasize once more during the present discussion their exceptional importance for the economic development of the under-developed countries.

52. With regard to the question of the low level of raw materials prices and the unfavourable repercussions of sharp fluctuations in such prices, he pointed out that it was not the first time that the question had been emphasized in connexion with the economic development of the under-developed countries. Indeed, it was generally characteristic of the economy of the under-developed countries that their exports were limited to a small number of raw materials, on which their prosperity depended. Moreover, as was pointed out in the report entitled *Measures for the Economic Development of Under Developed Countries*, those exports accounted for about 20 per cent of their total national income (E/1986, para. 23). No wonder then that frequent variations in the prices of raw materials, which were subject to much greater fluctuations than manufactured articles, had very unfavourable effects on both their balance of payments and their trade balance. Accordingly the General Assembly, on the initiative of a group of Latin American countries, had asked at its seventh session in resolution 623 (VII) for a report on the measures it might be advisable to adopt with a view to ensuring the stability of prices of raw materials and just and equitable prices in general. That report (E/2519) was at present before the Council.

53. Referring to the various proposals made by the experts who had drafted it, Mr. Nosek pointed out that the report's main shortcoming was that it made no mention of the need for the expansion of international trade relations and the abolition of discriminatory trade practices. But the prices of raw materials only reflected the inequitable conditions prevailing in trade relations between the under-developed and the capitalist countries. Those conditions were due to the attitude of the monopolies towards the under-developed countries, which they regarded as merely a source of easy profits. They were constantly aggravated by the methods practised by the American monopolies, which obliged the under-developed countries to sell their commodities at unfavourable prices, indeed frequently below world market prices. In 1952, Chilean copper and Bolivian tin had been cases in point; during the same year the quantity of wheat and cotton Malaya and Indonesia had received in exchange for one ton of rubber had been only one-third of the amount they would have received in 1939.

54. As had been pointed out, the economic development of the under-developed countries depended to a large extent on their ability to export their raw materials under favourable conditions. An improvement in their

trade relations with the rest of the world would help those countries to free themselves from their dependence on certain economically powerful countries, and to acquire, in exchange for their exports, the capital equipment they needed for industrialization and the modernization of their agriculture. In order to achieve that objective, the trade relations of the under-developed countries should be freed from all restrictions, and the governments concerned should be enabled to conclude long-term trade agreements, guaranteeing not only outlets for their raw materials but also equivalent supplies of capital goods, machinery and other materials.

55. The Soviet Union and all the people's democracies, including Czechoslovakia, were among the countries which desired to contribute to the development of the under-developed countries, and were in a position to do so by the establishment of extensive trade contacts. Czechoslovakia had recently concluded bilateral clearing agreements with Egypt, Indonesia, Syria, Iraq, Turkey, India and Argentina, and was willing to establish similar relations with other countries, on mutually advantageous terms.

56. In that connexion, Czechoslovakia and the other people's democracies offered a striking example of the results which could be achieved through co-operation based on trust and equality. Through the unselfish assistance and fraternal co-operation of the Soviet Union, the European people's democracies had recorded very considerable successes in the development of their peaceful economies. They had substantially increased their industrial production, and were successfully developing the other branches of their economies. Their foreign trade showed a constant upward trend. The volume of trade between the countries concerned had more than trebled in the last five years. The economic development of the People's Republic of China had been particularly significant; in 1952 that country had successfully carried out a land reform programme; it had reconstructed its industry, and in 1953 it had undertaken a great five-year plan of economic development. The same applied to the Democratic People's Republic of Korea, which, with the assistance of the USSR and the peoples' democracies, was at present rebuilding its war-ravaged economy. The peoples' democracies could ascribe their progress on the one hand to the economic assistance granted to them on extremely advantageous terms by the USSR and, on the other hand, to the spirit of mutual assistance and wholehearted friendship which prevailed between them.

57. In conclusion, Mr. Nosek stressed that the solution of the problem of the economic development of the under-developed countries was first and foremost the task of those countries themselves. The first stage was the development of basic industries, but land reform was also of considerable importance.

58. The Czechoslovak delegation considered that genuine economic assistance to the under-developed countries was incompatible with a policy which, under the pretext of such assistance, served to increase their dependence, to subject their economies to foreign monopolies, to utilize their natural resources for the benefit of foreign interests, and to curtail their foreign trade. Real assistance must proceed from a basis of equality between the parties and of mutual respect for national interests. The first prerequisite for such assistance was the expansion, and not the curtailment, of trade. The Czechoslovak delegation had always upheld

se principles in the General Assembly, in the Economic and Social Council, and in the other organs of United Nations.

Czechoslovakia was sincerely willing to render interested assistance to the under-developed countries; and as the Czechoslovak Minister of Foreign Affairs had stated during the eighth session of the General Assembly at the 444th plenary meeting, the Czechoslovak Government, scrupulous in the fulfilment of its obligations under the United Nations Charter, was wholly in favour of the widest possible development of peaceful co-operation among nations.

The PRESIDENT proposed that in accordance with the provisions of rule 86 of the Council's rules of procedure the members of the Council should invite Mr. ESTEBREURTJE, representative of the International Chamber of Commerce, to make a statement on the subject for discussion.

It was decided.

Mr. ESTEBREURTJE (International Chamber of Commerce) said that it was universally agreed that the harmonious development of the productive resources of the world, particularly in the under-developed countries, was essential to the well-being and stability of all countries concerned, as well as to the building of a balanced world economy based upon a multilateral system of trade and payments.

The economic development of the countries concerned could not take place without a large expansion of international private investments. The International Chamber of Commerce (ICC) welcomed the growing recognition of the fact on the part of governments that the expansion of international private investments depended to a great extent on government policy, particularly in the capital-importing countries.

The greatest obstacle to international investment was undoubtedly the feeling of insecurity, but other obstacles were also considerable: threats of expropriation and nationalization, trade restrictions, exchange control, inconvertibility of currencies, and double taxation of income. Hence there was a real solution until laws discouraging the foreign investor. Hence there was a real solution until the setting of a good system of multilateral trade and payments, nor until there be a real solution until governments create a climate of confidence which private capital and enterprise needed, if their full contribution was to be realized.

64. In 1949, the ICC had published a draft Code of Fair Treatment for Foreign Investments (7/C.2/229 and Corr.1), which laid down what businessmen felt to be the minimum legislative conditions under which private capital would feel free to move from one country to another. The Code was intended to furnish a starting point for negotiations among governments. Since then, the ICC had also produced three supplementary reports entitled: "Financing Economic Development" (E/C.2/256/Add.1); "Governmental Guarantees to Investors" (E/C.2/287) and *Economic Development and Private Investments* (E/C.2/353).

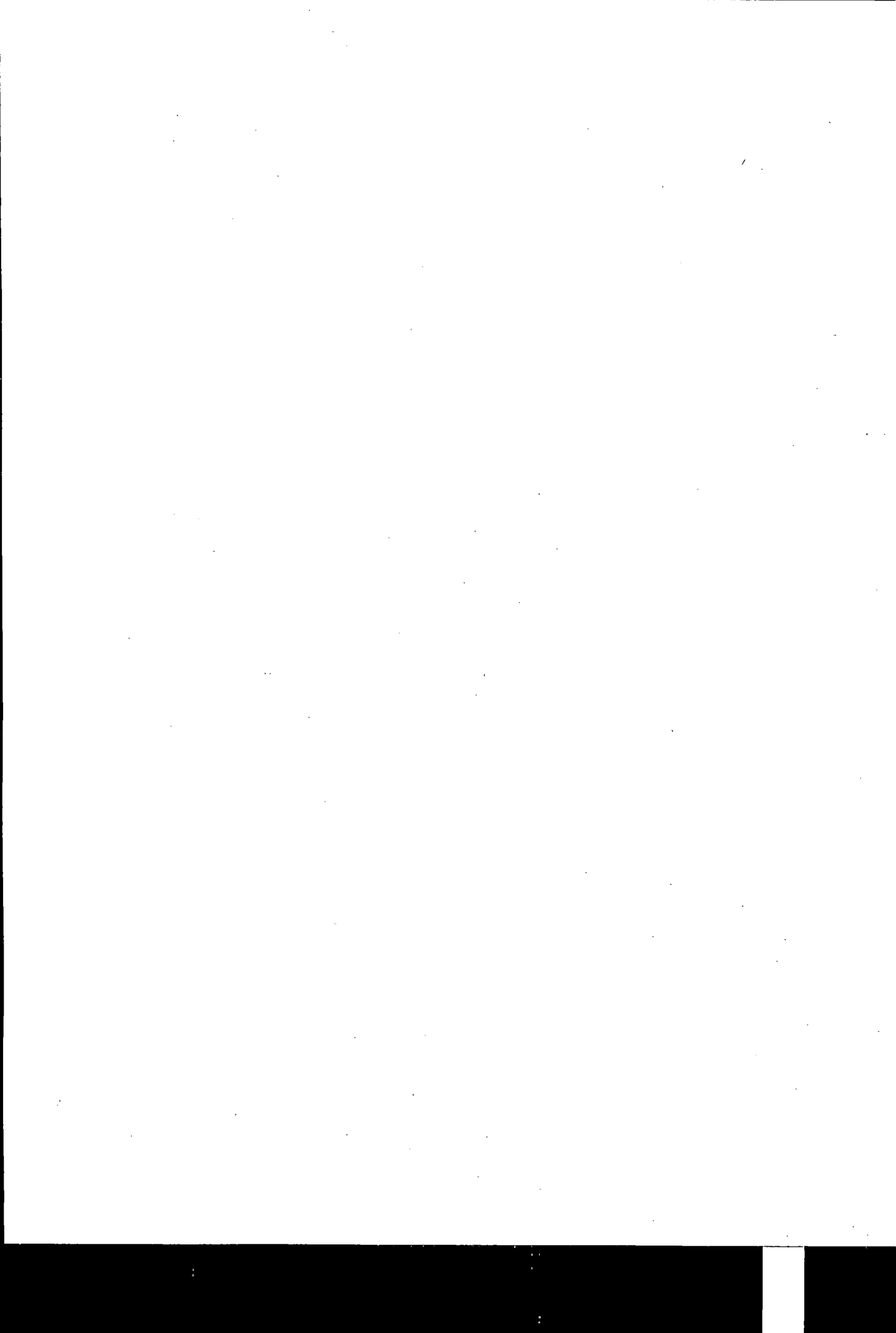
65. While recognizing that government funds were essential for the establishment of a basic structure of economic life, the ICC considered that such financing should not encroach upon areas which could best be served by private capital. It was obvious that public funds were insufficient to cover the requirements of the under-developed countries, particularly since rearmament absorbed all surplus resources. But it went without saying that any country needing private capital for its development had to offer attractive conditions.

66. The Economic and Social Council had adopted several resolutions recommending effective methods for increasing the flow of international private capital. In that connexion, he cited an extract from resolution 368 B (XIII).

67. He had noted from the memorandum by the Secretary-General on the international flow of private capital for the economic development of under-developed countries (E/2546, section 6), that various legislative provisions had been enacted by certain under-developed countries to stimulate the flow of private foreign capital by clarifying the status of foreign-owned enterprises within their borders. That fact evidenced the desire of a number of countries to create an atmosphere of greater security and so to attract international private investments. Such countries should be able to reach some agreement on what constituted fair treatment for private international investments, and should subsequently be able to formulate an international code of behaviour setting forth certain basic standards of conduct.

68. The ICC therefore requested the Council to commence work on the elaboration of a code of fair treatment for private foreign capital, and hoped that its draft code might serve as a basis for negotiations for either future unilateral, bilateral or multilateral action.

The meeting rose at 5.45 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands, Philippines.

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

Economic development of under-developed countries

[Agenda item 3]

GENERAL DEBATE (*continued*)

- The PRESIDENT welcomed Mr. Tafazzal Ali, the Minister of Commerce of the Pakistan Government, to the Economic and Social Council.
- Mr. TAFAZZAL ALI (Pakistan) thanked the President for his warm welcome and expressed the hope that he would be able to make a useful contribution to the deliberations of the Council.
- Mr. LOPEZ (Philippines), speaking on the Philippine Government's new five-year plan for economic development, said that the plan offered a fresh view of the problems confronting an under-developed country attempting to accelerate its economic and social progress with a minimum use of methods of compulsion, and also showed the effects on national planning of the limitations imposed by the world economic situation.
- The programme was an integrated one, of the kind recommended in General Assembly resolution 623 (VII). Its chief aim was to increase employment, and to that end it provided for the development of basic transport and sources of power, communications and credit services, methods of increasing agricultural productivity, rural co-operatives, flood control and multi-purpose river projects, extension courses for farmers, more efficient marketing facilities, the development of light industries using local materials, land reform and the opening of new settlements for the landless.
- The backlog in the implementation of land reform measures noted in the report on *Progress in Land Reform* (E/2526) was being eliminated, and all the resources of the Government were being applied to the search for a permanent solution.
- Provision had been made for flexibility and for the periodic revision and readjustment which were essential in view of the dynamic state of the Philippine economy. A relatively minor part was assigned to capital from outside sources and the principle of self-help had been relied upon to the utmost. The plan was sound in conception and not too ambitious in scope.
- The Philippines suffered from a scarcity of domestic savings, a marginal and unstable income from primary products and a lack of investment capital and technical knowledge.
- The total first year investment under the new five-year plan was only \$315,500,000, an increase of only \$55 million over the average annual investment for the past three years. Nevertheless, it was expected to tax nearly to the limit the capacity of both public and private sectors of the economy.
- More than one-third of the public investment would have to come from bank loans and public borrowing, whilst in the private sector reliance would have to be placed on new measures for mobilizing what domestic capital and savings were available.
- Moreover, the plan would be vulnerable to such external hazards as the instability caused by cyclical fluctuations in prices of primary commodities and the still unsatisfactory relationship between the prices of such commodities and those of the imported capital goods essential to economic development. Even if those hazards were not aggravated during the period covered by the plan, it was still not certain whether the minimum need for accelerated economic development could be met and whether the demand for a better standard of living, which was making itself felt in all under-developed countries, would be satisfied.
- The current issue of the *Economic Survey for Asia and the Far East* pointed out that economic progress in those regions would be slow unless there were a larger flow of foreign capital. But from what source was such capital to be obtained? Much emphasis had been placed on the possibility that private capital might assume the role hitherto taken by international public capital in the accelerated economic development of under-developed countries, but the conclusions of the study, *The International Flow of Private Capital, 1946 to 1951* (E/2531), did not hold out much hope that that expectation would soon be fulfilled.
- There remained the alternatives for which the under-developed countries of Asia, including the

Philippines, had consistently expressed their preference: more equitable and stable prices for primary products moving in international trade and increased bilateral and international assistance, particularly in finance. The possibilities in that direction were by no means exhausted. Final action on the proposals to establish an international finance corporation and a special United Nations fund for economic development has been temporarily deferred, but could be expedited if it was so desired.

13. In a recent visit to Puerto Rico he had seen how effectively the Government's economic development plan was contributing to increased employment and production, and to general economic prosperity in a country which was enjoying every form of economic and financial assistance from the United States Government. Virtually every other under-developed country in the world faced problems similar to those of Puerto Rico, but their economic development programmes were based primarily on their own resources. They would welcome outside financial assistance, but they also felt justified in asking that measures be taken to prevent calamitous fluctuations in the value of their domestic resources, including the proceeds of the sale of their primary products. They were not asking for charity, but for initial assistance to launch them on the right road. The principle of self-help applied to developed as well as to under-developed countries. No outside help would benefit an under-developed country unless it was ready to help itself, but when a developed country helped an under-developed country, that was also self-help in the most significant sense of the term.

14. There was a current tendency to emphasize military power as the essential requirement for the maintenance of peace, but in the long run, the cause of freedom and peace would be most effectively advanced by measures to raise standards of living.

15. In his statement to the Council at its 755th meeting, the Secretary-General had spoken of his intention to place "greater emphasis than heretofore upon direct assistance to governments in economic and social development and towards work immediately connected with the formulation of economic and social policy, rather than with pure research or factual compilation".

16. His delegation recognized that the Council could hardly perform its functions without a steady supply of up-to-date information, but agreed that a policy of more direct and positive action would certainly be appropriate to the Council itself, if not to the Secretariat. The question was urgent; some of the more fortunate countries might feel that past policies of drift could be continued, but the peoples of the under-developed countries were becoming increasingly conscious of their right to a more abundant life.

17. Mr. SAKSENA (India) observed that the most important and urgent problem of the present day was that of economic and technical assistance to the under-developed areas. The uninitiated, however might well wonder what was meant by "an under-developed country". In a sense, some of the most advanced countries of the world were in fact the least developed inasmuch as, even though their *per capita* income and standards of living were high, their potential resources were still capable of sustaining a far larger population than they actually supported. On the other hand, there were regions which possessed no actual or potential resources, where the inhabitants eked out a living with

difficulty and where there was scarcely any possibility of a rise in the standard of living. The countries that were regarded as under-developed were, however, those which, despite potential resources, had a low margin of productivity of labour and therefore a low *per capita* income and a correspondingly low standard of living.

18. It might next be asked why certain areas had in fact remained under-developed. The reasons in most cases were social and historical. So far as India was concerned, its economic decadence could be traced to events which had taken place in the eighteenth and nineteenth centuries. Prior to that era, India had ranked as one of the wealthiest and most advanced countries of the world. The breakdown of central authority early in the eighteenth century had produced a power vacuum into which the Western Powers had expanded. The economy of India had had to be subordinated to the economy of the ruling Power. Somewhat later there had been some capital investment in industry and some measure of industrial development, as also improvement of the means of transport and communication. But industrial investment had remained largely foreign in character and, because of the continued repatriation of profit and the monopoly of technical skills, the benefits derived by the country had been small.

19. A change in the outlook had taken place only after the First World War and had resulted in the establishment of several new industries, notably iron, steel, sugar, cotton and cement. After a serious dip during the depression of the 1930's, industrial advancement had continued, and the Second World War had afforded a further stimulus. Despite those improvements, a steadily increasing population had begun to exert pressure on the food resources, and the *per capita* income had shown no perceptible rise. In fact by 1948, even though the total industrial output had been large, the *per capita* output had remained low in comparison with other industrial countries, and the large industrial units had contributed only 6.6 per cent of the total national income.

20. Of the 360 million people of India today, only about 2,400,000 earned their living from industry, nearly 300 million being dependent on agriculture. The *per capita* income was only about 55 dollars per annum and millions of people lived on the subsistence level. Undernourishment increased the incidence of disease and led to wastage and low productivity. Lack of resources was responsible for inadequate medical services and educational facilities. Low incomes reduced the margin for both saving and taxation, which in turn reduced capital formation and restricted the resources available for developmental purposes. Want of investment capital coupled with inadequate financial resources cut down *per capita* productivity and did not allow the income to rise. If India had no resources which could be developed, those conditions would have had to be endured, but that fortunately was not true. India did, in fact, possess vast resources which, if they could be developed, would provide for her people a standard of living comparable with that of the more advanced industrial countries of the world.

21. It might be asked why the developed countries should concern themselves with the plight of the under-developed areas. If that question had been asked in the preceding century it might have been difficult to provide an unequivocal answer, but in the twentieth century there were two compelling reasons, the one economic and the other political and social, which re-

quired that the collective wisdom of the world should be mobilized to solve that difficult problem. Economically the vast accumulation of productive power in the highly industrialized countries, on which their standard of living so largely depended, demanded that markets should be developed to help in the speedy distribution of the ever-expanding volume of production. That surplus could be absorbed in steadily increasing quantities only in the under-developed countries, whose purchasing power had a direct relation to the development of their economic resources and their terms of trade. Moreover, the under-developed regions possessed materials which the developed areas needed to maintain the tempo of their own economy. The economic welfare of the two parts was thus mutually interdependent and their relationship to each other was analogous to the relationship between the organs of a living entity.

22. Politically and socially also the world had advanced towards a high degree of integration. Modern means of communication had brought within the range of vision of the under-developed countries the happier political and social environment in which other peoples of the world lived. That had given rise to a ferment of ideas and had destroyed the placid acceptance of the traditional way of life. The peoples of the under-developed countries desired a better life for themselves and their children and would be content with nothing less. Any thwarting of those aspirations or any delay in their realization would cause embitterment and build up pressures which would be a menace to the peace and stability of the world. The long-range interest of both the developed and the under-developed world were thus completely in harmony. Their short-range interests might conflict, but it was the path of wisdom to act so as to reduce the sacrifice of short-term interests to a minimum, while allowing full play to policies which in the long run would lead to a better and a happier world.

23. Granted that it was in the interest of all countries to pool their resources so as to raise the standard of living of people in the under-developed countries, there remained the question of the respective roles of the developed and the under-developed countries in that great enterprise. India had stated in categorical terms that the primary responsibility for the economic development of the country was its own. It had adopted that policy because it knew that a country which relied on crutches lent or presented to it by other countries would forever remain weak and dependent. In pursuance of that policy, India had formulated a five-year plan which had for its purpose a better, richer and happier life for every man and woman within the framework of a democratic society. At present there was great inequality in the distribution of wealth between the rich and the poor, between the urban and the rural areas. That must be corrected if democracy was to grow. The plan, which would cover the period from 1951 to 1956, involved an outlay of \$4,100 million, distributed over the different sectors of the economy in accordance with their estimated needs. The highest priority had been given to agriculture, irrigation and power, since more than two-thirds of the people were dependent on land. Moreover, without a substantial increase in the production of food and raw materials, industrial expansion would be impossible. Of the total amount of \$4,100 million which would be required for the plan, the entire amount, with the exception of

\$700 million which would be received from outside, would be raised from domestic resources.

24. That did not, of course, mean that India did not need or would not welcome financial assistance if it were offered. There was only one qualification to acceptance of outside economic assistance: it should not be offered in exchange for a surrender of any part of India's sovereignty. India, like some of the other countries of Asia, had only recently achieved independence. It was jealous of the freedom it had attained after a hard struggle and would not barter it for economic advantage. That position was fortunately well understood by most of the industrially advanced countries, and the help which they had so far extended to the under-developed countries had been without strings and had not imposed any onerous conditions on the recipient countries. The under-developed countries had reason to be grateful for the assistance given to them under the Colombo Plan, under President Truman's Point Four Programme, under the United Nations Expanded Programme of Technical Assistance and various other schemes of technical help. The International Bank for Reconstruction and Development and the International Monetary Fund and also the other specialized agencies had given those countries much-needed assistance. But the combined resources of those various agencies were not commensurate with the needs of the under-developed countries; there was still a great deal to be done which could be accomplished only if the flow of assistance was vastly increased. India had been greatly heartened by the announcement made by President Eisenhower the previous year to the effect that his Government was ready to ask its people to join with all nations in devoting a substantial percentage of the savings which would be achieved by disarmament to a fund for world aid and reconstruction, and hoped that favourable conditions would soon be created for the implementation of that solemn pledge.

25. As he had already pointed out, what the under-developed countries needed was an increase in their resources to meet the obligation of economic development. One way of increasing those resources lay in improving the terms of trade of the under-developed countries *vis-à-vis* the developed ones. It was with a view to examining that possibility that the group of experts whose report, *Commodity Trade and Economic Development* (E/2519), was before the Council had been appointed. They had had to face the task of recommending means to provide the under-developed countries with such accession of strength as would enable them to meet the challenge of the more developed countries on equal terms.

26. Priority in the group's terms of reference was given to paragraph 1 (a) of General Assembly resolution 623 (VII), the basis of which was the clearly stated dual objective of a "more satisfactory formation of domestic savings in the countries in the process of development" and "to facilitate the establishment of fair wage levels for the working populations of these countries with a view to reducing the existing disparity between their standards of living and those in the highly industrialized countries". The same paragraph spoke of prices for primary commodities which were adequate, just and equitable.

27. In view of those clear statements of its terms of reference, it was, to say the least, a matter of concern that the group of experts should have arrived at

the view that equitable, fair and just prices amounted in effect to no more than stable prices. The experts also took the view that there could be no objective criterion for determining exactly what constituted an "adequate, just and equitable" relationship between the prices of primary products and the prices of manufactured goods. That statement was inexplicable in view of the fact that the resolution itself stated clearly what the objective criteria were in determining that relationship, namely that the price relationship should be such as to promote domestic savings in under-developed countries and to facilitate the establishment of fair wage levels for the working population of those countries.

28. On those important matters, particularly the relationship of fair prices to wage levels, the experts' report contained no consideration or recommendation. It must therefore unfortunately be admitted that the group of experts had failed to discharge its primary responsibility and had concentrated entirely on the subject of means for attaining some measure of stability in the prices level of important primary commodities.

29. It was more difficult to understand the experts' decision to limit themselves to a search for stability in the prices of primary commodities inasmuch as they had taken note of a statement in the United Nations study entitled *Relative Prices of Exports and Imports of Under-Developed Countries*¹, which pointed out that on the eve of the Second World War a given quantity of primary exports would pay on the average for only 60 per cent of the quantity of manufactured goods which it could buy in the 1870's. Even if that single fact had sometimes been overstressed, it must be regarded, until it was refuted, as substantial evidence of gradual deterioration of the terms of trade for the less developed countries. That factor should have impressed on the group of experts the importance of focusing its main attention on the stated objectives in paragraph 1 (a) of resolution 623 (VII), rather than completely ignoring those objectives.

30. It appeared to the Indian delegation that it should have been possible for the group of experts to conduct certain studies into the relationship of the prices of primary commodities and the prices of finished goods made wholly or in part from those commodities. There was, for example, *prima facie* evidence, based on price fluctuations of manganese ore, that United States steel manufacturers were able to pay somewhat higher prices for manganese ore than formerly, without causing any fluctuation in the price of the finished product. Studies of that kind might have helped the Council to decide whether or not the criterion of adequacy mentioned in resolution 623 (VII) was being fulfilled by prices now being paid by the more highly developed countries for primary commodities.

31. Having inexplicably limited themselves to the search for stability in prices of primary commodities, the experts stated that nothing could operate against secular trends in prices. While that statement was obviously substantially correct, it furnished the experts with another reason to limit their studies.

32. In view of the above-mentioned approach to the problem it was not surprising that the group of experts should have succeeded in covering only rather familiar territory. Undoubtedly its review of price proposals in that field had factual value. The experts'

recommendation regarding international commodity agreements, however, seemed to underestimate the effectiveness of existing single commodity agreements, particularly in view of the progress made in that field in 1953. Current evidence indicated that it might be difficult to establish a single method of approach which could embrace a number of commodities in one agreement. It might be best, therefore, in the future to allow an element of flexibility to governments and to the main producers of primary commodities when devising methods to attain at last some of the objectives stated in resolution 623 (VII) by working out single commodity agreements.

33. Some mention should be made of the experts' observations on contra-cyclical lending. Undoubtedly such lending had value and probably the experts were right in suggesting that it was unnecessary to create fresh channels through which such lending should be operated. The International Monetary Fund might reasonably be expected to play a larger part in that field, but a most important consideration in such operations did not appear to have been mentioned, i.e., that when such lending took place the clear aim should be to help the economic development of under-developed countries without creating conditions which were in any way restrictive.

34. One of the main recommendations of the group of experts was that international buffer stock agreements might be considered. They realized that that arrangement would involve a considerable outlay of funds, and for that reason they made proposals for automatically financing the stock by the creation of new money through commodity reserve currency schemes. They had not, however, been able to make a firm recommendation regarding the latter aspect of the over-all scheme, and had expressed the view that the theoretical merits of the scheme justified its further study. The Indian delegation would not object to such further study, which must of course include a full working out of the financial implications of the scheme. Until that had been done the Indian delegation would be unable to commit itself on the matter.

35. Perhaps the group of experts' most important recommendation was that a trade stabilization commission should be set up consisting of eight or nine member governments, so as to provide permanent representation for the most important trading countries, and adequate rotation of representation for other countries. The Indian delegation regarded that proposal as premature, mainly because the contracting parties proposed to undertake a thorough review later in the year of the operation of the General Agreement on Tariffs and Trade, and at that meeting the possibility of raising the question of enlarging the scope of the Agreement might well occur. In those circumstances, India would prefer to await the outcome of the review conference before committing itself in any way to an organization of the nature recommended by the experts.

36. Even at the present stage, however, it would caution against the proposed composition of the trade stabilization commission. It could see no reason why the main trading countries should automatically find a place in a commission whose main purpose would be directed toward price and other factors relating to primary commodities. It felt that some of the criteria which should determine its composition would be the

¹ United Nations Publications, Sales No.: 1949.II.B.3.

importance of trade in primary commodities, and general regional demographic considerations.

37. The Secretary-General's report on the *International Flow of Private Capital, 1946-1952* (E/2531) was valuable inasmuch as it drew attention to certain disturbing factors which, though already known, were not sufficiently appreciated. During the seven post-war years, the great bulk of investment capital had come from the United States and a considerable portion of that capital had been absorbed by economically developed countries, such as Australia and Canada. Again, on page 7 of that report it was stated that many of the world's over-populated regions with relatively undeveloped manufacturing industry were recording a net outflow of private long-term capital during the period under review, e.g. Ceylon, India, Indonesia and Egypt. Private foreign capital apparently tended to be attracted to countries with plentiful natural resources rather than with abundant manpower. It was also stated that the bulk of investment capital which had been exported had found employment in extractive industries.

38. The main tendencies which governed the flow of private capital were stated in chapter 2 of the report and that chapter again emphasized the disinclination of investment capital to move to Asia. The report referred also to loans by the International Bank and the grant of credits by the import-export banks. There again, the share of Asia relative to its needs had been small. The Bank had no doubt increased its contribution and revised its policies to make the maximum contribution in the development field such as those of channelling systems to small and medium scale enterprise in the private field through a domestically established financing institution. The Bank's efforts, however, were necessarily limited by its charter to the provision of loan capital on projects sponsored or guaranteed by governments.

39. The reasons for the reluctance of private capital to move into under-developed areas were diverse. They included such imponderables as political instability, threat of internal conflicts, or social structure, and such other factors as exchange control, government policy on nationalization of industry, the level of taxation, the availability of raw materials or the size of markets. The premium which would have to be added as compensation for all those adverse factors over and above the normal average profits in the exporting country would push the desired margin of profit in the importing country so high as to make the proposition largely unattractive. In other words, to induce capital to move from the exporting to an importing country, the reward would have to be the average net earning capacity in the country of export plus adequate compensation for adverse factors in the country of import. In view of the fact that average net profits in the United States, the principal exporting country, were high and that there was an unlimited field for investment in neighbouring Canada in the extractive industries, the most favoured of all, it was not possible for the under-developed countries to offer anything more attractive. It was therefore not surprising that the under-developed countries, and more especially the under-developed countries in Asia, had received hardly anything by way of investment capital.

40. He would briefly refer to some of the inducements his Government had offered to attract private

investment capital. While each investment project was scrutinized to ensure that it was beneficial to the national economy, once approval was given, firstly, it was treated on a footing of equality with domestic enterprise in all respects; secondly, all facilities were given for remittances of dividends and repatriation of capital, including (in the case of new capital) appreciation of capital; thirdly, the Constitution of India provided for payment of adequate compensation for assets taken over by the Government, thus providing a complete safeguard against unjust expropriation; fourthly, while India preferred joint participation with Indian enterprise, there was no law fixing the proportion, and in several cases the Government of India had agreed to complete control being left to foreign shareholders. The importance of the project to the national economy was the determining factor in each case. India had a democratic constitution and an independent and impartial judiciary to safeguard the constitutional rights of its people and its general economic stability. On all objective considerations, India should provide the economic "climate" which foreign investors generally considered salubrious.

41. Despite those inducements, there had been an insignificant flow of investment capital to India. It would almost appear that the only way India could obtain private investment capital would be to furnish some kind of assurance of payment of guaranteed profits with an undertaking to subordinate its economic policies to the interest of foreign investors. That was a concession which no independent country, however under-developed it might be, would be willing to grant. The position therefore was that if the development of the economy of under-developed countries was left to the free play of economic forces and to purely private incentives, there was hardly any prospect of improvement taking place in the foreseeable future. The Economic and Social Council had been considering the establishment of an international finance corporation for channelling private capital without governmental guarantees. The Indian delegation felt that the establishment of that institution should be taken up as a matter of urgency.

42. With regard to land reform, the Indian Government had given the highest priority to that question and had adopted various measures of reform. It had also taken effective measures for agricultural development in the shape of community projects, national expansion services and river-valley projects which would ensure a steady flow of water. It recognized, however, that much remained to be done by way of provision of land to the landless and a better organization of agriculture and village economy through the establishment of co-operative village management. Its ideal was the establishment of a co-operative commonwealth which would steer clear of class conflict and cut-throat competition.

43. A movement had recently grown in India for obtaining gifts of land which could be distributed to the landless by voluntary transfer. That movement had already secured some 3 million acres of land for distribution. Much still remained to be done, but it was hoped that with a general improvement in the economic condition of the country agricultural output and income would increase. In order to reduce the under-employment from which the Indian peasantry suffered, the five-year plan laid stress on the development of

the cottage industries. The study presented by the Secretariat was undoubtedly useful so far as it went, but it should be supplemented by information in regard to the impact made by land reforms on output, savings and occupational structure.

44. Mr. BORIS (France) said that General Assembly resolutions 622 C (VII) and 623 (VII) showed that the Assembly was not satisfied with the Council's previous action on the flow of capital and on primary commodities, although both problems had been exhaustively discussed in the Council. The fact that the Council had gone no further was due to the obstacles it had encountered, and in particular to the fact that such vast problems could not be solved by partial measures and that global solutions, where the results were often difficult to foresee, were such as to inspire hesitation. Nevertheless, the Council should go over the same ground again, even at the risk of repeating itself and of encountering the same obstacles. At least one of the obstacles, however, should have disappeared.

45. At the Council's fourteenth session after lengthy discussions a draft resolution which allowed for commodity agreements had been submitted. At the plenary meeting, however, practically everything that concerned such agreements had been deleted from the text, except for the recording of a favourable opinion by the Director-General of the Food and Agriculture Organization (FAO), nor had any reference to the recommendations in the report on *Measures for International Economic Stability* (E/2156) been retained. Moreover, the staunchest opponents of any such recommendations had been the representatives of the under-developed countries.

46. The French delegation had deplored that attitude and had shown disappointment by abstaining in the final vote (638th meeting). It was still ready to vote in favour of a text similar to the one the Council had rejected in 1952, in other words, to recommend, as did the General Assembly in resolution 623 (VII), the conclusion of international agreements or arrangements relating to individual primary commodities or groups of primary commodities.

47. The General Assembly had admittedly recommended also the conclusion of agreements which would ensure a just and equitable relationship between the prices of primary commodities and the prices of capital goods and other manufactured articles. The Council had discussed that question on a number of occasions; in resolution 427 (XIV) it had asked the Secretary-General to prepare a study on the relative movements of prices of various classes of goods moving in international trade. The General Assembly had been more categorical than the Council. At the same time, it had also extended the scope of the study proposed by the Council by asking for the inclusion of an estimate of the financial repercussions which changes in the terms of trade between primary commodities and capital goods and other manufactured articles produced on the national incomes of countries in the process of development, and an analysis of the distribution of those incomes.

48. The Secretary-General's report on "Repercussions of Changes in Terms of Trade on the Economies of Countries in Process of Development" (E/2456) was useful and instructive. The statistical appendix to that report (E/2456/Add.1) and the Secretary-General's report on "Relative Prices of Primary Products and

Manufactures in International Trade" (E/2455) were less satisfactory, since they contained innumerable figures and tables from which it was very difficult to draw any over-all conclusions. It might be better in future, however, to refrain from making requests which involved an excessive amount of work in proportion to the results achieved.

49. The experts' report on *Commodity Trade and Economic Development* (E/2519) was an excellent introduction to the nature of the problem and a very competent survey of the various solutions that might be envisaged. The objectivity of the experts had failed only in paragraph 47: the remarks in that paragraph were an intolerable insinuation against the more developed countries. It was the French Government's constant policy and deep conviction that the problem of the economic development of the under-developed countries was of capital importance to the modern world. It was in the interests of the industrialized countries themselves, as much as in the interests of the less-developed countries, to find a solution to that problem, since on it depended the stability and continued expansion of the world economy. The facts were there to prove the sincerity of the French Government's declarations. France had assumed responsibility for the development of several major under-developed territories and was diverting more than two per cent of its national income to economic, social and cultural investments in those countries. That figure was exactly the percentage mentioned by the representatives of India and Venezuela. In addition France also made available to the territories for which it was responsible budgetary assistance and subsidies, some of which were intended to maintain the prices paid to producers, particularly indigenous producers of primary commodities.

50. The experts were to be commended on having tried to elucidate the concepts of "stability" and of "just and equitable" prices. They defined "stability" not as fixity for all time, but as freedom from violent short-run fluctuations. That definition should not give rise to any objections. Nevertheless, at the fourteenth session of the Council (638th meeting), in connexion with the adoption of resolution 427 (XIV), the phrase "with a view to alleviating pronounced fluctuations in the prices of primary commodities"—one of the objectives of agreements on primary commodities—had been rejected by 11 votes to 7, the majority including most of the under-developed countries. If the situation had been allowed to remain like that, it would have been impossible to give effect to the Assembly's clearly expressed wishes. The experts had therefore been right to make their position quite clear at the beginning of their report.

51. Since 1952, countries had had an opportunity to assess whether the advantages they had derived from the violent fluctuations that had occurred in 1950 to 1952 had exceeded the disadvantages, from a long-term point of view. The Secretary-General's report on "Repercussions of Changes in Terms of Trade on the Economies of Countries in Process of Development" (E/2456 and Add.1) was very instructive in that connexion. While some under-developed countries had temporarily benefited from very high export prices, they had not often been able to use their additional resources to accelerate economic development, either because their plans for equipment had not been ready or because the most useful capital goods had not been available on the international market or, again, because

the distribution of the increased income had promoted expenditure on consumer goods. When the price trend had been reversed in 1952, various consumer habits had been maintained with the result that there had been a decline in savings and investments.

52. He agreed with the experts that the terms "just" and "equitable", applied to the desirable relationship between prices of primary products and capital goods and other manufactured articles, could not be expressed in figures. The experts' conclusion was that for all practical purposes the meaning of those words was the same as that of the term "reasonably stable". It would in fact appear that the demands of justice and equity could best be met by reasonable stability. The experts defined "reasonable" export prices and terms of trade by explaining that they must obviously be such as to enable the under-developed countries to obtain income returns for the productive resources employed in their export sectors higher than those resources would yield if employed in their domestic sectors of production. He could not entirely agree that that formula was valid for any country.

53. In paragraph 64 of the report (E/2519) the experts stated that their terms of reference related most clearly to stabilizing the real export earnings of primary producing countries, especially in relation to the finance of their development. That aspect of the problem was undoubtedly worthy of consideration, but it was quite impossible to express in mathematical terms the optimum level of stabilization of prices or the reasonable relationship of terms of trade. For some time yet, the world would probably have to be content with empiric solutions applied to specific cases. In the meantime, a vague idea of the objective and a knowledge of the approximate direction from which it could be approached would have to suffice.

54. The experts systematically reviewed the various possible solutions, and his delegation was in agreement with most of their judgments.

55. Bilateral contracts would undoubtedly have a certain value in encouraging the expansion of production, but their value as a stabilizing device was generally very limited. Multilateral contracts, such as the International Wheat Agreement, had certain advantages, since they were a form of mutual insurance policy, balancing the interests of exporters and importers, without interfering with the operation of the free market. Nevertheless, owing to the fact that the parties concerned expected very high prices or very low prices, the agreed gap between the upper and lower prices might be so large that considerable price fluctuations could continue to operate inside it: the agreement would then have no practical effect. Moreover, multilateral contracts could be concluded only for a limited number of commodities for which all prices could be related to a single basic price even if they included a number of varieties. Experience had shown that it was difficult to promote agreement between all the major producers and consumers, and the refusal of a single one of them was enough to reduce the effectiveness of the system considerably. In brief, multilateral contracts were an attractive solution when certain technical conditions were satisfied but, if the views of governments about them were too far apart, they were quite futile.

56. His delegation was fully in agreement with the experts' unequivocal condemnation of international quota agreements.

57. With regard to international buffer stock agreements, the experts recognized that in theory they had great virtue. On the other hand, they had to be rigorously administered and they must be free from political pressure, something which was very difficult to ensure. In theory, the purpose of buffer stocks was not to interfere with the price trend, but only to moderate violent short-term fluctuations of price. In fact, it was very tempting not to abide by that rule. As the experts said, past experiences had been unfortunate. The main obstacle to international buffer stock agreements however was the problem of financing them. That problem was insuperable.

58. On the subject of provisions for obtaining stability in real terms of trade, the experts explained that any arrangements designed to cause the prices of primary and manufactured commodities to move in unison by freezing the terms of trade between them would increase the propagation of inflationary or deflationary movements from one country to another. The experts might also have considered the excellent study on the possibility of fixing an international "parity price" contained in paragraph 44 of the report on *Measures for International Economic Stability* (E/2156). The most effective action to stabilize real terms of trade could be taken only by the countries concerned, which should, through their buying policy, limit the price fluctuations in capital goods and primary commodities. There were cases in which the consideration of parity prices could be taken into account in drawing up bilateral contracts. Some rigidity in the sale price of capital goods could be introduced through a system of insurance or State guarantees; the country exporting the primary commodities would also agree to maintain stable prices for a certain period of time.

59. The experts recommended that the possibilities of simultaneously negotiating a number of commodity agreements on primary products should be examined. As they said, that procedure should open the way for bargaining: a country would recede from its demands for one commodity for a certain time in exchange for a concession on another. His Government appreciated those advantages, although at the same time it was aware of a number of practical obstacles.

60. As the experts stated, contra-cyclical lending was not conceptually distinct from the operations of the International Monetary Fund. The Fund should be the body responsible for giving temporary assistance to countries adversely affected by depressive influences. If it was to do that it should pursue a bold and generous policy at all times and not restrict recourse to its resources to safeguard its narrowing reserves. He was fully in agreement, therefore, with the experts' conclusion that there was no need to establish a new international agency and that the Fund should be left to find the remedy for cyclical fluctuations.

61. Under automatic compensation schemes, countries which gained from a shift in the terms of trade would be called upon to make compensatory payments to countries which had suffered income losses from the same shift. An initial difficulty lay in defining what the experts called the "standard" terms of trade. He fully agreed with their remarks in that connexion and felt that the obstacle was insuperable. It might be helpful to remind the Council that in paragraph 205 of the report on *National and International Measures for Full Employment* (E/1584), the group of experts had

considered the possibility of setting up some scheme for replenishing international reserves. That scheme had been sufficiently automatic to escape the criticism voiced in the report on *Commodity Trade and Economic Development* (E/2519). Nevertheless when the earlier report had been discussed by the Council, the suggestion had given rise to serious objections.

62. Chapter 8 of the report on *Commodity Trade and Economic Development* dealt with national measures for stabilization, and with prices and terms of trade. The measures advocated were intended to ensure full employment together with continued economic expansion and stability, without the risk of inflation. There was never any harm in repeating such advice as that given to the under-developed countries in paragraph 245 of the report, or to the industrialized countries in the subsequent paragraphs.

63. None of the measures which he had just outlined were new. Either they had already been put into effect or they could be put into effect without the need for establishing any new agency. The experts had reviewed a series of procedures the advantages of which were well known, and had shown their limitations. The only real way to eliminate unstable prices and terms of trade was to promote economic expansion and full employment. That was doubtless why the experts had finally fallen back on a scheme for monetary reform directed primarily to those ends and based on the setting up of a commodity reserve currency scheme. In Chapter 6 of the report they had set out most convincingly the theoretical advantages of the system, which would allow

buffer stocks to be accumulated without financial sacrifice. Their demonstration had tended to show that the automatic anti-cyclical action of the new monetary system would be entirely effective. While the consideration of the scheme would involve a highly technical discussion, and there seemed to be general agreement in the Council that the question was of academic interest only, the work that had gone into Chapter 6 and the interesting concurring note by Mr. Goudriaan in appendix C might well form the subject of study and a report by the International Monetary Fund.

64. While he did not think that there was any need to set up a new body to reconsider all the measures that had been studied and commented on in the report, it would be helpful for the Council to receive fuller and more regular information on questions concerning primary commodities, market trends, and fluctuations in terms of trade. That task could be entrusted to an existing agency such as the Interim Co-ordinating Committee for International Commodity Arrangements, which might be asked to draw the Council's attention to any matters of particular interest in relation to primary commodities, whether of a general or specific nature. There would not seem to be any need to change the statutes of ICCICA, but the Council might adopt a resolution requesting it to do that work and giving it the necessary means of action. If that suggestion met with general approval, his delegation would be happy to submit a draft resolution.

The meeting rose at 12.55 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Monetary Fund, World Health Organization.

Economic development of under-developed countries

[Agenda item 3]

GENERAL DEBATE (*continued*)

1. The PRESIDENT invited Mr. Melo Lecaros, the Observer for Chile, to make a statement in the discussion on the economic development of under-developed countries.

2. Mr. MELO LECAROS (Chile) said that his country was greatly interested in the work of the Council, in which it had participated from the first session until 1951. Chile had taken the initiative in submitting proposals on the economic development of under-developed countries which had been incorporated in General Assembly resolutions. He intended to give only a brief outline of the arguments which the representatives of his country had advanced at the last session of the Economic Commission for Latin America, held at Santiago, and at the Tenth Inter-American Conference, recently held at Caracas.

3. Chile's economic problems were more or less the same as those facing all Latin-American countries. At the Caracas Conference, Mr. Dulles, United States Secretary of State, had recognized that the Latin-American countries financed 90 per cent of their economic development from their own resources and that foreign aid in the form of public and private capital contributed only 10 per cent. These resources consisted mainly of income from exports and therefore varied in direct ratio to the prices of exports which showed annual fluctuations of 20 per cent, so that it was impossible for the Latin-American countries to prepare long-term development programmes. Any threat of economic depression in the industrial countries was followed by a drop in their

domestic consumption and a decrease in their imports from Latin America.

4. There was also the matter of the so-called "strategic" materials such as copper. At times of international tension, the demand for such commodities increased. Logically, the result should be an increase in prices, but in fact prices were frozen and quotas were fixed. In normal times, the prices of those commodities were said to be determined by the law of supply and demand, but in fact the market was not free. Sales to countries regarded as "dangerous" were forbidden. Politically, that measure could be defended but, economically, it could not be argued that prices were free when the market was not. The industrial countries buying such commodities should take that situation into account and treat strategic raw materials separately; in other words, they should set fair prices as well as find additional outlets for the commodities concerned. Chile could not agree that it should be considered normal to supply articles of clothing and foodstuffs to the army of a possibly aggressive country and blameworthy to supply raw materials to the same country. In his Government's view, there was no difference between the commodities: non-strategic goods could also be used for rearmament purposes. Either all commodities were strategic, or none was.

5. It was not enough to be gratified that national capital was contributing 90 per cent towards financing the economic development of Latin America; it was important to guarantee that percentage against economic fluctuations. Chile therefore favoured the conclusion of long-term agreements to ensure the stability of markets and prices.

6. Foreign capital, which contributed 10 per cent towards financing economic development, was far from meeting the South American continent's estimated requirements of over \$500 million per year. It was essential therefore to increase that percentage by stimulating the flow of capital. The income drawn by the capital-exporting countries from Latin America was four times greater than the capital invested annually, so that, however paradoxical it might seem, the South-American continent was a net exporter of capital. Between 1946 and 1952, interest and dividends exported had amounted to over \$5,000 million, whereas the capital invested over the same period had been only slightly in excess of \$1,200 million.

7. Public capital supplied by agencies such as the United States Export-Import Bank and the International Bank for Reconstruction and Development were also essential to the economic development of under-developed countries. The progress made by Chile during the previous fifteen years would have been impossible without the loans granted by those two agencies. Private capital could never have financed the establishment of industries like the Huachipato steel works and the hydro-electric plants. The Export-Import Bank must therefore further develop its activities in Latin America, and the International Bank must show greater

flexibility in granting loans and make the unduly rigorous conditions which it imposed on borrowers less stringent.

8. Private capital also played a part in financing economic development, and Chile had recently enacted legislation granting special facilities to private capital, but investors were naturally interested in short-term investments rather than in operations extending over 30 or 40 years. Furthermore, in order to ensure that they would draw the income from their capital, they invested in export industries, whereas the countries concerned required industries working for the domestic market. He quoted as an example the Chilean agricultural development plan which had been studied by experts of the International Bank and the Food and Agriculture Organization (FAO). It was an eight-year plan and would require the investment of 60 or 70 million dollars to buy agricultural equipment abroad. Obviously only public capital could finance such programmes. Private capital could play only a supplementary part.

9. Foreign trade and the flow of capital were the two essential factors in the economic development of Latin America. The fact had been recognized at the Caracas Conference, and a special conference of ministers of finance was to be held at Rio de Janeiro in November 1954 to study international trade and economic development. Latin America was placing great hopes in that conference. The Latin-American countries did not want subsidies; they wanted agreements fixing reasonable prices for their commodities and establishing a fair relationship between the prices of the raw materials which they exported and the manufactured goods which they had to purchase from the industrial countries. In 1950, Latin America had been able to purchase only 60 per cent of what it would have been able to obtain in 1870 for the same amount of raw materials. In addition, the food supplies available to the peoples of Latin America were only 70 per cent of the supply that had been available on the market ten years previously. The result was a reduction in consumption, and discontent.

10. He wondered whether the enormous disparity between *per capita* income in the under-developed countries and in the industrial countries such as the United States, which had been stressed by the Argentine representative in his excellent statement at the 762nd meeting, was not one of the causes of the unrest which an attempt was being made to exploit for the purpose of aligning the peoples of the under-developed countries against the great industrial countries. It was natural that someone who possessed very little should try to lay his hands on the possessions of someone who had more than he, not through envy but through a simple desire to improve his own condition. Mankind was no longer divided into social castes and classes. At present, the division was based on differences in economic opportunities. Those differences must be reduced in order to achieve social equilibrium and sincere understanding between peoples.

11. If the industrial countries promoted the development of under-developed countries, and of Latin America in particular, their work would not be without recompense. They had everything to gain from the expansion of consumption which would be the result and which would provide them with the most effective means of warding off the economic crises that threatened them at regular intervals.

12. Social peace was based on economic security. Although Chile was not represented on the Council, it believed that the members of the Council shared that view and had the greatest confidence in the efforts which the Council would make in order to achieve its aims.

13. Mr. EL-TANAMLI (Egypt) drew attention to the great services which the United Nations was rendering to the cause of civilization, in particular by working as it had done since its foundation, to promote the economic development of under-developed countries. The problem was to devise a plan of action at the national and international levels capable of ensuring lasting world economic stability combined with full employment of human resources. It was clear from all the surveys of the world economic situation and the special analyses of development and economic stability that economic activity in the under-developed countries was not enough to provide their growing populations with a satisfactory standard of living, and that it could not promote stability and full employment. Rational economic intervention was therefore essential at both the national and the international levels.

14. At the national level, the under-developed countries had made every effort to prevent a reduction in *per capita* income and a lowering of standards of living. The Egyptian Government, for instance, had established an economic development council with a special budget, representing approximately 18 per cent of the general State budget, which was used to finance various economic development projects in industry, agriculture, the extractive industries and electric power production.

15. On the other hand, the action taken at the international level to promote the economic development of the under-developed countries was obviously inadequate. International co-operation in the economic field was still in its infancy, and the international organizations concerned with the economic development of the under-developed countries lacked the resources necessary to achieve their purpose. There was therefore reason to fear that the disparity between the standards of living of the under-developed countries and the industrial countries would continue to increase, which might jeopardize not only the orderly expansion and stability of the world economy, but also, what was more important, understanding between nations and world peace.

16. In the common interest, certain practical measures must be taken immediately to deal with the danger. The Council had before it several reports on the subject prepared by the Secretariat and by groups of experts. The reports dealt with three aspects of economic development: terms of trade, the flow of private capital, and land reform.

17. The question of terms of trade was the subject of the experts' report *Commodity Trade and Economic Development* (E/2519) and of a report by the Secretary-General "Repercussions of Changes in Terms of Trade on the Economies of Countries in Process of Development" (E/2456) and Add.1). The Egyptian delegation would discuss that report, which was of great interest, in greater detail in the Economic Committee.

18. Proceeds from foreign trade constituted the principal means of financing the economic development of the under-developed countries, and fluctuations in the terms of trade therefore had a considerable influence on the development of those countries. The rate of Egypt's economic development, for example, depended solely on the price of cotton—which, together with its by-

products, accounted for 90 per cent of Egyptian exports—in relation to the prices of the manufactured goods and capital goods which it had to import. Fluctuations in the terms of trade had repercussions at all levels of economic life in the under-developed countries which exported a single agricultural or mineral product. Large changes in the prices of those commodities in terms of national currencies led to inflation or deflation, and could have serious consequences.

19. The authors of the report (E/2519) on terms of trade had recommended certain practical measures to ensure the short-term stability of primary commodity prices. They had stressed the need to ensure real and not merely nominal stability of prices. On several occasions they had drawn attention to the desirability of establishing a reasonable relationship between the prices of primary commodities and manufactured goods. In that connexion, the Egyptian delegation believed that efforts should be made in two directions. First, the prices of certain commodities to which the prices of manufactured goods were particularly sensitive must be stabilized. Secondly, in examining the problem of restrictive business practices, special attention should be given to the effects of such practices on the prices of primary commodities exported by the under-developed countries.

20. In the second place, the experts recommended the establishment of compensatory arrangements which would involve unconditional capital transfers between developed and under-developed countries in the event of extreme fluctuations in the terms of trade. In that connexion they emphasized the part that could be played by the International Monetary Fund and the International Bank for Reconstruction and Development. In his delegation's view, the Council should give that recommendation careful consideration.

21. With regard to national measures, the experts recommended that individual under-developed countries should try to stabilize the prices of their commodities by establishing national stabilization funds where appropriate. The United States farm price stabilization policy, especially with regard to cotton prices, was undoubtedly a very interesting experiment. Egypt was also applying a national cotton price stabilization policy which had facilitated the disposal of a large part of the stocks accumulated during recent years.

22. The experts also advocated the relaxation of import restrictions and the elimination of subsidies to domestic producers in the developed countries. He thought that those two groups of measures should be examined more closely by the Council.

23. Finally, the Egyptian delegation was inclined to support the experts' recommendation for the establishment of an intergovernmental advisory trade stabilization commission.

24. With regard to the problem of the flow of private capital which was dealt with in *The International Flow of Private Capital, 1946-1952* (E/2531) and "International Flow of Private Capital for the Economic Development of Under-Developed Countries" (E/2546), he said that the situation, as described in those documents, was hardly encouraging. The flow of foreign capital to the under-developed countries was slowing down and was even being reversed. To remedy that state of affairs, it was suggested that the under-developed countries should try to create a favourable climate which would attract foreign capital. He pointed out that the

Egyptian Government had taken various steps during the last two years to promote and encourage foreign investment. Exchange controls had been relaxed in order to facilitate the repatriation of capital and income. The Act on the working of mineral and petroleum deposits, which afforded considerable facilities to foreign companies in this field, was also important. The Egyptian delegation believed that a national policy on those lines, accompanied by co-ordinated action on the part of the capital-exporting countries, could improve the situation with respect to long-term foreign investments in the under-developed countries and remedy "monopolistic" competition which favoured the industrialized countries to the detriment of most of the under-developed countries.

25. With regard to the investment of foreign or international public capital, the General Assembly had not yet recommended practical steps to place supplementary funds at the disposal of the under-developed countries to assist in their economic development. It was time to approach that question realistically, in order to make possible closer co-operation between the different regions of the world. It did not appear possible to settle the question unless the capital-exporting countries adopted a monetary, fiscal and economic policy which would encourage the flow of capital into industries fundamental to the economic development of the under-developed countries.

26. With regard to land reform, he emphasized the importance of agriculture to the world economy and in particular to the economy of the under-developed countries. The world must give full attention to the serious problem involved in the lack of balance between the rate of population increase and the rate of increase in the production of foodstuffs. At present the problem was complicated by the existence of food stocks which were difficult to distribute, at a time when a large proportion of the population was suffering from famine and undernourishment. In some cases, however, an increase in investment and in the employment of labour in industry might have serious consequences if it was not accompanied by a corresponding increase in agricultural productivity.

27. Reforms designed to effect changes in the distribution of land and in land tenure were governed by social and economic considerations: on the one hand, changing views on private property had to be taken into account, and on the other, agricultural output had to be increased. Agrarian reform had been carried out in Egypt for social reasons, but had also been intended to encourage the flow of capital into the various branches of productive activity. It had not been confined to the establishment of a new class of agricultural landowners, but had also made it possible to organize relations between landowners and farmers by guaranteeing the latter their fair share of the income obtained from the land.

28. Other aspects of the reform were the fixing of minimum wages for agricultural workers, the establishment of trade unions and the formation of producers' co-operatives for various purposes. To supplement the information given in the Secretariat studies on land reform and co-operative action, it should be noted that the redistribution of arable land would be completed in Egypt before the end of 1958 and would benefit 1,200,000 person in all. Lastly, the re-distribution of land so far carried out had been accompanied by a substantial increase in productivity.

29. The PRESIDENT invited Miss Sender, representative of the International Confederation of Free Trade Unions, to make a statement, in accordance with rule 86 of the rules of procedure.

30. Miss SENDER (International Confederation of Free Trade Unions) noted that the past two years had witnessed an increase in the production of foods and fibres, but had also brought a slackening of industrial progress in a number of countries and increasing disequilibrium in international trade. In food production, moreover, progress had been uneven, and the distribution of production between the developed and the under-developed countries had remained almost unchanged and as unsatisfactory as before. In addition, the increase in food production had barely kept pace with the growth of population.

31. With the expansion of agricultural production and the slackening of industrial activity had come a drastic fall in the prices of many primary commodities, and the terms of trade had become very unfavourable to the countries producing such commodities. Instability of prices was not, however, confined to primary products. It deeply affected the welfare and security of every nation, no matter how well developed, but the under-developed countries, particularly those specializing in raw material exports, were the hardest hit. The prices they obtained for their exports were closely dependent on economic conditions in the more developed countries, and they were likely to suffer from both the recessions and the recoveries of industrial countries, without obtaining the full measure of real income gains that attended recovery in industrial economies. Thus they had the greatest difficulty in importing the equipment they needed to exploit their resources and to implement their plans of reform.

32. The under-developed countries' low ability to save intensified their difficulties and obliged them to seek foreign capital to finance their economic development. As the study *The International Flow of Private Capital, 1946-1952* (E/2531) showed, private foreign capital, however, not unnaturally flowed towards the industrialized countries, towards the countries rich in natural resources, especially oil, and towards the dependent territories of the more developed countries. The result was that many of the world's over-populated regions with relatively undeveloped manufacturing industry, such as Ceylon, India, Indonesia and Egypt, had recorded a net outflow of private long-term capital during the period 1946-1952. That outflow might have been partly counterbalanced by unrecorded re-investment of profits. Nevertheless, the contrast between those countries and countries with more plentiful natural resources was striking. It appeared that private foreign capital tended to be attracted to such resources rather than to abundant manpower. Agriculture was the main industry of many of those over-populated countries. Agriculture, however, did not attract foreign investment. In the period 1946-1951, only 2.6 per cent of the outflow of foreign direct investment of the United States had gone to agriculture, and the book-value of investment in agriculture and extractive industries other than oil had been lower at the end of 1951 than in 1929.

33. In their replies to the questionnaire on land reform, most governments had stated that the financial and economic obstacles to reform were the most serious. The establishment of agricultural co-operatives for production, consumption, credit and other services might

help them to solve those problems. It was important, however, that voluntary co-operatives should be given the preference over State co-operatives. The authorities should guide and assist, but not control, co-operative associations. As the report on *Rural Progress through Co-operatives* (E/2524) showed, in many areas of dire poverty and deepening frustration, co-operative societies could provide hope based on understanding and constructive action.

34. The expansion of public utilities, which were basic requisites for general economic development, needed heavy capital investment as well as large imports of equipment by most under-developed countries. Under-developed countries which lacked abundant mineral resources were not usually in possession of sufficient capital for such investment. International long-term loans at low interest rates might prove of great assistance to them.

35. Greater economic stability at a high level of production and consumption and consequently accelerated progress in the under-developed countries would result, if the following steps were taken: (a) national and international action to remove as soon as possible the obstacles to trade among the free nations, and increased trade between East and West as soon as the international political situation permitted; (b) international study of national policies which interfered with the movement of goods and services; (c) concerted efforts at the national and international level to increase consumption, and the re-examination of price policies on raw materials entering international trade; (d) multilateral agreements on primary commodities and stockpiling against low-yield years; (e) action in both capital-exporting and capital-importing nations to facilitate and promote the movement of private investment; (f) provision of international loans to make possible investment in agriculture and public utilities, and to assist those under-developed countries which had the greatest difficulty in obtaining foreign private capital.

36. Nations with capital to export could do a great deal, by adopting suitable fiscal measures and by concluding agreements, to encourage investment in the under-developed countries. In their turn, countries requiring foreign capital had to realize that to attract such investment they must offer certain guarantees and create an "investment climate" attractive to foreign capital.

37. The various steps already taken by countries in both categories were analysed in the Secretary-General's memorandum, "International Flow of Private Capital for the Economic Development of Under-Developed Countries" (E/2546), which referred to the action taken by the United States to stimulate private investment abroad, including guarantees against non-convertibility of profits into dollars and against loss through expropriation. The President of the United States had made a number of important recommendations designed to encourage foreign investment and international trade. Mr. Stassen, Director of the Foreign Operations Administration, had declared that United States investment abroad increased the national income and at the same time raised the standard of living of other countries.

38. In the respite provided by the relaxation of their military responsibilities, the more developed countries would do well to divert some of the funds previously used for military purposes towards aid to under-developed countries. The free world should concentrate

on policies which would increase world consumption and improve the distribution of the products of land and machine. Mr. John H. Davis, United States Assistant Secretary of Agriculture, had stated at the last FAO Conference that the productive capacity of United States agriculture exceeded the nation's needs, and that the best answer to the farm problem lay in the direction of greater outlet rather than in shrinking the productive capacity of the exporting countries. On the other hand, a policy of economic retrenchment and nationalism, with consequent wastage of resources, could not but result in the reduction of well-being and in the development of feelings of fear and suspicion among the free nations.

39. Lastly, care must be taken that all groups within the nations shared in the increased welfare. Hence the programmes for development of the under-developed countries would have to be directed towards a rise in the standard of living of the workers and peasants, who would be interested in increasing productivity only if they found that they were the first to gain from it. Trade unions were the best medium for the struggle to obtain improvement in the welfare of all groups of the population. The International Confederation of Free Trade Unions was ready at all times to co-operate with all governments and international agencies in every programme aimed at increasing the general welfare. The impediments to the more equitable distribution of wealth could not be removed, however, until the existing international tension had been overcome.

40. The PRESIDENT called upon Mr. Thormann, representing the International Federation of Christian Trade Unions.

41. Mr. THORMANN (International Federation of Christian Trade Unions) said that his organization had previously had occasion to stress the importance it attached to the economic development of the under-developed countries. It believed that the disparity between the industrialized countries and the under-developed countries was one of the most serious and most alarming problems of the present-day world. At the time of its organization, the international Christian trade union movement had included the problem of the under-developed countries in its statement of principles and had spoken out in favour of their development, which was an essential prerequisite of the welfare of all mankind.

42. He was aware of the results already achieved by the various programmes of technical assistance and economic development undertaken both with and without the aid of the United Nations, and he was heartened to see that the advanced countries were becoming increasingly aware of the existence of tens of millions of human beings who were unable adequately to provide for their elementary needs. He was convinced that any effort towards international co-operation would lead to the creation of one vast universal State.

43. Much, however, still remained to be done. The programmes for economic assistance currently in operation would not permit of the achievement of all the projects which were desirable and furthermore, although the world was aware that the problem existed, it had not succeeded in achieving solidarity of action to solve the problem. For that reason he noted with satisfaction that the Council was now taking up the problem, and he welcomed the opportunity of comment-

ing on certain features of the economic development of the under-developed countries.

44. Consideration should be given to the social training of indigenous leaders and in general to the creation of intermediate social bodies, such as non-governmental organizations. He feared that the various economic programmes might not succeed in raising the standard of living of the people concerned, for the process of economic development might take place independently of, and might even run counter to, the real interests of the peoples concerned unless they were enabled to defend their elementary economic and social rights.

45. The establishment of new industries in the under-developed countries might lead to the formation of a new proletariat, as had occurred in Europe early in the nineteenth century. It would be regrettable if a situation were created which might encourage social tensions. He thought that the class warfare which might result would be much more serious than that which the world had witnessed in the past, for the popular masses would have recourse to the modern technical means at their disposal in their struggle for independence.

46. In order to avoid that disastrous result, a harmoniously balanced economic and social order should be the aim. Intermediate social structures such as the non-governmental organizations, including the trade union organizations, social service organizations and the like, could render especially useful services to the people of the under-developed countries and, indeed, were likely to become stabilizing elements as the economic development programmes led to the formation of new industrial communities.

47. Such a stability would facilitate the execution of the various schemes for financing the economic development of the under-developed countries. It would constitute an additional guarantee for capital investment from all sources. It was to be feared that in the absence of such a harmoniously balanced economic and social order investments would fall short of their objectives and the flow of capital would be seriously affected.

48. His organization had studied the Secretary-General's report on the *International Flow of Private Capital, 1946-1952* (E/2531) and would like to submit some observations on the subject. It had noted with concern that in recent years many of the foreign direct investments had been made not in the under-developed countries but in economically advanced areas. That was especially true of investments in manufacturing industries which were already highly developed in the advanced countries where the standard of living was sufficiently high to enable the people to purchase manufactured products. As a result, many under-developed countries had considered that their economic growth had been unbalanced, lagging in the field of manufacturing, while relatively heavy in the primary production for export.

49. His organization felt that no effort should be spared to foster in the under-developed countries the development of all manufacturing industries likely to promote an increase in the standard of living of the population, and particularly industries producing articles of ordinary consumption.

50. In that connexion he quoted from a resolution adopted in 1953 by the Executive Board of the IFCTU which expressed the view that the primary objective of economic policy in the non-metropolitan territories

should be the organization of domestic markets by the balanced development of agriculture, the extractive industries, manufacturing and trade so as to satisfy the basic needs of the population of the territory concerned and to ensure it a decent standard of living. Social policy in those territories should secure conditions of pay, employment and social security, so as to ensure the workers a decent existence and the free and harmonious development of their personality.

51. The implementation of such policies called for an energetic attempt to organize and expand vocational training. His organization thought that great enterprises holding commercial or industrial concessions could invest a share of their profits in the creation of local manufacturing industries and the training of the technical personnel needed to operate them. It would be better, however, if such investments were made in the form of loans to the indigenous population rather than in the form of direct investments which might increase the economic power those enterprises already possessed.

52. His organization had also noted with concern that foreign direct investments tended to be made in countries that possessed abundant natural resources, whereas other countries which had an abundant supply of labour tended to be neglected. It was obviously difficult to alter economic facts, but the Federation thought that an international organization which was attempting to prepare development programmes for the under-developed countries should devote special attention to the problem of the disequilibrium of investments.

53. The Federation realized, of course, that a great deal had to be done by the under-developed countries themselves to create that atmosphere of confidence and security which would attract foreign investments.

54. In conclusion, he said that the problem of the economic development of the under-developed countries was one of the greatest challenges ever presented to mankind. On its solution depended not only the well-being of millions of persons, but also the elimination of much friction and antagonism which still tended to postpone the advent of the better and more peaceful world which the United Nations was committed to bring about.

55. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said the question of the economic development of the under-developed countries was becoming the more important as there was much evidence that economic conditions in those countries were steadily deteriorating. Their representatives on the Council had not attempted to conceal the gravity of the situation. They had admitted that standards of living had not risen, and several of them had not hesitated to attribute responsibility for that state of affairs to the greed of foreign capitalists who were interested in the under-developed countries only to the extent that they represented a source of easy profits. Cases had even been mentioned where profits were more than three or four times the amount of the initial investment. To indicate the gulf separating the under-developed from the industrialized countries it was sufficient to point out that whereas the people of those countries accounted for 70 per cent of the world's population, their industrial output was only 5 per cent of that of the advanced countries.

56. The chief characteristic of the difficult economic situation in many of the under-developed countries was the decline in industrial and agricultural production, and also in trade. For example, the report (E/2553)

of the Economic Commission for Asia and the Far East (ECAFE) noted with concern the very slow rate of economic development in the countries of Asia and the Far East. The report (E/2536) of the Economic Commission for Latin America (ECLA) likewise expressed concern at the unfavourable effect on the economies of the Latin-American countries of the recent sharp fluctuations in the prices of and demand for the raw materials produced there.

57. Numerous facts indicated that, in many of the under-developed countries, production in a number of important sectors of industry and agriculture was being curtailed. Malaya was an example. The main sectors of Malaya's economy—the rubber and tin industries—were in a critical state. Even according to official statistics, 87 tin mines had been closed in the last seven months of 1953, and the number of workers employed in the tin industry in July 1953 was 50 per cent lower than in 1951.

58. According to the August 1953 *Economic Bulletin for Asia and the Far East*, rubber production in Indonesia, which was very important to the country's economy, had declined from a monthly average of 65,300 tons in the first quarter of 1952 to 56,500 tons in the first quarter of 1953, in other words, by 14 per cent. The production of tin had also declined considerably.

59. The same issue of the *Bulletin* also showed that in 1953 there had been a decline in production in many branches of industry in India, particularly in export industries. For example, the production of jute had dropped from 87,500 tons a month in the first quarter of 1952 to 73,200 tons a month in the first quarter of 1953, in other words by 16 per cent.

60. The production of grain in the countries of Asia and the Far East had been 1.5 million tons less in 1952-1953 than in 1951-1952 and less than 88 per cent of the pre-war level. Production of cotton had also declined in the same period and had been only 79 per cent of the pre-war level.

61. According to FAO statistics, the production of foodstuffs to meet the needs of the local population in the countries of Asia and the Far East was 15 to 20 per cent below the inadequate pre-war level. In Latin America, too, food production had declined 5 per cent below the pre-war level.

62. The foreign trade position of the majority of the under-developed countries had deteriorated to a particularly marked extent. According to the *Economic Survey of Asia and the Far East, 1953*, published by the secretariat of ECAFE, the total value of exports from the countries of Asia and the Far East (excluding the People's Republic of China and Japan) in the first half of 1953 had been more than 40 per cent lower than in the corresponding period in 1951.

63. India's exports, for example, had been 21 per cent lower in 1952 than in 1951, and there had been a further drop of 22 per cent in 1953; Pakistan's exports in 1952-1953 had been 34 per cent lower than in 1951-1952; Malaya's exports in 1952 had been 35 per cent below the 1951 level and there had been a further decline of 21 per cent in 1953.

64. There had been a parallel decline in the volume of exports of the most important raw materials from the countries of the ECAFE region. In 1953, approximately 13 per cent less rubber had been exported than

in 1951, 14 per cent less tea, 20 per cent less rice, and 36 per cent less oilseeds and vegetable oils. The prices of such major primary commodity exports of the ECAFE region as rubber and tin had fallen more than 50 per cent in 1953 compared with 1952. The fall in prices affected almost all primary commodities. It was characteristic that, even when the volume of exports of various items had not shrunk, the receipts from their sale in foreign markets had diminished owing to the sharp fall in prices. For example, although the tonnage of cotton exported from Pakistan in 1952-1953 had been higher than in 1951-1952, the receipts from its sale abroad had been considerably lower because in that period the price of Pakistan cotton had been more than halved.

65. According to the Brazilian newspaper *Correio da Manhã*, as early as 1945 Brazil had been forced to offer three or four times as much coffee for United States goods as in 1935.

66. In 1952, Malaya, Ceylon and Indonesia had been able to get three times less wheat and cotton from the United States in exchange for one ton of rubber than in 1939.

67. The abnormal nature of the commercial relations between the under-developed and the economically developed countries was obvious: since the sale of their raw materials only left them a very narrow margin of profit, the under-developed countries were compelled to reduce their imports of capital equipment and other manufactured goods, which were nevertheless essential to their economic development. Moreover, their economy depended almost essentially on the sale of a very small number of raw materials, which made them extremely vulnerable to any price fluctuations. To them, a decline on the world market inevitably meant reduced production, increased unemployment and a further decline in the standard of living.

68. That the economic position of the under-developed countries had thus worsened might be directly ascribed to the selfish policy of the monopolies in the United States of America and certain other capitalist countries. It was in the monopolies' interest to keep the under-developed countries in a state of dependency, and they accordingly used every means to oppose the diversification of their economies. To illustrate that statement, he would rely on the United States representative's own remarks in the current general discussion. Referring to the positive effect of American investments abroad, the United States representative had spoken at the 765th meeting of the part played in Venezuela by the United States Steel Corporation and in Liberia by the Firestone Tire and Rubber Company. But the activities of those two undertakings were typical examples of the colonialist exploitation of the under-developed countries by the capitalist countries.

69. Venezuela had considerable subterranean resources. If it could mine its iron and petroleum deposits freely, it would quickly become one of the most prosperous and advanced countries in Latin America. But the United States Steel Corporation took good care not to set up steel mills in that country; it simply extracted, at a low price, the iron ore which went to feed the United States iron and steel industry. It might thus be said, without fear of untruth, that the natural resources of Venezuela were in fact those of the United States.

70. Similarly, in Liberia the presence of the Firestone Tire and Rubber Company forced the country to follow

an economic policy prejudicial to its harmonious development. There, too, no industrialization was possible; rubber from Liberia was shipped to the United States in its crude form. The only benefit Liberia derived from those transactions which were so profitable to the American company were the paltry wages received by the 14,000 workers employed by the Firestone plantations. In exchange, the American company laid down the law in Liberia, as did the United Fruit Company in some Central and South American countries.

71. In Venezuela again, the Standard Oil Company of New Jersey paid its workmen one-fifth of the wages payable to workers in the United States; however, if its profits were reckoned in proportion to the number of workmen, they were found to be four times higher in Venezuela than in the United States.

72. Such evidence of the spirit which moved the American capitalists might be accumulated indefinitely: their sole concern was to provide themselves with raw material and labour as cheaply as possible in order to make the greatest possible profit.

73. The United States representative had estimated the capital investments made abroad during the last three years by the United States at \$3,500 million, but had omitted to state that during the preceding five years such investments had yielded profits of \$7,500 million. When, in concluding his speech, he had made an appeal to the under-developed countries, exhorting them to create a more favourable climate to attract foreign investors, he had, as it were, preached the doctrine of the interference of monopolies in the domestic affairs of under-developed countries.

74. Foreign monopolies notoriously exercised complete control over the raw material production of the under-developed countries; they were the cause of the disequilibrium of the economic structure of those countries, and they were interested in perpetuating the disequilibrium. One should therefore be extremely careful in thinking about "foreign investments" and never lose sight of the need for defending the interests of the under-developed countries against the selfish designs of the foreign monopolies.

75. In that connexion, it was interesting to note that the report prepared by the American Consultative Committee on Under-Developed Countries for the Director of the Mutual Security Administration, and published in May 1953, followed certain general lines which accurately revealed the objectives of American investments abroad. It was stated for instance that the American funds were essentially intended to encourage production—and to some extent the first processing—of the raw materials, and to develop means of communication in so far as they might be necessary to achieve the first objective. With regard to industry, the report in question recommended that industries should be assisted only if they were sure to pay their way: as it was difficult to establish, in under-developed countries, undertakings able to compete from the outset with foreign firms, that policy amounted virtually to maintaining the *status quo*. Unmistakably, such a policy aimed in no way at promoting the economic development of the under-developed countries.

76. The obvious worsening of the economic position of the under-developed countries was also largely due to the subordination of their economy to the military plans of the United States. Not only were they compelled to grant bases on their territories, but they had to submit

to the trade restrictions imposed upon them by the capitalist Power. The latter forbade them from trading with China, the USSR and the peoples' democracies; it did not hesitate, if occasion arose, to threaten sanctions, as had been seen when Ceylon and Indonesia had intended to establish normal commercial relations with the People's Republic of China. By thus depriving them of all new markets, the United States was able to impose its own will and to fix price levels itself. As had recently been pointed out in an Indonesian newspaper, the embargo on exports to China had produced enormous advantages for the United States, not only from a political but also from a financial point of view.

77. The same observation applied to Latin America, where prices were fixed by the American monopolies. The United States, with its vast reserves of raw materials, could easily discontinue imports of a particular commodity until the producing country, having come to the end of its resources, agreed to lower its price: examples of that had been Chile's copper, Bolivia's tin and the Dominican Republic's sugar. On the other hand, the American monopolies maintained the very high prices of the manufactured articles they exported: for instance the cost of the tractors sold to Latin America had been 44 per cent higher in 1953 than in 1947.

78. Among the documents submitted to the Economic and Social Council under agenda item 3, the report on *Commodity Trade and Economic Development* (E/2519) contained extremely interesting information, which deserved to hold the Council's attention. But the study had a serious lacuna in that it ignored entirely the unfavourable effects produced on the international market, and, consequently, on the economic development of the under-developed countries, by artificial restrictions such as "black-listing" and embargoes on certain goods.

79. The authors of the report proposed the formation of an international trade stabilization commission. The USSR delegation was not opposed to the establishment of such an agency, but thought that its terms of reference should extend to measures for the establishment and development of normal international trade relations; failing definite provisions to that effect, the commission's work might well be fruitless. The commission should moreover be broadly representative and include not only countries belonging to different geographical regions but also countries with very diverse economic systems.

80. His delegation did not think that the formation of the proposed body would be premature, or that its work would necessarily be doomed to failure. The ratio of the prices of raw materials to those of manufactured articles was one of the most urgent questions in economic development; his delegation urged the Council to support the claims put forward by the under-developed countries for fairer prices.

81. With regard to the flow of international private capital, he said that private capital might play a part in the development of the under-developed countries on condition that it was only an additional source of financing and especially that the foreign investments respected the legitimate interests and the sovereignty of the under-developed countries. The essential source of the economic development of those countries lay, indisputably, in the development of their national resources and the estab-

lishment of trade relations, on a fair and healthy basis, with all other countries.

82. Summing up his Government's position, he said that the Soviet Union's position on the question of the economic development of the under-developed countries was as follows:

83. First, the Soviet Union was prepared to develop its trade with the under-developed countries on the basis of equality of rights and mutual advantage. It was prepared to consider the conclusion of long-term contracts with the countries of Asia and the Far and Near East and other under-developed countries for the purchase of goods from those countries in exchange for Soviet goods, bearing in mind the possibility of agreeing on stable prices for a lengthy period and settling accounts in the national currencies of the countries concerned.

84. Secondly, the Soviet Union, anxious to promote the economic development of the under-developed countries, was prepared to supply them with industrial equipment and machinery. If the necessary agreement on conditions were reached, Soviet external trade organizations might supply industrial equipment and machinery on terms providing for deferred payment.

85. Thirdly, in connexion with its financial participation in the United Kingdom Expanded Programme of Technical Assistance, the Soviet Union was prepared to consider definite applications from the under-developed countries for technical assistance in such fields of great importance to them as the extraction and processing of mineral raw materials, the development of metallurgy, the construction of machinery, particularly agricultural machinery, the textile and food industries, rubber-processing undertakings, the construction of hydro-and thermo-electric power stations, flood control and the use of water resources for irrigation, technical assistance in anti-locust campaigns, and assistance in training and raising the qualifications of the workers in industry and other branches of the national economy.

86. Such measures for the rendering of technical assistance to the under-developed countries by the USSR might be carried out both by sending Soviet specialists through the United Nations Technical Assistance Administration for local consultation, and by giving specialists in the countries of Asia and the Far and Near East an opportunity to improve their qualifications at educational institutions and in undertakings in the USSR.

87. The Soviet delegation based its attitude on the assumption that it was the Council's duty to support the legitimate effort of the under-developed countries to develop and diversify their national economies. In that respect, the Soviet Union was prepared to make its contribution and assist in promoting the economic development of the under-developed countries.

88. The PRESIDENT proposed that the list of speakers should be closed, subject to the right of representatives to reply under rule 52 of the rules of procedure after the general debate.

It was so decided.

89. The PRESIDENT invited Mr. Nuradi, observer for Indonesia, to make a statement.

90. Mr. NURADI (Indonesia) thanked the Council for permitting the Indonesian delegation to participate in the discussion of a question which it considered vitally important. In order not to prolong the debate unduly, he would speak only on one of the recommendations

contained in the report entitled *Commodity Trade and Economic Development* (E/2519). That did not mean that he was not interested in the other recommendations made by the experts; on the contrary, he wished to congratulate the experts on their competent, realistic and constructive efforts to solve the urgent and difficult problem of economic instability. His delegation still believed that the only effective remedy would be an overall solution under which the agreements concluded so far in a somewhat haphazard manner to stabilize the prices of particular commodities would be replaced by a universal stabilization scheme covering all primary commodities in international trade.

91. The experts proposed that the Council should set up a trade stabilization commission; the Indonesian delegation unreservedly supported the proposal. The need to prevent a recurrence of the dark days following the 1929 crisis had never been so clearly felt as now; it was becoming increasingly urgent to prevent a repetition of a situation in which vast quantities of raw materials without outlets were accumulated, since if their artificially maintained prices were to collapse, they might upset world economy. The situation was distinctly disquieting.

92. The FAO working party studying the question of the disposal of surpluses had recently met in Washington to discuss the problem of rising food stocks. It had been instructed merely to recommend ways of liquidating existing stocks. Yet the problem was not a temporary one but would crop up again in future in an ever more acute form, as strikingly evidenced by the case of rice and wheat. The same troubles afflicted industrial raw materials and the countries of Asia and Latin America were already experiencing serious difficulties.

93. He had been glad to hear the United States representative's assurances to the Council that his country, aware of its obligations, would avoid taking any measure that might adversely affect world prices. Indonesia had recently concluded a tin agreement with the United States which would certainly offer temporary relief to its economy. The fact remained, however, that such agreements could not provide a lasting solution because they were too limited in scope and their conclusion depended all too often on the economic situation and political mood of the great Powers.

94. The economic future of the under-developed countries seemed precarious indeed, their terms of trade having taken an unfavourable turn during the last two years; that fact was all the more serious as it might give rise to social and political disturbances. The under-developed countries were not, however, the only ones to suffer; indeed, the advanced countries of America and Europe had been hardest hit by the collapse of raw materials prices in 1929. So long as the primary commodities were liable to abrupt and violent fluctuations in price and volume of production there could be no real stability for anyone.

95. Being deeply conscious of the seriousness of the situation, the Indonesian delegation urged the members of the Council to adopt effective measures without delay; in the circumstances the most effective measure was the establishment of the trade stabilization commission proposed by the experts. He did not think that the work of the commission would duplicate that of existing organs as some representatives seemed to fear. In fact, nothing had so far been done in respect of price stabilization, and existing international arrangements by no

means satisfied the clear need for stabilization. The Interim Co-ordinating Committee for International Commodity Arrangements had not been equal to its task in the past, and would probably do no better in the future. It was very unlikely that the bodies studying an individual primary commodity could achieve the desired stability; as a member of several of those study groups, Indonesia had found that they worked independently of each other and that the results they achieved cancelled each other out, to say the least.

96. Nor did separate arrangements for individual primary commodities offer a solution. As the experts pointed out, those arrangements were useful only as temporary expedients. The International Wheat Agreement was conclusive evidence that those arrangements tended to disintegrate precisely at the moment when stocks reached their highest level and when the arrangements would have been most useful to producers.

97. Reverting to the question of the desirability of setting up a new body, he stated that the terms of reference of the Interim Co-ordinating Committee for International Commodity Arrangements were not such as to give it sufficient authority and means of action. It had too few members. To change its terms of reference so as to widen its competence would be tantamount to setting up a new organ. The question therefore arose whether it would not be better to abolish it and to replace it by the trade stabilization commission proposed by the group of experts.

98. He did not think that the proposed commission's activities would duplicate those of the Economic and Social Council. Indeed, the commission would be able to observe day-to-day developments whereas the Council and existing bodies responsible for regulating trade in primary commodities could only meet at more or less regular intervals. As the group of experts had pointed out, the commission would function continuously and its duty would be, not to study the major problems of economic policy, but to build the framework for action designed to stabilize prices, leaving matters of detail to the Council.

99. Except for the recommendation regarding the trade stabilization commission, the experts' proposals hardly lent themselves to immediate practical application. That was why it was desirable that the commission should be set up, so that the valuable recommendations made in their report (E/2519) could be put into practice.

100. The unfavourable trend of the terms of trade of under-developed countries had caused widespread concern in those countries. The adoption of General Assembly resolution 623 (VII) and the work of the group of experts had raised hopes that co-ordinated action to stabilize the level of the prices of primary commodities and of manufactured goods would at last be undertaken. Those who had opposed the adoption of General Assembly resolution 623 (VII) from the very start, could say that they had warned the United Nations against the false hopes to which the provisions of that resolution might give rise. Yet, until the opening of the current session, neither the statement made on 14 October 1953 to the Second Committee of the General Assembly at its 259th meeting by Mr. Zellerbach, United States representative, in favour of international action to prevent abrupt fluctuations in the prices of raw materials, nor the Randall report which had recommended that the United States Government

study with other countries ways of reducing the instability, had given any indication that the experts' proposal for a commission would be rejected outright.

101. The Indonesian delegation was all the more disappointed by the United States representative's opposition to that proposal as, recently, a group of United States senators had recommended, after a visit to Latin America, that the United States Government should give full consideration to the question of fair prices for raw materials. Indonesia noted with regret that the United States preferred the question to be dealt with by bodies which had patently failed. It was wrong to argue that the establishment of a trade stabilization commission would serve no useful purpose. The need for concerted international action to stabilize prices of primary commodities had never been clearer. The re-

markable improvement in the economic position and balance of payments of the Netherlands, the United Kingdom and Western Germany during the past two years, had been accompanied by a slump in the under-developed countries and the exhaustion of their foreign currency reserves. It was to be feared that unless measures were taken to ensure lasting assistance to the under-developed countries, the prosperity of those European countries might be short-lived. The maintenance of a high level of employment and economic activity in the advanced countries was closely linked to the development of the under-developed countries.

102. The Indonesian delegation hoped that the Council would support the vitally important recommendation of the group of experts of which he had spoken.

The meeting rose at 5.40 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Philippines.

The Rapporteur on Freedom of Information.

The 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.

Economic development of under-developed countries

[Agenda item 3]

GENERAL DEBATE (continued)

1. Miss BLAU (Food and Agriculture Organization) said that FAO had always held the view, expressed in the experts' report *Commodity Trade and Economic Development* (E/2519), that adequate national action should be regarded as a first premise for ensuring reasonable stability of income for the producer, with appropriate safeguards for the consumer. Some of the main findings reached by FAO were on similar lines to those presented by the experts. In particular FAO agreed with the experts' conclusions on the need for stability in real terms, but also with the distinction that should be made between the essential need for lessening sharp and erratic short-term price fluctuations and the possible dangers of undue interference with longer-term trends and basic price relationships. FAO had also often recognized that economic development might be seriously affected by major changes in foreign earnings, particularly in under-developed areas where margins of resources available for investment were low and precarious, while the economic dependence of those coun-

tries on export earnings from one or two primary products might be very great.

2. At its recent session the FAO Conference had reaffirmed its faith in international commodity agreements as a means of achieving greater stability in an expanding economy. FAO had been concerned for some time with the contrast between the widespread agreement on the desirability and general principles of international commodity stabilization and the apparent hesitation to put those principles into effect, FAO had attempted to probe into some of the practical difficulties and to suggest possible means for promoting the chances of concluding international commodity stabilization agreements.

3. In considering the chances of concluding stabilization agreements for agricultural products, FAO had of course been aware of the technical difficulties which were no doubt partly responsible for the slow progress made. It had felt, however, that a major factor might be the post-war ethics of inter-governmental commodity consultations, which demanded that producers and consumers, or exporting and importing governments, should have equal weight in shaping the provisions of international agreements. There could be no doubt that that postulate of a balance in producers' and consumers' interests was fair and indeed essential. At the same time it imposed a condition which made the conclusion of commodity agreements more difficult than it had been during the inter-war period of largely unilateral approaches by producers or their governments. An international commodity agreement negotiated on the basis of giving equal weight to producers' and consumers' interests could be defined as a contract of mutual risk insurance. The conclusion of such a contract would not be easy even if there were only one type of clearly definable opposite risk to be insured against, such as, for instance insurance over a period against the risks of excessively high money prices on the one hand and excessively low prices on the other, negotiations being based on an easily definable "normal" base price.

4. In fact, however, the various risks against which both parties wanted to insure were much more complex. There was little likelihood of opposite risks being given equal weight by both exporters and importers and some of the risks on either side were not even opposite but unconnected. Hence, it was often impossible in practice for negotiators to make any precise calculation of all the various risks against which they wanted to be insured. In fact, the risks which played a part in the bargaining negotiations, but which generally defied precise evaluation, were so heterogeneous and even partly conflicting that the negotiating parties might tend to look at each individual commodity agreement as one big speculative deal, greatly complicated by the fact that techniques for guessing price developments for some years ahead were very inadequate, and complicated even further by an inclination to use the very bargaining positions in the negotiation of agreements as a means of influencing those future price developments. As a

consequence the ideas motivating the parties were often very different from those of long-term stability as a major objective. In addition, the political risks were not quite even for governments, in the sense that the political dangers of being worsted in such a speculative deal tended, generally speaking, to be greater than the political disadvantages of not having pursued a consistent long-term policy of international stabilization.

5. It was an attractive thought that some of the difficulties resulting from heterogeneous risks in individual commodity bargaining might be lessened by simultaneous negotiations covering a range of primary products. It might be easier in some such bargaining procedures to match some of the exporters' risks for one commodity against exporters' risks for other commodities, and to do the same on the importing side, rather than to match exporters' and importers' risks for any one commodity. Yet, while agreeing with the experts that the possibility was interesting, FAO, like them, was well aware of the difficulties in considering that approach of multi-commodity bargaining.

6. On the whole, while recognizing that consideration should also be given to multi-commodity arrangements with special reference to relationships between commodities and to wider economic implications, the FAO Conference had concluded that simultaneously with the active exploration of other avenues, the commodity-by-commodity approach to international stabilization arrangements should continue to be pursued, particularly in the initial stage. In considering means of promoting the chances of concluding international agreements, the FAO Conference had given special attention to five sets of recommendations put forward by the Director General.

7. The first was that every effort should be made to reduce the range of commodity risks against which insurance was sought by means of international bargaining. That could be done in various ways, perhaps the most important of which were the co-ordinated development of national stabilization measures and the large-scale adoption of liberal national stockholding policies.

8. The second was that further constant efforts should be made to define as closely as possible the effectiveness of alternative types of stabilization techniques, in terms of the different types of risk against which insurance was sought on the international plane.

9. The third was that a better understanding was needed of the conflicts caused by many existing national policies on the one hand and endeavours at international stabilization on the other.

10. The fourth was that it should be recognized that international commodity arrangements could not be expected to solve all problems.

11. The fifth was that there should be widespread education in the complicated technical, economic and political issues which often arose in practical commodity negotiations and which were generally much less apparent when inter-governmental discussions were concerned merely with the enunciation of general principles.

12. On the whole, FAO felt that the promotion of international commodity stabilization measures had been hampered by the reluctance of governments to act and by difficulties, as yet unresolved, in substance; rather than by any lack of suitable inter-governmental ma-

chinery. If, however, it were decided that a new organ were needed, FAO would do its utmost to contribute to the effectiveness of its work.

13. FAO was, of course, primarily concerned with agricultural products, which, however, accounted for a large share of world trade in primary products. Moreover the argument for some measure of international regulation was perhaps most cogent in the case of agricultural products, where the inelasticity of supply and demand was often particularly marked. FAO's main organ for dealing with those questions was its Committee on Commodity Problems, which studied economic problems affecting commodities which came within FAO's terms of reference. The Committee co-operated closely with the more specialized commodity bodies and with more general agencies concerned with related problems. It also maintained close contact with the Interim Co-ordinating Committee for International Commodity Agreements. One of the four members of that Committee was nominated by FAO. Since the range of agricultural commodities was wide, the FAO Committee on Commodity Problems regarded as one of its main functions the centralized study of problems related to more than one commodity. In recent years, various measures of national, regional and international commodity stabilization had been studied.

14. Members of FAO had recently been preoccupied by the growing marketing difficulties and stock accumulations of a number of important agricultural products. Those accumulations were largely concentrated in North America, but the problem also affected competing exporters and importing countries. The FAO Conference, at its recent session, had asked its Committee on Commodity Problems to explore suitable means of disposing of surpluses and to formulate the principles which should be observed by members in special disposal measures to avoid harmful interference with normal patterns of production and international trade. A working party had met in Washington to study those questions and would report to the main Committee when it met in June.

15. The FAO Conference fully recognized that the question of the disposal of existing surpluses inevitably merged into the wider question of what caused surpluses and how they could be avoided. That wider question was, in fact, a challenge to search for the most suitable methods for planning the selective expansion of production, trade and consumption of agricultural commodities. The seventh session of the FAO Conference had given considerable attention to those wider aspects and had laid down some main lines for consultation and action. The Washington consultations were thus only one facet of FAO's work in this field. In considering possible special disposal measures for agricultural surpluses, the Washington working party had concluded that carefully planned sales at a concession in aid of development might offer better prospects than any other form of special export disposal measures for moving substantial amounts of surplus agricultural commodities into truly additional consumption. To turn those possibilities into reality would, however, require careful planning and timing of special commodity disposal measures in relation to the development activities which they were to assist. The working party had recommended that consideration should be given to the possibility of using technical assistance facilities for helping countries in the solution of the difficult and important problems of interna-

organization involved in the utilization of commodities supplied on special terms for development purposes.

16. The working party had also recommended that a sub-group of the main Committee on Commodity Problems should be set up, to meet in Washington at least once a month, to consider special surplus commodity disposal measures and to promote suitable action by governments, with due regard to the wider aspects involved and to the interests of third parties.

17. The PRESIDENT invited Mr. Dessau, representative of the World Federation of Trade Unions, to make an oral statement.

18. Mr. DESSAU (World Federation of Trade Unions) said that the working populations of the under-developed countries were becoming increasingly conscious of the fact that economic development was an essential prerequisite for any improvement in their standard of living. Hence, besides their immediate demands for wage increases, a higher level of employment, better social security and guaranteed trade union rights, they were making wider demands for national independence, industrialization, commercial development and land reform—the very questions with which the Council was dealing.

19. The resolutions adopted by the Third World Congress of Trade Unions, convened in October 1953 by his Federation, were directly relevant to those demands. Out of a total of 819 delegates at that Congress there had been 339 workers' delegates from the under-developed countries, an unprecedented representation of those countries in the history of international trade unionism.

20. The Congress had urged the workers to work together for increasing industrialization, primarily in the colonial countries and all under-developed countries and areas, for the development of trade between all countries on the basis of reciprocal interest and equality of rights, for land reform and the execution of large-scale land development projects, for genuine technical assistance to the under-developed countries, for international economic co-operation without discrimination, and for national independence.

21. Those aspirations, which were shared by the great mass of workers in the under-developed countries and by the majority of the people, deserved the Council's consideration in view of the effects of the action of organized labour on economic development.

22. One of the solutions that had been recommended to the Council was more extensive investment of private capital in the under-developed countries. The workers in those countries, however, had daily evidence that an increase of such investment did not exert a favourable influence on their standard of living. On the contrary, private capital investment tended to depress the standard of living and the purchasing power of the working population, and thus to hamper economic development. Furthermore, in their desire for what they called a "climate of security", exporters of private capital endeavoured to produce a situation in which national interests were sacrificed to those of foreign financial groups and in which, in the final analysis, the workers and the trade union organizations were deprived of their rights. It was no accident that the most flagrant violations of trade union rights and of the liberties of the workers occurred in the petroleum industry, in which private capital investment had been largely concentrated

in recent years, both in Latin America and in the Middle East.

23. Moreover, private capital investment did not stimulate real economic development in under-developed countries. According to the report, *The International Flow of Private Capital 1946-1952*, (E/2531), \$774 million out of a total of \$3,913 million invested by United States companies in under-developed countries between 1946 and 1951 had gone into manufacturing industries; out of £1,022 million exported by British companies in 1945, £73 million had gone to industry; 14.5 per cent of the total amount of French capital exported in 1949 had been placed in manufacturing industries in the under-developed countries. His view was corroborated by a statement on page 38 of the same report.

24. In effect, the flow of private capital was mainly directed towards raw materials and governed their production, thus preventing the under-developed countries from freely disposing of their products, hampering their economic development and infringing their sovereignty. In the opinion of the Federation, some of the methods for stabilizing the prices of primary commodities which were proposed in the documents submitted to the Council failed to take those facts into account. What the under-developed countries needed was the opportunity to dispose of their production freely and so to the best advantage; hence an expansion of their foreign and domestic markets.

25. The first requisite for the expansion of foreign markets was the abolition of barriers to free trade. Trade with the Soviet Union, China and the people's democracies should be expanded; furthermore the barriers which restricted the trade of most colonial territories to dealings with their respective metropolitan territories, and prevented many under-developed countries from selling their goods where they wished, should be abolished. Agreements concerning raw materials should give equal rights to all contracting parties. Hence monopolies and cartels should no longer be allowed to play a decisive part in the conclusion of agreements; and such agreements should cease to serve exclusively the interests of financial groups.

26. The first condition of an expansion of internal markets in the under-developed countries was land reform. The information submitted to the Council, although interesting as far as it went, should have mentioned the most comprehensive land reform carried out in recent years, that of the People's Republic of China, the true situation in large parts of Africa, where the best land was seized by foreign firms, and the application and consequences of land reform in various countries.

27. There was a tendency in some under-developed countries to process an increasing proportion of their production, particularly non-ferrous metals and petroleum. The solution of their difficulties, however, clearly did not lie in that direction. They needed planned large-scale industrialization, including the establishment of basic industries and manufacturing industries generally.

28. The studies made so far might well be supplemented. He agreed with the suggestions made during the debate that the structure of primary commodity markets should be analysed country by country, with particular reference to their influence on wages. The proposal for a thorough study of the effects of land reform on agricultural production, employment and the standard of living of rural populations was also desirable. Lastly, it would be useful to have specific data

concerning the rate of profit realized by private capital invested in under-developed countries in relation to the level of wages, in view of the endeavours of certain large international monopolies to use the low level of wages in some countries to force down wages or reduce production in other producing countries.

29. He wished to stress the general lines laid down by the Third World Congress of Trade Unions for the activities of trade union organizations: national independence, industrialization, development of free commercial relations between all countries on a basis of equal rights, technical assistance and land reform. He assured the Council of his Federation's full support in any measure likely to promote economic development and effectively to raise the standard of living in the under-developed countries.

30. Mr. ENGEN (Norway) said that his Government attached the greatest importance to the question of price fluctuations in international trade and movements in terms of trade. It appreciated the valuable work of the experts and the informative material submitted by the Secretariat. The Council should give serious consideration to any suggestions for further work to provide it with the additional basic statistics necessary to evaluate short and long-term price fluctuations.

31. Much, unfortunately, still remained to be done before practical and workable solutions to counteract price fluctuations could be found. His delegation was inclined to accept the general line of thinking underlying the critical observations of the United Kingdom, United States and French representatives concerning some of the suggestions in the experts' report.

32. He had noted with satisfaction the positive attitude of the United Kingdom and the United States to strengthening the international credit system in order to overcome difficulties due to cyclical movements and excessive fluctuations in international prices and terms of trade. The representative of the International Monetary Fund was to be congratulated on his constructive statement. There should be a determined effort to expand the Fund's resources and introduce more flexible practices in their use, not only to help to achieve convertibility, but also to enhance the Fund's role in combating depression and meeting the need for credit when terms of trade took a trend unfavourable to an individual country or a group of countries. The establishment of stand-by credit arrangements was a useful preliminary step in the right direction.

33. He was inclined to agree with the views of the representatives of the United Kingdom, the United States and Australia concerning the experts' suggestion that the Council should establish a permanent trade stabilization commission. As the United Kingdom representative had pointed out, countries which were not members of the commission would feel a legitimate need for informing the commission of their views and ensuring that they were taken into account in the commission's debates and decisions.

34. The question of the investment of private capital was of primary importance not only to the countries with under-developed resources but also to the more advanced countries, since there was a certain relationship between the two groups and their problems. The magnitude of the problem was equalled only by the number of possible solutions favoured by various governments and institutions, but it was to be hoped that

that would deter the Council from further efforts to reach a solution. He welcomed the proposals for reduced taxation being discussed by the United States Congress.

35. All countries should recognize that administrative measures were necessary in the capital-importing as well as the capital-exporting countries. Norway was a capital-importing country. A liberal policy to stimulate the flow of private capital might to a considerable degree compensate for restrictive trade policies. It should include the elimination of restrictions on the export of private capital from countries which could afford to export it.

36. The Council had before it eleven reports, some of which were very comprehensive. The Economic Committee might be well advised to consider practical means for facilitating the Council's work in such situations.

37. Mr. ALFONZO RAVARD (Venezuela), replying to the statement of the USSR representative at the 768th meeting, said that his Government was fully aware of the need to ensure that foreign investments really contributed to Venezuela's progress and needed no outside advice in that connexion.

38. A number of points in the USSR representative's statement had caused him considerable bewilderment. For example, the USSR representative had contended that one United States petroleum company in Venezuela—presumably the Creole Petroleum Corporation—paid its employees in the United States five times as much as its workers in Venezuela. In 1951, a semi-skilled driller in Venezuela employed by the Creole Petroleum Corporation had earned approximately \$15 a day in basic pay and allowances and that had since increased by 10 per cent; he very much doubted, however, whether a similar worker in the United States was, in fact now earning \$82.50 daily. It was easy to check the wages paid to the Venezuelan workers by various foreign enterprises and he quoted various examples from the collective contract which the Creole Petroleum Corporation had concluded with its workers in September 1953. Family and other housing allowances would increase the actual earnings by approximately 50 per cent. In its report (E/CN.12/293), the Economic Commission for Latin America (ECLA) stated that daily wage rates in Venezuela were among the highest in the world and definitely the highest in Latin America; they exceeded the rate in the United States by 27 per cent.

39. In addition to good wages, foreign enterprises provided a number of other services, such as schools and medical, hospital and maternity facilities. By the end of 1949, the petroleum companies in Venezuela had made available housing for 21,000 workers' families representing a total investment of \$157 million, or approximately \$7,000 per family. Considerable investments had also been made in electricity and other services and in the form of subsidized prices for the goods sold in company stores.

40. Venezuela's policy towards foreign investors had been very clearly expressed in a recent statement by an official of the Venezuelan Ministry of Mines and Fuels in Washington. According to him, the tremendous development of the oil industry in Venezuela during the last quarter of a century had been based on two fundamental principles: the benefits of the investment of foreign capital to the country, and respect for

contracts between Venezuela and private investors. The nation and the private concerns were partners and had a common interest in deriving the greatest possible profits, which were equally shared by the nation and the private companies. Foreign capital had to take into account primarily the national interest. He had gone on to quote from an ECLA report in 1951 which had concluded that despite the fact that it operated with foreign capital, the Venezuelan oil industry was national not only geographically but by virtue of its economic effects on the country. The representatives of the Venezuelan Government and the oil industry discussed problems of common interest as partners on the basis of good will and understanding. Occasional differences of opinion were natural, but a satisfactory solution had always been found based on mutual respect for contractual obligations. In 1943, the Venezuelan Government had felt that Venezuela was not getting all the benefits from the extraction of its oil resources to which it was entitled, and a series of negotiations had led to the enactment of new legislation increasing the proportion of the profits which would accrue to the Venezuelan Government in the form of royalties and taxation. Almost all the concessionaries had agreed to convert their old concessions to new ones drawn up under the new enactment.

41. Every country was entitled freely to dispose of its resources in what it considered its best interests. Venezuela had adopted a dignified, balanced policy of effective co-operation with foreign capital and had no reason to repent. The standard of living of the population had increased enormously, and the *per capita* income was the highest in Latin America. National income had increased from 1,500 million bolivars in 1936 to 7,195 million bolivars in 1951. The national budget had shown a corresponding increase. Venezuela had thus been able to meet its needs in the fields of education, health, communications and industrial and agricultural development. Noteworthy progress had been made in all sectors of the economy and the foundations of future progress had been laid by investment in capital equipment. In 1952 alone gross domestic investment had amounted to \$660 millions—excluding petroleum investments. Government investment, which was included in that sum, had amounted to over 40 per cent of the national budget.

42. Mr. HOTCHKIS (United States of America) said that the USSR representative had at the 658th meeting castigated the motives of the United States Government and people and charged that their actions in the under-developed countries were inspired solely by a desire for self-aggrandizement: in his eyes, every United States citizen with foreign investments was a greedy monopolist interested only in extracting the maximum profits and enslaving foreign labour. He had charged that the United States was forcing the under-developed countries to concentrate almost exclusively on the production of primary products for United States industry and that it was deliberately standing in the way of the general economic development of those countries by hampering industrial growth, particularly in Latin America. The *Economic Survey of Latin America 1951-1952* (E/CN.12/291/Rev.2) on the other hand showed that Latin America's economic history since the war had been characterized by the remarkable expansion in manufactures. Factory output in 1952 was valued at almost \$11,500 million, whereas agricultural output had been only \$8,300 million.

43. The USSR representative had argued that if the United States was genuinely interested in helping the under-developed countries it would assist them to build steel mills. The reports of the United States Export-Import Bank showed that loans had been granted, *inter alia*, for the construction of steel mills in Mexico, Brazil and Chile, for textile plants in Brazil, Chile and Turkey, for chemical plants in Mexico, to mechanize rice production in Ecuador, for a cement works in Saudi Arabia, and for the modernization of transport and communications in Chile, Brazil, Mexico, Ethiopia and Liberia. In Brazil, a new metallurgical industry had grown up following the introduction by a United States Government expert of a new process for refining antimony from lead ores. In Cuba, United States technical assistance had led to the establishment of a new industry based on kanaf fibre.

44. Private capital was invested in many industries, such as automobile assembly, automobile tires, chemicals, electrical supplies, radios, rubber goods, rayon, and other synthetic fibres in Brazil, Chile and Argentina, and several United States firms had set up factories to manufacture spare parts in various Latin American countries. Direct investment by United States citizens in Latin America in 1951 had totalled \$441 million, over half of which had been invested in manufacturing industries. In India, the American Cyanamid Company had co-operated with Indian investors in setting up a factory for pharmaceutical products and dyestuffs. Only 10 per cent of the capital was American, but the Company had made experts and technical knowledge available and was training local technicians. Those were only a few of the many examples that could be cited to show the numerous ways in which the United States Government and private American investors were helping in the diversification of the economies of other countries.

45. With regard to the USSR representative's contention that private United States capital had not been invested in the sectors most helpful to the under-developed countries, it should be borne in mind that the entry of foreign capital was rigidly screened by the governments of most of the recipient countries.

46. As for the USSR charge that United States investors were earning exorbitant profits, the figures quoted by the USSR representative entirely failed to take into account the very large total sum invested. The net profit had been less than 10 per cent, and more than half of it had been reinvested in the countries in which it had been earned. In 1952, 62 per cent of United States earnings from direct foreign investment had been reinvested abroad.

47. In 1950, United States direct investments abroad had contributed approximately \$2,500 million to the foreign exchange receipts of the countries concerned through exports to the United States, and over \$400 million of new direct investments had moved to foreign countries. The margin of dollar exchange available to foreign countries for the purchase of capital and consumer goods and raw materials thus had amounted to \$1,700 million, after about \$1,200 million had been transferred by private investors of the United States.

48. United States investments had also helped indirectly to increase the earning power and development of under-developed countries. United States investors paid foreign taxes which aggregated more than 30 per cent of their foreign earnings.

49. The allegation that the wages paid by United States firms to their employers abroad were lower than those paid to their employees in the United States was meaningless. The only real basis of comparison was the wage rates paid in the same country by United States and domestic firms respectively. The high wages paid by United States firms and their leadership in improving working and living conditions were well known.

50. The repetition of stale and discredited propaganda did not help the under-developed countries. The kind of enlightened private investment of which he had given some examples did.

51. Mr. TSARAPKIN (Union of Soviet Socialist Republics) doubted whether the Council was really interested in the type of replies and justifications which it had just heard. He had not castigated the United States people and Government. His statement had referred not to them but to the political monopolies in the United States, which were not at all the same. The remarks about the attitude of the political monopolies which the United States representative tried to repudiate by giving examples of investments in Mexico, Chile and Turkey, were taken from documents which clearly showed that United States investments were not in the best interests of the under-developed countries. A study on the principles of a United States foreign development programme openly said that the United States was not in favour of the industrialization of the under-developed countries. If the Venezuelan representative chose to defend the United States monopolies in Venezuela that was his affair, but it was regrettable.

52. Mr. HOTCHKIS (United States of America) said that there were no monopolies in the United States. They were prohibited under the anti-trust laws.

Freedom of information: (a) Report of the Rapporteur on Freedom of Information (E/2426 and Add.1 and 2, E/2427 and Add.1 and 2, E/2439 and Add.1, E/2535, E/L.587); (b) Encouragement and development of independent domestic information enterprises (E/2534); (c) Production and distribution of newsprint and printing paper: report by the Secretary-General under Council resolution 423 (XIV) (E/2543)

[Agenda item 12]

53. Mr. LOPEZ (Rapporteur on Freedom of Information) said he had been instructed by the Council (resolution 442 C. (XIV)) to prepare a report with the co-operation of the Secretary-General, the specialized agencies and the professional organizations concerned, on major contemporary problems and developments in the field of freedom of information, and to submit recommendations for practical action which might be taken by the Council. He was submitting that report (E/2426) for consideration by the Council.

54. During the General Assembly's eighth session he had commented on the report in general terms in the Third Committee,¹ which had expressed the wish that the Council should give priority to the consideration of the report at its seventeenth session.

55. At his request, the Secretary-General had written to governments inviting their comments and suggestions,

whilst he himself had addressed inquiries to some 500 organizations of various kinds. Summaries of the replies received had been issued as separate documents (E/2427 and addenda).

56. He had received valuable co-operation from the specialized agencies and from the Secretariat but he himself assumed full responsibility for the views, opinions, judgments and recommendations which appeared in the report.

57. He had endeavoured, in pursuance of his instructions, to make practical recommendations, but as he had pointed out in chapter VI, he had not confined them to measures for overcoming "obstacles which can be surmounted at the present time". The recommendations were presented on the understanding that the Council itself was to allocate the necessary priority.

58. His sole concern in preparing the report had been to focus attention on a complex and highly contentious field, to point out the problems and to ascertain what possibilities existed for their eventual solution.

59. Since the report had been printed in May 1953, he had considered it necessary to issue a supplementary report (E/2426/Add.1) based on the latest information.

60. In the supplementary report he presented the best available data without embellishment, but had rechecked every disputed fact and had recorded all important changes in actual conditions that had come to his notice by the time of writing. Although there might be differences of opinion concerning the evaluation of the data and information contained in the report and the supplement to it, he earnestly hoped that the Council would concentrate on the recommendations for future action.

61. Mr. GEORGES-PICOT (Assistant Secretary-General in charge of the Departments of Economic Affairs and of Social Affairs), speaking on behalf of the Secretary-General, congratulated Mr. López on his report.

62. Without expressing an opinion on the substance of the proposals made in the report, the Secretary-General wished to make certain comments of a purely administrative nature on some of those proposals. In draft resolutions Nos. 3, 4, 7, 8 and 9 (E/2426, chap. VI) he was requested to prepare reports for the Council on a number of topics in conjunction with certain of the specialized agencies. He considered that as a general rule, it would be preferable to avoid divisions of responsibility and to ask the specialized agencies to undertake the studies and reports on matters which seemed to fall exclusively within their respective competence, subject to the agreement of the organs responsible for approving their programmes.

63. At the opening meeting of the session (755th meeting) the Secretary-General had mentioned that he was undertaking a comprehensive review of the organization and work of the Secretariat and that he intended to submit to the Council at its eighteenth session such conclusions from the review as might relate particularly to the work programmes and the Council's documentation. The topics discussed at the current session would be covered in the review and included in the work programmes and the Council's documentation to which the Secretary-General's conclusions would relate.

¹ See *Official Records of the General Assembly, Eighth Session, Third Committee*, 504th meeting.

GENERAL DEBATE

64. Mr. GARCIA OLANO (Argentina) said he would confine his observations strictly to the subject of freedom of information; that included freedom of expression and freedom of the Press and was a fundamental human right.

65. His delegation disagreed with the theoretical statement made in chapter I of the report that freedom of thought was a component part of freedom of information. The chapter dealt with historical and doctrinal principles and legal matters in a haphazard way. Only by careful analysis would it be possible to arrive at a truly impartial democratic theory of freedom of information. Freedom of thought was irrelevant in that particular connexion. In his delegation's view, the State, as the embodiment of law, could not impose any particular form of thought, but could concern itself merely with the outward expression thereof.

66. For many years, freedom of expression and freedom of the Press had acted as safeguards against absolutism. It was clear, however, that such freedoms could not themselves be absolute but had to be subject to limitations lest they infringe the rights of others or prejudice the public peace.

67. The Argentine Constitution expressly granted the right to the free expression of ideas but did not recognize the freedom to attack freedom itself, from which it might be deduced that the State could defend itself against attack by limiting the activity of subversive associations or of persons who incited others to violence. Article 23 of the Argentine Constitution precluded Congress from passing laws restricting the freedom of the Press, whilst article 26 conferred on all citizens the right to communicate their ideas to the Press without censorship. Those rights were based on the revised Constitution of 1949, and the principles referred to in chapter V, section F, of the report therefore no longer applied.

68. Modern developments in means of communication and information had changed the character of the society for which those freedoms had been originally guaranteed. The Press and other information media had become subordinate to a capitalist economic structure the object of which was not to spread the truth but to earn profits. As Professor Harold Laski had said, the Press was big business; it lived on advertising revenues and could therefore not afford to undermine the system on which its advertisers depended; nor, in a semi-literate population, could it obtain wide circulation by impartially presenting the truth about society. Therefore, it presented news in the manner best calculated to increase the profits from the capital investment which it represented. Mr. Kingsley Martin had stated that a handful of men were able to dictate what news and commentaries should be offered by a Press which was read by the majority of people in a country. A similar view had been expressed in the report on "A Free and Responsible Press" prepared in 1947 by a Commission on the Freedom of the Press under the auspices of the University of Chicago.

69. Democracy had become the government of public opinion; consequently, his Government felt that national and international political institutions should adopt rules which would adequately reflect public opinion and make sure that truth prevailed.

70. Responsible historians were agreed that the proprietors of two mass-circulation newspapers, William Randolph Hearst and Joseph Pulitzer, had been largely responsible for the outbreak of the Spanish-American War of 1898. More recently *The New York Times* had stated categorically that Guatemala, Argentina and Chile had no legal claim to British Honduras, the Falkland Islands or the Antarctic, respectively. It was hard to understand how a supposedly responsible newspaper could dispose in a few lines of inalienable rights which the countries mentioned would continue to claim until their demands were met.

71. It had been maintained in the past that freedom of information meant independence of government control, subject to liability for defamatory or slanderous statements. In modern society, however, the old concept of the ownership of property and the absolute right to use or abuse it had given place to the concept of social responsibility. The Press was a supreme example of private property and the individual's legal safeguards against misrepresentation in the Press were totally inadequate.

72. The Rapporteur had been unwise to recommend in his report that there should be a correlation between the rights of information media and those of the individual, as a means of striking a just balance between liberty and responsibility. The report placed far greater emphasis on the former than on the latter. His delegation felt that the freedom of information media from government interference should be related to their independence of the power of wealth and that truth should be regarded as the basis for any kind of dissemination of news.

73. In a totalitarian State the Press was said to be a power in the service of the régime. Such subordination was utterly at variance with the political doctrine of the Argentine Government, which was inspired neither by exaltation of the individual nor by a desire to make the State absolute, but by a humanistic faith in the social task of unceasing progress, with the co-operation of each individual in his personal capacity. It followed that the individual had to possess adequate means to fulfil his moral purpose, motivated not by sentimental considerations but by a feeling of justice and with the backing of positive law. The question of truth in information was regarded as a penal matter in positive law. In his view, it was not a penal but a civil matter. The Argentine Government believed that democracy was the government of public opinion and that anything that falsified that opinion was an attack on democracy itself. His Government had therefore signed the Convention on the International Right of Correction (General Assembly resolution 630 (VII), annex). He noted that the majority of the countries which possessed the largest international news agencies had not done so, thereby reducing the Convention to a mere expression of good intentions.

74. His Government had likewise supported the resolutions adopted by the Economic and Social Council (resolution 442 E (XIV)) and the General Assembly (633 (VII)) for the encouragement and development of independent domestic information enterprises. In his delegation's view, the only satisfactory interpretation of the term "independent" implied freedom from any extraneous influence which ran counter to the expressed will of the people.

75. His Government had followed with keen interest the question of newsprint production. In the interna-

tional field it had supported the Economic and Social Council resolutions designed to solve the problem, whilst at home it had undertaken research on wood-pulp substitutes. He was pleased to note that the short-term situation in the production and distribution of newsprint was satisfactory; his delegation approved the special agencies' efforts, described in the Secretary-General's report (E/2543), to find a long-term solution.

76. The supplementary report on freedom of information (E/2426/Add.1) expressed approval of the conclusions reached in surveys conducted by the Associated Press and the Inter-American Press Association. The references to Argentina in those surveys were no longer accurate.

77. He deplored the Rapporteur's indiscriminate acceptance of information obtained from biased sources. The expropriation of newspapers referred to in the supplementary report (E/2426/Add.1, annex B) was not a confiscation of goods; that was precluded by article 38 of the Argentine Constitution. Proceedings had been instituted in the courts on grounds of public interest and due compensation had been authorized. The matter was one of domestic jurisdiction and hence within the terms of Article 2, paragraph 7, of the Charter. In any case, the measures in question reflected his Government's desire to foster the growing spirit of democracy within the country.

The meeting rose at 12.55 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Indonesia, Netherlands and Philippines.

The Rapporteur on Freedom of Information.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Telecommunication Union.

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[Item 12]

GENERAL DEBATE (continued)

1. Mr. KAYSER (France) recalled that at the time there had been considerable doubts as to the wisdom of the Economic and Social Council's decision (Council resolution 442 C (XIV)) to appoint a rapporteur on freedom of information. He was happy to note that the report now before the Council (E/2426) justified the Council's decision. He wished to congratulate the Rapporteur on his complete command of the subject and on the independence of his judgment.

2. The report as a whole was very interesting and he hoped that the experiment would continue although he had some reservations to make on several points, especially on points of detail. Such studies should not in future be so limited in scope: the Rapporteur should not be hampered by certain administrative restrictions. In particular, the transmission of a questionnaire to pro-

fessional organizations was not always the best means of obtaining answers. Direct contacts with those organizations would give the Rapporteur a better chance of forming an opinion on the situation and making proposals. Furthermore, the scope of the report should be world-wide: there should be more replies from a greater number and variety of sources, so that the reader might gain a more objective and less one-sided view of the question, but the fact that there had not been more replies to the questionnaire was the responsibility of those who had received it and had not replied.

3. He referred first to the profound remarks of Mr. López on the concept and definition of freedom of information appearing in chapter I of the report. Freedom of information had never in fact been precisely defined. It covered several interrelated freedoms, such as freedom of opinion, freedom of expression (a consequence of the first), freedom to seek out and to transmit information and finally freedom to take cognizance of such information.

4. A certain curtailment of those freedoms was noticeable in the present-day world. What had seemed to be a right recognized to all in a large number of constitutions and in the Universal Declaration of Human Rights had become the privilege of the few. The United Nations should therefore endeavour to combat that tendency.

5. It was obvious that, as Mr. López had written, restrictions were essential to the preservation of freedom itself, and that what made freedom usable as a factor of progress was the existence of essential compensatory limitations.

6. Freedom was the universal right of the citizen, but it also laid certain duties upon him. Not only the international community and the States, but the proprietors of information enterprises, workers in information services and citizens themselves had to shoulder the responsibilities which were theirs.

7. There were obviously many obstacles to be surmounted. There was the absolute obstacle of dictatorship; there were political obstacles, such as censorship, discriminatory measures, the enslavement of the Press; there were the economic and financial obstacles, as a result of which wealth was put before independence of mind; the international obstacles which led to distortion or restriction of information, to its use for purposes of propaganda and as a shock weapon in the "cold war".

8. It was distressing to see that all those obstacles were in existence at the very moment when modern science was performing miracles. In that connexion, he drew a comparison between the technical services available for the Panmunjom conference in 1953 and those which had existed at the time of the Armistice of 11 November 1918. It might be wondered whether the instantaneous and world-wide transmission of news—which was a matter for satisfaction—was not in fact harmful to the clarity and truth of information and whether the man of 1954 was well informed.

9. Chapter V, section K, of the report, which dealt with the development of Press, film, radio and television, did not give a satisfactory picture of the situation. If maps or tables were drawn up, it would be noted that the greater part of the world was provided with inadequate information services, and that such services were concentrated in a small number of countries. In that connexion, he quoted an article which had appeared in an International Press Institute report, in which a newspaper editor of an under-developed country deplored the domination of the Press by foreign publicity. In some cases the very existence of certain newspapers depended upon advertising contracts, which were liable to be cancelled if the newspapers in question took the liberty of publishing criticisms of the country whence the contracts originated.

10. That state of things had to be remedied, and he thought that the technical assistance programme prepared by the Secretary-General for the encouragement and development of independent domestic information enterprises should be developed with that end in view.

11. He hoped, too, that effect would be given to the Rapporteur's suggestion that a more detailed study should be made of the problem of monopolies (E/2426, chap. VI, section G), as requested in the resolution adopted by the Council in Geneva in 1948 (resolution 152 (VII)).

12. The decrease in the number of sources of information was an alarming circumstance. He hoped that the detailed study on the protection of sources of information, suggested by the Rapporteur (E/2426, chap. VI, section J), would be undertaken, although that was only one aspect of the question.

13. It was disquieting to note also that foreign correspondents were steadily decreasing in number. Press undertakings were in fact unable to afford the high costs of maintaining permanent correspondents abroad, although that was not the only reason. Moreover, he would like to see the two studies prepared by the Secretary-General on the subject of foreign correspondents (E/CN.4/Sub.1/140 and E/CN.4/Sub.1/148) submitted to governments.

14. The adoption and implementation of all those measures would certainly enable mankind to be better informed, but there remained the question of how to make the information more objective.

15. Contrary to what might be deduced from the Argentine representative's statement, France had signed the Convention on the International Right of Correction (General Assembly resolution 630 (VII), annex). In the campaign against propaganda for war and against false and distorted information, France hoped that speedy action would be taken on the Rapporteur's proposal that the International Convention concerning the Use of Broadcasting in the Cause of Peace, signed at Geneva in 1936 (E/2426, chap. VI, section B) should be adapted to present-day conditions.

16. As the Government of the United Kingdom pointed out in its comments (E/2427), only education which was itself objective in its aims, which respected facts, and which encouraged the free exercise of judgments on facts and ideas, could ensure the existence of conditions in which freedom of information could be promoted.

17. It was necessary to encourage a greater number and variety of sources of information and opinion by

every means and to combat the increasingly general tendency towards standardization and conformity. For more than six years, the United Nations had made appreciable efforts in that direction. It had had some success, though all too rarely, and then only when dealing with practical and definite issues. In the field of general ideas, it had always failed.

18. France wished to keep out of any theoretical debates and unprofitable work and hoped that the Council would take only such decisions as could be practically and effectively applied. It hoped that the Secretary-General, the Rapporteur and the specialized agencies would, jointly or severally, examine the technical problems which arose, such as literary and artistic copyright, the protection of news, and professional secrecy, and find practical solutions for them, in co-operation with the specialized agencies.

19. France protested against the negative attitude of those who were satisfied with the existing makeshifts and against the doubts of the sceptics. It was opposed to the standardization of opinion. The terms "mass media" and "mass communication" had no equivalents in French: a man had to form his own opinions. It was not a matter of communication to the masses but of communication to men, by men.

20. Mr. AZMI (Egypt) recalled that his country had opposed the idea of appointing a rapporteur on freedom of information. While he acknowledged the value of Mr. López's report, he would like to make a few comments on certain parts of the document which referred to Egypt.

21. Contrary to the statement in chapter V, section D, of the report concerning the censorship in Egypt of outgoing news dispatches, such dispatches were not subjected to censorship. The fact could be verified from the European and American newspapers, where a considerable number of articles and news items unfavourable to Egypt would be found.

22. Internal censorship existed only because of the crisis through which Egypt was passing; there was no such censorship in normal times. In any case, article 12 of the draft covenant on civil and political rights (E/2447, annex I B) recognized that "reasonable restrictions" might "be necessary to protect national security . . ."

23. With regard to the difficulties over entry visas (E/2426, annex C), the list of countries mentioned in the report was incomplete and a fair number might be added, including France, North Africa, the United Kingdom and the United States of America.

24. In connexion with the treatment of foreign correspondents, he wondered whether the other countries could boast of never having acted in the manner described in the passage concerning Egypt in the memorandum by the secretariat of the International Press Institute (E/2426, annex C), and whether it was unusual for the police to inquire into the intentions of a foreign journalist who was in an Egyptian village when a Communist meeting was in progress. It was surprising that the Rapporteur had thought such an occurrence worth mentioning, particularly in view of the fact that the journalist had been released immediately, as stated in the report, after urgent representations had been made by the Egyptian syndicate of journalists.

25. Egypt opened its doors to information of every kind. Article 15 of the 1923 Constitution had specified

that the Press was free within the limits laid down by law, that preventive censorship was prohibited, and that the suspension or suppression of newspapers by administrative procedure was prohibited, except where it might be necessary to have recourse to those measures for the protection of the social order. But the new Constitution, in the drafting of which he had himself had the honour of participating and which was shortly to be proclaimed, had amended article 15 and stipulated that any form of censorship was forbidden, as was any suspension or suppression of newspapers by administrative procedure. Moreover, the publication of newspapers was absolutely free and unrestricted. If censorship still existed, it would be only transitory and the result of the period of crisis through which the country was passing.

26. He deeply regretted that Mr. López should have based his report on the information he had obtained from two main sources, the Associated Press and the International Press Institute, and that he had not taken the trouble to check that information. Neither source was qualified to supply impartial information. He had been given proof of that fact when, just after the signing of the Treaty of Friendship and Alliance between the United Kingdom and Libya, he had been unpleasantly surprised to find that the Associated Press, in a dispatch from Cairo, had presented the reaction of Egypt in an utterly false light. As for the International Press Institute, he had already had the opportunity, in the General Assembly, of giving his views on that organization, establishment of which had been proposed by the United Nations Educational Scientific and Cultural Organization. But whereas UNESCO had intended to form a universal institute, its founders had made it a restricted agency, composed of certain countries with certain definite tendencies, recognizable in all the information put out by it.

27. On the other hand, thanks were due to Mr. López for having attempted to draw up a text for article 2 of the draft convention on freedom of information (E/2426, chap. VI, section A); that article had been highly controversial and had been one of the reasons why it had not yet been possible to adopt the convention.

28. He was also in favour of the Rapporteur's recommendation that the Council should consider the establishment of a small, permanent body which would serve as an international co-ordinating centre for professional action and as a liaison body between the profession and the United Nations (E/2426, chap. VI, draft resolution 12).

29. He also supported the recommendations concerning monopolies and censorship (E/2426, chap. VI, section D and G).

30. However, he viewed the idea of a declaration on freedom of information without any great enthusiasm. While recognizing that the Universal Declaration of Human Rights had been salutary in its effects, he feared that a declaration on freedom of information would not be opportune for the time being. Efforts should chiefly tend towards ensuring a stricter observance of the code of ethics.

31. He supported most of Mr. López's other recommendations. With regard to the recommendation that a rapporteur be appointed for a further period of one year (E/2426, chap. VI, draft resolution 12), he wished to remind the Council of General Assembly res-

olution 677 (VII). However, the Economic and Social Council's attitude towards the question of freedom of information had caused the United Nations to be inactive for two years in that field. The appointment of another rapporteur might prolong that inactivity.

32. He was happy to share the French representative's ideas on the substance of the matter, but the opinions he was expressing in the Council, and in accordance with which he would vote on the draft resolutions submitted, was only provisional, and he reserved his right to revert to the subject in the General Assembly.

33. Mr. KOS (Yugoslavia) recalled that the United Nations, after many years of discussion and a thorough study of the problem of information, had decided, a year and a half earlier, to entrust a rapporteur with drawing up a report on the main present-day problems and developments in the field of freedom of information. The report, which was before the Council, showed how numerous, complex and contradictory the problems were, and how intimately they were connected with countless economic, social, cultural, legal and political factors. Therein, chiefly, lay the value of the Rapporteur's work.

34. The Yugoslav delegation had always supported any action designed to remove political, legal and administrative obstacles to the free and universal exchange of information on a basis of complete equality. It had suggested a series of measures to that end, principal among which had been the proposal, brought before the Sub-Commission on Freedom of Information and of the Press, that the States Members of the United Nations should be asked to report to the Organization twice a year on their attitude towards foreign Press correspondents. As was known, the suggestion had been turned down by the representatives of the major Powers on the Sub-Commission.

35. There was an undeniable tendency in the United Nations to regard freedom of information as a political and ideological question, and consequently, to concentrate on abolishing the various existing institutions which limited exchanges of information. That was a one-sided approach to the problem.

36. Ever since the United Nations Conference on Freedom of Information held at Geneva, however, there had been a growing realization that reciprocity and equality were impossible so long as the enormous differences in the means of information available to the various countries of the world continued to exist. Increasing attention had been paid to the economic and practical aspect of the problem until, at the seventh session of the General Assembly, the question of the protection and development of information enterprises in under-developed areas had completely dominated the discussion, with the result that resolution 633 (VII) had been adopted. The resolution had marked the end of an important phase in the treatment of the question of freedom of information. It meant that by then all aspects of the question had been clarified, the meaning and importance of each had been examined, and the overriding importance of the economic and practical aspects had been clearly established. The fact that all that had been achieved in the relatively short period of six years and in spite of the "cold war" only supported the view that international action should be aimed first and foremost at abolishing the existing inequality in the available means of information.

37. Surprisingly enough, the Rapporteur had taken no account of that point in his report. In the part dealing with practical problems he briefly described the existing position of the information enterprises, and merely reviewed the action of UNESCO in that field, which incidentally had been very useful. He made no analysis and drew no conclusions. The efforts of UNESCO were presented as the limit to which international action could go.

38. The Rapporteur correctly noted that the Council was to consider the programme of concrete action for the development of media of information in the under-developed regions of the world which the Secretary-General would submit to it under General Assembly resolution 633 (VII). That did not, however, justify the failure of the report to attach due importance to the question. As a consequence of that failure, the Rapporteur had not only given a false picture of the situation, but had seriously interfered with the successful progress of the study of the question of freedom of information in the United Nations. That was all the more serious in view of the fact that the Secretary-General's report (E/2534) was a complete failure, as the Council would note when it came to discuss the report.

39. It might well be asked how the Rapporteur could have noted the tremendous disparity between the means of information of the advanced and the under-developed countries, without drawing the obvious conclusions.

40. The only explanation for that gap in the report was that its author had depended for his information primarily on sources closely linked to certain countries, in particular the United States of America. In the circumstances he could not have maintained the necessary objectivity, even with the best of intentions. For instance, the part dealing with censorship of outgoing news dispatches consisted of extracts from an Associated Press report. Even though the Rapporteur had identified his source, the fact remained that his conclusions and proposals regarding censorship of outgoing news dispatches were based exclusively on the one-sided and unverified information of a single Press agency, whereas the Council had expressly instructed him to approach all national and international organizations for help in drafting his report.

41. It would suffice to mention one striking example of the Rapporteur's lack of objectivity in choosing his sources of information. The replies of over 500 information enterprises which the Rapporteur had approached were summarized in document E/2439 and Add.1). Yet a memorandum of the International Press Institute was reproduced in full in the body of the Rapporteur's report (E/2426). Such preferential treatment was all the more inadmissible as the International Press Institute was in no way related to the United Nations, and that it was the Rapporteur, rather than the Institute who had been asked by the Council to draw up the report.

42. By proceeding in that way the Rapporteur had not only been unable to study the problem of information in the light of all the facts, but had admitted ideas which were incompatible with the universality and the principles of the United Nations. For example, on the one hand, he urged the under-developed countries to adopt the convention on freedom of information even while stressing that no convention on the subject could have much value if it lacked the signature of the countries which actually disposed of the most powerful in-

formation media in the world, and on the other, he asked the advanced countries not to reject the convention on the grounds that it set up standards lower than those already obtained by them. In taking that view, the Rapporteur underestimated the cultural, humanitarian and moral values of the under-developed countries, and in effect seemed to encourage interference in their domestic affairs.

43. Such views were bound to have an unfavourable effect on the Rapporteur's conclusions. A very typical example was the recommendation regarding the adoption of a convention on the international transmission of information, a recommendation which the Rapporteur put forward even though it had repeatedly been rejected by the under-developed countries and even though, as he himself admitted, the idea had originated in the United States Press.

44. The Yugoslav delegation would not, at that stage, comment on the detailed recommendations in the report, and reserved the right to do so in the Social Committee. Nevertheless, it wished to say that, on the whole, the recommendations dealt with secondary aspects of the question of freedom of information and that, on the practical level, they called merely for a series of studies without indicating even their relative importance. All those recommendations were based on the premise that the Council would appoint a new rapporteur, the possibility of an alternative solution being not even considered. Lastly, like the proposed work programme, they were conceived for the most part for an ideal world, a world in which there were no rich or poor and where six international information agencies did not hold an absolute monopoly on the international transmission of news and a small number of gigantic commercial or State enterprises did not control the international information service and a large part of national information services. Such a conception would inevitably further complicate an already complex problem and result in the repetition of the mistakes made in the past through ignorance or disregard of the truth.

45. Yet the General Assembly had warned the Council against that danger when it had asked for the report to be drawn up. It had adopted its resolution 633 (VII) regarding information facilities in under-developed regions and, by resolution 631 (VII), had sent the records of its discussions to the Council with the request that they be taken into account; naturally that request also applied to the Rapporteur appointed by the Council. In spite of those precautions, the report, as could be seen, completely failed to go to the root of the matter.

46. Turning to the report (E/2534) prepared by the Secretariat under General Assembly resolution 633 (VII), he recalled that the General Assembly's instructions to the Secretary-General had related to the information facilities in under-developed regions of the world. Yet the title of the report was "Encouragement and development of independent domestic information enterprises". In shifting the emphasis of the study, the Secretariat had stressed the measures to be taken to protect independent information enterprises in under-developed countries against the influence of internal factors, principally governments. That was a contradiction in itself since the problem of the independence of information enterprises arose in countries with

advanced information media, rather than in those where such media practically did not exist.

47. True, the text of resolution 633 (VII) was not very clear for it incorporated many amendments. The General Assembly resolution concerned independent enterprises in under-developed regions whereas the Council resolution 442 E (XIV) referred to independent domestic information agencies. Yet there could be no doubt of the General Assembly's intentions in view of the history of the question. The key to resolution 633 (VII) could be found in paragraph 2 (a), which stipulated that the programme of concrete action should include measures to reduce economic and financial obstacles in the field of information.

48. The Yugoslav delegation found no trace of a programme of concrete action in the Secretariat's report, which contained nothing but advice, and very elementary advice, without any practical value. The advice was addressed to the governments of the under-developed countries and referred to international action only in passing. The under-developed countries had certainly not waged their long fight in order to be told in the end that the main obstacles to the development of the Press in some countries was the illiteracy of their inhabitants and the multiplicity of languages spoken by them, or to be presented with recommendations such as those appearing in paragraph 35 of the report. They had approached the United Nations not in order to be told what to do, but to obtain international co-operation. Lastly, all the recommendations relating to the abolition of customs duties or to the granting of subsidies seemed to be based on the assumption that the under-developed countries had the necessary funds but did not know how to use them, which was manifestly absurd.

49. The shortcomings of the report were hard to justify. If the Secretariat had needed more time or assistance, it should have told the Council. Perhaps it had been moved by the praiseworthy intention of saving the United Nations additional expenditure. Whatever the case might be, there was no reason why it should have abandoned the neutral stand which it was its duty at all times to observe; its report, far from being neutral, reflected the well-known attitude of countries which did not believe that it was necessary to create favourable conditions for the reciprocal and equal exchange of information and which felt that an unlimited flow of information from commercial sources in developed countries towards the under-developed countries was the ideal of freedom of information.

50. In his delegation's opinion, any programme of concrete action to promote the development of information media in the under-developed countries should consist, as a minimum, of: a survey of existing information media in the under-developed countries; an economic and financial analysis of the situation; a review of national plans for developing information enterprises; a general review of international measures to be taken; and a detailed programme of international action and assistance, including constructive suggestions for the methods of financing such a programme.

51. In short, the Secretariat should, *mutatis mutandis*, have submitted a report comparable to that prepared by the group of experts who had studied the economic development of the under-developed countries. Not only had the Secretariat failed to do so, but with its report it seemed to consider the

matter as disposed of, whereas its study had not even begun. The Rapporteur, by his failure to deal with the economic and the practical aspects of the problem and by neglecting to analyse the position of information enterprises in the under-developed countries, and the Secretary-General, by not submitting concrete proposals which could have served as the basis for a discussion to broaden the United Nations field of action, might jeopardize the difficult but steady progress the United Nations was making in the study of the question of freedom of information. To rectify the situation, the Council itself could submit to the General Assembly a programme of practical action for the development of information media in the under-developed areas of the world. For its part, the Yugoslav delegation was prepared to place before the Council a concrete proposal along the broad lines it had just described.

52. Mr. HSIA (China) congratulated the Rapporteur on his excellent report on freedom of information. The report contained a very careful analysis and also a number of recommendations for practical action. As the recommendations were to be considered in detail in the Social Committee he would merely submit a few general remarks.

53. Freedom of information was recognized as one of the fundamental freedoms and article 19 of the Universal Declaration of Human Rights affirmed that everyone had the right to freedom of opinion and expression.

54. An examination of the current world situation, however, disclosed that the people of many countries were completely deprived of the right. Censorship and the suppression of information isolated them completely from the outside world and they knew only what their government wanted to them to know. Despite the efforts of various United Nations organs and specialized agencies, the situation in those countries had become worse in recent years and especially since the United Nations Conference on Freedom of Information at Geneva in 1948. The Rapporteur thought that the principal cause of the situation was the intensification of the "cold war". While the "cold war" might be responsible for the curtailment of freedom of information, restrictions on that freedom had also helped to maintain the climate of hatred which characterized the "cold war". Despite the failures of the past, the Rapporteur was still convinced that the United Nations should continue its efforts to promote freedom of information. According to the Rapporteur it was still possible to secure closer co-operation in that field among countries that were generally of like mind, interest and background, and the continued study of problems and preparation of plans for their solution would become useful if the "cold war" should run its course and if one day the atmosphere should become more conducive to international understanding and co-operation. The Chinese delegation felt that the United Nations should not be content with promoting freedom of information in countries of like mind and background. The problems arising in those countries were mainly technical and were therefore much less serious as compared with the problems of countries whose governments had suppressed all freedom of information. The Council should on the contrary concentrate its efforts on those countries in particular. Nor should the Council await the end of the "cold war" before it acted. It should affirm its faith in the cause of freedom of information regardless of the cir-

cumstances of the moment. It could not afford to compromise on that vital question.

55. In his report (E/2426), the Rapporteur recommended that the General Assembly should proceed with the detailed consideration of the draft convention on freedom of information. His delegation could not support that recommendation. The effectiveness and value of any multilateral convention depended upon the number of countries which acceded to it. As there were many diverging views on the question of freedom of information and as the amount of freedom in such matters differed considerably from country to country, it would be extremely difficult, if not impossible, to secure the accession of a sufficient number of countries of different ideologies to a convention which had been considered too restrictive by one group of countries and too liberal by another. For example, the Convention on the International Right of Correction which had been opened for signature in March 1953, over the objections of twenty-two countries including China, had as yet been signed by only seven countries and ratified by none. That example showed that a convention adopted by a small majority, even if it came into force, would have a very limited effect. That conclusion had not escaped the Rapporteur for, although he felt that the difficulties confronting the adoption of the convention on freedom of information were not insurmountable, he nevertheless thought there was merit in the suggestion that the United Nations should draft and adopt a declaration on freedom of information. His delegation fully supported that suggestion in view of the wide support it might receive and of its influence on public opinion. A declaration based on article 19 of the Universal Declaration of Human Rights would at least define a common standard of achievement. While it would not be binding on States it would have a great moral influence not only on governments but also on information enterprises and professional associations. As the example of the Universal Declaration of Human Rights showed, a declaration could have an even greater impact on public opinion than a convention.

56. With regard to the machinery which could best assist the United Nations in its efforts to promote freedom of information, the Rapporteur had recommended the appointment of a rapporteur for a further period of one year and the establishment of a group to act as an international centre for co-ordinating professional action and as a liaison body between the profession and the United Nations (E/2426, chap. VI, draft resolution 12). His delegation supported those two recommendations.

57. Mr. LOOMES (Australia) congratulated Mr. López on the competence with which he had discharged his functions. His report on freedom of information was a very useful contribution to the study of the difficult problem. As the report would be considered in detail in the Social Committee he would confine himself to a few general remarks.

58. The report first traced the endeavours of the United Nations to promote freedom of information and analysed the reasons for its failures in that field. There was reason to hope that an understanding of those reasons would facilitate future action by the United Nations and in particular by the Economic and Social Council.

59. In the Rapporteur's opinion, there were three principal reasons for that failure. The first factor was

the intensification of the "cold war". The second was the difference of opinion concerning methods of combating war propaganda and false and distorted news reports. The third, and in his delegation's opinion the most important, reason was that certain countries saw no useful purpose in ratifying international conventions on freedom of information laying down standards that in their view were often below the level which they themselves had already attained. On the other hand, other countries feared that those conventions might give additional facilities to correspondents of countries with highly developed information media without a corresponding emphasis on the obligations or responsibilities which would enable them to protect themselves from what they considered to be the harmful activities of such correspondents. That difference of approach reflected primarily the disagreement concerning the degree of freedom to be given to information organs and the obligations and responsibilities of those organs to society.

60. His delegation felt that the term "freedom" was being interpreted in radically different ways. In his opinion the term should be interpreted as widely as possible and the only permissible restrictions were those dictated by considerations of security and morality. The difference of opinion lay essentially in the nature and degree of the restrictions to be placed on the flow of information.

61. The Rapporteur thought that the difficulties encountered in the past should not deter the Economic and Social Council from continuing its attempts to find areas of agreement in the hope that the conclusion of limited agreements and the prospect of a relaxation of political tension would eventually lead to an improvement in the international situation and make agreement possible in a wider field. Although he shared the Rapporteur's optimism he realized there were many difficulties.

62. His delegation still had certain reservations on the text of the draft convention but it would spare no effort to reach an agreement with the other members of the Council on future action. It would give its views on the Rapporteur's specific proposals (E/2426, chap. VI) and on the French draft resolution (E/L.587) at a later stage.

63. The Council also had before it a report (E/2534), prepared by the Secretary-General pursuant to General Assembly resolution 633 (VII), on measures for the development of information media in under-developed countries. Australia favoured the adoption of measures for that purpose provided, however, that they were realistic proposals, that they did not draw too heavily on United Nations resources and that they were based in all cases on the request of the governments concerned. Those were primarily domestic matters and the initiative should generally rest with the governments.

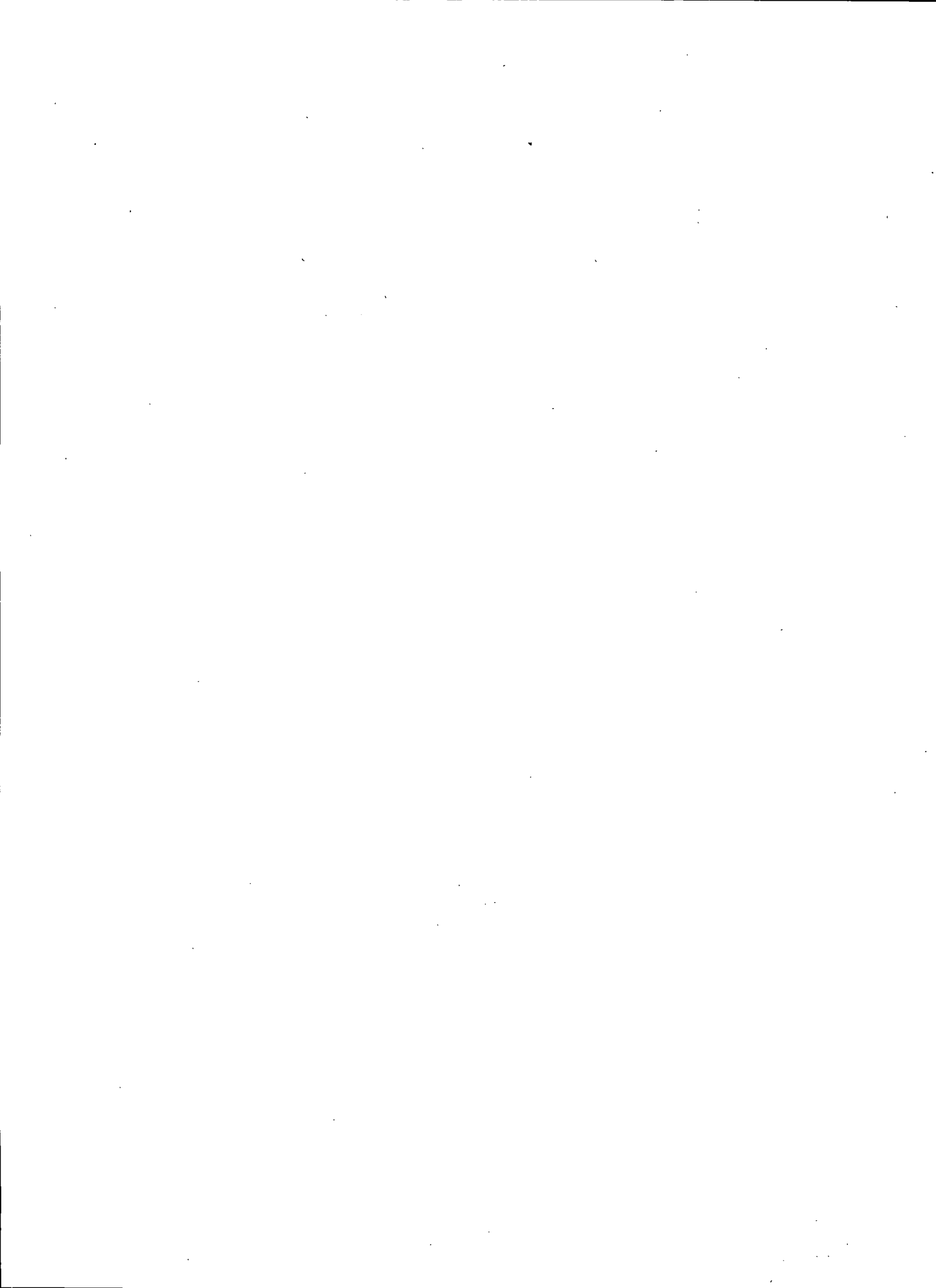
64. With regard to the proposals for international action which the Secretary-General recommended for adoption in chapter VII of his report, the Australian representative pointed out that in connexion with the Colombo Plan and the Expanded Programme of Technical Assistance his country had provided training facilities for information personnel from Asian countries and was prepared to give consideration to further requests for similar services.

65. The Council was also to consider the action taken on its resolution 423 (XIV) on the production and distribution of newsprint and printing paper. That question was also dealt with in one of the recommendations submitted by the Rapporteur on Freedom of Information, and his delegation would give its opinion on the point at the appropriate time.

66. In conclusion he emphasized his delegation's great interest in the subject of freedom of information. Australia was proud of the freedom which the Australian Press enjoyed in disseminating objective news, and his delegation's efforts during the course of the debates would be conditioned by the desire to see such freedom become a reality in all parts of the world.

67. Mr. COLT DE WOLF (International Telecommunication Union) said that a number of the recommendations made by the Rapporteur on Freedom of Information namely, draft resolutions Nos. 3, 7, 8 and 12 (E/2426, chap. VI) were of direct concern to ITU. Accordingly, its Secretary-General thought the Council might wish to consult with ITU before taking a final decision on the proposals. The Administrative Council of ITU was to meet at Geneva on 1 May. If advised in good time, the Administrative Council would be able to consider the matters of concern to it and report back to the Economic and Social Council at its eighteenth session.

The meeting rose at 5.30 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australian, Belgium, China, Cuba Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries; Chile, Indonesia, Netherlands, Philippines.

The Rapporteur on Freedom of Information.

The 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 Monetary Fund, World Health Organization.

Freedom of information: (a) Report of the Rapporteur on Freedom of information (E/2426 and Add.1 to 3, E/2427 and Add.1 and 2, E/2439 and Add.1, E/2535, E/L.587); (b) Encouragement and development of independent domestic information enterprises (E/2534); (c) Production and distribution of newsprint and printing paper: report by the Secretary-General under Council resolution 423 (XIV) (E/2543) (*continued*)

[Agenda item 12]

GENERAL DEBATE (*continued*)

1. Mr. HOTCHKIS (United States of America) recalled that 310 years previously Milton had written in the *Aeropagitica* the words: "Let her (truth) and falsehood grapple; whoever knew truth put to the worse, in a free and open encounter?" That was the principle which should guide the Council in its debate on the question of freedom of information.

2. No freedom was secure when men could not freely convey their thoughts to one another. Democratic government could not survive unless the man in the street

had access to all the information he needed to exercise sound judgment on public issues.

3. The achievement of that goal had never been easy, but the historic evolution of a free Press had taught the world two important lessons. First, the growth of free information media started at the roots. No one could superimpose a free Press on a people who did not want it, just as no one could deny it to a people who vigorously demanded it.

Secondly, the major obstacles to that development came from unenlightened governments. A free Press represented a victory over repressive governmental measures such as licensing, censorship, suppression of news and coercion of editors. Governmental intervention was highly detrimental to freedom of information.

4. Thus, history taught that paternalism was incompatible with freedom of information. The system to which the Soviet Press was subjected was a classic example of that paternalism, for it provided all the material means for the expression of ideas but only at the cost of determining the ideas and controlling the expression.

5. In his view, the many practical proposals made in the reports before the Council could be divided into three categories: governmental restrictions; economic and technical barriers to the flow of information; and professional standards and the rights and responsibilities of information media.

6. With regard to the first group of proposals, he thought that the most important step to be taken towards greater freedom of information was the elimination of the excessive and sometimes arbitrary use of government restrictions. A free Press could not breathe in a climate of oppression.

7. The control to which the Soviet Press was subjected was the most complete, in keeping with the totalitarian nature of the régime. But there were many countries which accepted the principle of freedom of information and yet stifled it in practice through censorship and other repressive measures. A survey of such practices should have priority in the Council's work on freedom of information.

8. In that connexion, there had been criticism of the Associated Press and the International Press Institute, which had been accused of giving inaccurate information on the various forms of censorship applied in certain countries, and also criticism of the Rapporteur, who had been reproached for using that information. He wondered, however, what other sources the Rapporteur could have used, inasmuch as governments which resorted to censorship were not in the habit of boasting about it and whenever the matter was raised, preferred to indulge in generalities rather than encourage factual studies of concrete censorship practices.

9. The Rapporteur deserved high praise for having drawn public attention to the existence of censorship in many countries. The newsmen of the Associated Press and the International Press Institute should also

be congratulated for having the courage, in their fight for freedom of information, to present factual reports on such conditions.

10. The time had come for the Council to promote the elimination of such censorship. Instead of criticizing the Rapporteur's report, the Council should give its full support to Mr. López' recommendation—one which the United States considered very important—that world-wide surveys of existing internal censorship practices and of the censorship of outgoing news dispatches should be made, both surveys to be accompanied in so far as possible by recommendations for appropriate remedial measures.

11. He was surprised to see that those two proposals had not been included in the French draft resolution (E/L.587). He hoped the Council would adopt the proposal, which was one of the most concrete and most appropriate suggestions before it.

12. His delegation, which had proposed at the Council's fourteenth session that a rapporteur should be appointed, considered that Mr. López' work amply justified that decision. It was therefore in favour of appointing a rapporteur for another year to carry out the most urgent task suggested in the report and, in particular, the two surveys he had just mentioned. His delegation would be happy to have Mr. López reappointed to serve in that capacity.

13. The loosening of the fetters of government restrictions would contribute to greater freedom of information. But the tightening of those fetters would have the opposite effect. That was precisely what he feared would happen if the Council indulged in further attempts to frame generalized conventions on freedom of information. Experience showed that the texts drafted might serve some governments as a pretext for further restrictions on freedom of information. In view of existing world conditions, any attempts to formulate international legal commitments might hamper rather than promote the cause of freedom of information. With the limited resources at its disposal at that time, the Council should concentrate its efforts on work which it would do instead of dissipating its efforts on tasks which it could not do.

14. With regard to the second problem area, economic and technical barriers to the free flow of information, it would seem that useful work could be done. Such questions as the production and distribution of newsprint, Press and telecommunication facilities, rates and priorities, tariff and trade practices and, perhaps most important, the lack of local information media were involved.

15. It might be difficult for the Council to obtain an accurate picture of the magnitude of some of those problems. Twenty-eight nations either had no teletype news services or had them on a very restricted basis, and fifty-four nations and territories did not even receive the services of a world newsgathering agency. Millions of people rarely saw a newspaper or heard a radio broadcast. That was a vast field for a well-conceived programme of technical assistance.

16. The Secretary-General and the Rapporteur had stressed the existing possibilities of extending technical assistance to freedom of information, particularly in respect of the development of independent domestic information enterprises and of the training and exchange of information personnel.

17. A technical assistance programme in that direction would be partly related to economic development programmes and would therefore come under the Expanded Programme of Technical Assistance. Certain other aspects of the programme would be included in the regular programmes of the United Nations and the specialized agencies.

18. The Secretary-General pointed out in his report (E/2534) that the United Nations and the specialized agencies had already extended assistance relating to telecommunications, visual media, the manufacture of paper pulp, paper and newsprint, modernization of printing techniques and training of printers. That demonstrated that the United Nations already had experience in the technical problems involved.

19. The most promising new suggestion in the report was that technical assistance should be extended to include the development of independent domestic information enterprises. The most important word in that expression was "independent", as the desired goals would not be achieved if United Nations technical assistance were to result in politically or governmentally controlled and guided enterprises. The real problem was to promote the development of local newspapers and radio stations which would be entirely independent.

20. The real task was to ensure the dissemination of information to the people. That meant the development of local media. As the Secretary-General pointed out in his report, news agencies formed a special category of information enterprises, in that they did not serve the public directly; their clients were the other information media, notably the Press and the radio. That fact was of importance since the possibility of setting up an independent news agency depended entirely on its having a sufficient clientele to make its operations viable. Where there were enough potential clients willing to subscribe to news agency services, those media would create their own demand.

21. With regard to technical assistance in the form of fellowships, the United States delegation considered that the proposals put forward by the Secretary-General (E/2534) and the Rapporteur (E/2426, chap. VI, section L) would be quite productive; the United States of America had been encouraging that type of exchange for some time, and in 1952, 351 leaders of foreign information media had visited the United States as guests of the Government.

22. Certain other suggestions had been put forward for action by the specialized agencies, or for measures which could be taken directly by governments to assist in overcoming technical barriers to the flow of information. Many of them deserved the support of the Council, but he would leave his delegation's views on those questions for elaboration in the Social Committee.

23. There were also possibilities for making progress in the area of professional standards and of the rights and responsibilities of information media. Care had to be taken, however, to avoid the use of standards and responsibilities as a pretext to curb the free flow of information. The United States delegation would continue, as it had done at the eighth session of the General Assembly, to adhere to the principle that journalists should be left free to adopt their own standards without government interference.

24. With regard to the Rapporteur's suggestion concerning the possibility of enlisting the co-operation of

information media in the cause of promoting friendly relations among nations with particular emphasis on disseminating wider professional knowledge of the work of the United Nations and of foreign countries through appropriate courses in schools of journalism, visits of journalists to foreign countries and to the United Nations and interchange of news personnel (E/2426, chap. VI, draft resolution No. 12, para. 3), his delegation thought that that proposal was one of the questions with which the Rapporteur and the Council might deal in the coming year. The Council's task should be to create better understanding rather than to train pro-United Nations propagandists. It was the job of newsmen to provide information rather than to disseminate propaganda for any cause, no matter how good it might be.

25. There were also in the Secretary-General's recommendations a number of general proposals to encourage better professional training of information personnel and those proposals offered similar possibilities for constructive action.

26. The United Nations could use its resources intelligently to stimulate the development of free information enterprises, to lift government restrictions on their growth and to encourage responsible journalism. But those tasks had to be approached realistically. The seed of a free Press was present everywhere where people were free to think and to speak, but it had to be guarded against ignorance and hostility.

27. That task required unceasing vigilance. The forces of darkness had already enveloped 800 million captive people behind the iron and bamboo curtains. Their totalitarian tentacles had even reached out to enfold foreign correspondents. Such régimes were so pathologically suspicious and afraid of honest reporting that they equated the quest for news with espionage.

28. He recalled the case of Mr. William Oatis, who had spent more than two years in a Czechoslovak gaol because he had tried to cover the news. Fortunately, he had since been freed and was pursuing his profession at the United Nations.

29. That was not an isolated case. On 21 March 1953, two American journalists, Donald Dixon and Richard Applegate, had been seized by a Chinese Communist gunboat while sailing a yacht in international waters from Hong Kong to Macao. For more than a year they had been held in a Chinese Communist gaol, while the authorities of the régime had ignored completely all requests for information on the brutal kidnapping. Those journalists were imprisoned like thirty other American citizens whose only crime was that they were American journalists, missionaries, business men or students. Some had been in prison for three years or more, in complete ignorance of the charges on which they were held. They had been denied counsel and had even been refused basic personal needs. Many of them had been subjected to physical and mental tortures designed to extract false confessions of guilt. It was known that some Americans gaoled by the Chinese Communists had died as a result of brutal treatment.

30. It was an evil thing when freedom of information was suppressed through censorship. But when that freedom was destroyed by the arbitrary and brutal seizure of journalists, it was a matter deserving of the greatest condemnation and forthright action.

31. He appealed through the Council to world public opinion in an effort to prevail upon the Chinese Communist régime to release from its custody the journalists and other American citizens held in Chinese Communist goals or otherwise prevented from leaving China. He was serving notice that the United States would keep the issue alive in appropriate organs of the United Nations and wherever else it might prove helpful in securing the release of those innocent people, victims of the foes of truth and freedom.

32. Mr. MISHRA (India) said that it was with extreme reluctance and without the slightest intention of indulging in political polemics that his delegation would like at the outset to refer to a problem which was casting an ominous shadow on an important aspect of freedom of information: the right of access to information. His delegation had decided to make that reference because the matter had a bearing on the survival of the human race itself. The recent test explosions of the hydrogen bomb in the Pacific had set in motion a wave of fear and concern in many countries of the world. Very little information was available about the disastrous consequences of that new weapon of unprecedented destructive potential. In a statement made to the Indian Parliament, the Prime Minister of India had felt it his duty to appeal to the countries concerned in the production of the hydrogen bomb to discontinue their experiments and to give full information on the power and the effects of the bomb; he had added that informed world public opinion would be a most effective factor in bringing about the results desired by all. The Prime Minister's statement had been submitted to the Disarmament Commission and he was glad to note that the United States representative on that Commission had said on 9 April 1954 that it deserved "respectful attention".¹

33. It was only by such information that really effective world opinion could be created to arrest the progress of that destructive potential which menaced the very existence of civilization and only full publicity could create a current of opinion strong enough to arrest the ominous development of events, which seemed to move towards a crisis with the inevitability of Greek drama. It was the sacred duty of the United Nations in those circumstances to demand from the Powers principally concerned that full information should be given concerning the hydrogen bomb and the Secretary-General should be requested to take such steps as might be deemed necessary to secure and publicize the required information periodically. No information more vital, urgent and necessary than that could be imagined at the current time. That request was important not only because of the recent experiments in the Pacific, but also because of the fact that similar experiments had been or would be made by other Powers: the request was addressed equally to the United States of America and to the other custodian of that destructive weapon, the USSR.

34. The Indian delegation hoped that members of the Council would agree that it was incumbent upon the Council to protect the right of the people of the world to have access to information concerning the implications and effects of the hydrogen bomb.

35. He requested the Council to consider the history of its efforts in the field of information so far. An

¹ See *Official Records of the Disarmament Commission*, 32nd meeting.

objective analysis would not shed a very flattering light on the United Nations, and particularly on the Economic and Social Council. After eight years' work little progress had been made, although neither the time of the delegations nor the money of Member States had been spared: the draft conventions adopted by fifty-four countries at the United Nations Conference on Freedom of Information held at Geneva were a dead letter; fullness, accuracy and objectivity of information had not been achieved and the "cold war" continued with the same intensity.

36. The effects of India had always been directed towards helping to expedite the formulation of an international draft convention on freedom of information and his delegation had always tried to lay stress on those aspects which were essential to friendly feelings among nations and to international peace. At the current session, his delegation would make active efforts to prevent the Council from earning the reputation of losing interest in the question and seeking to prevent positive action by the General Assembly. The question was indeed difficult and complicated, but it was high time for the Council to present in final form its recommendations regarding the convention on freedom of information and put an end to the uncertainty of the people on the question.

37. His delegation thought the publication of the Rapporteur's report (E/2426) marked a stage in the work on freedom of information which called for action by a small body of experts. It would be recalled that at its final session the Sub-Commission on Freedom of Information and of the Press had expressed the opinion that the study of the problem should be entrusted to a permanent and independent body of experts. It would be asking too much to expect one person alone to perform the varied and delicate task mentioned in the Rapporteur's report. Some members of the Council had expressed doubts to that effect when the Rapporteur had been appointed. The Council had been fortunate in being able to count on the exceptional abilities of Mr. López, but his report represented the limit of what an individual could do to further the cause of freedom of information.

38. His delegation reserved the right to discuss the Rapporteur's recommendations (E/2426, chap. VI) in detail in the Social Committee.

39. With regard to the question of the development of information enterprises in the under-developed countries, he pointed out that freedom was a function of equality, and he feared that so long as the hiatus between the developed and under-developed countries had not been removed, or at least considerably reduced, the free flow of information would continue to be hampered by various obstacles.

40. At the Council's 768th meeting the Yugoslav representative had expressed the not-unfounded fears felt by the under-developed countries of the influence which the large trusts and monopolies could wield under the existing unequal conditions. The Council had before it two documents on the development of independent information enterprises in those countries (E/2426 and E/2543), but they did not seem fully to meet the requirements of General Assembly resolution 633 (VII). One, the Rapporteur's report, gave a good analytical picture, but not much of a solution for the difficulties it revealed. It could be argued that the Rapporteur had

not been asked to devise a programme of concrete action for encouraging the development of information enterprises in the under-developed countries. But, under Council resolution 442 E (XIV) and General Assembly, resolution 633 (VII), that was the Secretary-General's task. Yet the Secretary-General himself had stated that he had only been able to present the elements on the basis of which the Council could devise a programme of action. His delegation believed that that was so because a report of the type envisaged by the General Assembly could only be drawn up by a group of experts. The Secretary-General should have confined his study to one of the more pressing aspects of the problem and should have presented clear and precise recommendations on the subject, instead of trying as he had done to include everything in the report, which was consequently too general and too vague to be of any use.

41. The outstanding fact about the condition of the Press in India was undoubtedly the multiplication of newspapers after India gained its independence. Newspaper circulation in India was nevertheless still lower than in any other progressive country. The total number of newspapers, including dailies and weeklies, was less than four million copies, that is, approximately equal to the circulation of the London *Daily Express*. Six copies per thousand inhabitants were published, as against 596 per thousand in the United Kingdom, and 354 per thousand in the United States of America. One of the reasons for that was the lack of newsprint. While the situation had improved slightly in that respect, the number of readers had certainly not reached a peak. The Nepa Nagar factory in Madhya Pradesh, which was under construction, would have a capacity of 30,000 tons per year: newsprint requirements in India were currently 70,000 tons, which were entirely met by imports, and according to the Planning Commission those requirements would rise to 100,000 tons in 1956. Thus the under-developed countries had every reason to be dissatisfied, and to seek a more equitable distribution of the world's total production of newsprint. His delegation hoped that the Council would give serious consideration to the situation and that it would take the steps necessary for the establishment of newsprint purchase co-operatives, as the Secretary-General had recommended.

42. There were two national news agencies in India: the Press Trust of India and the United Press of India. They were both still in their infancy, but it was difficult for them to expand their services as much as they would like on account of the small number of subscribers and the costs involved, particularly since they had to import most of their equipment. High tariffs for Press messages from abroad also contributed to restricting the flow of news into India, and in that connexion, he drew the Council's attention to the resolution passed by the Culture Sub-Commission at the First Conference of the Indian National Commission for co-operation with UNESCO held in New Delhi in January 1954. Under that resolution, the United Nations Educational, Scientific and Cultural Organization was requested to take the initiative in establishing an international convention to ensure low Press cable rates since the high-price cable was the biggest obstacle to the free flow of information between nations.

43. On the national level, the development of the Press and of the Indian-language news agencies could be considerably speeded up if India could be provided

with technical assistance for that purpose, especially through the awarding of fellowships to Indian correspondents, which would enable them to receive training with one of the large world agencies. The Secretary-General's report correctly emphasized the importance of training personnel and contained some very useful suggestions on the subject, which had tremendous possibilities. India, which was not at present able to manufacture printing and composing machinery, would also be very interested in obtaining technical assistance to establish that kind of industry.

44. He was pleased to inform the Council that the Press Commission was currently examining all the problems facing the Indian Press, and that one of its important terms of reference concerned the working conditions of journalists.

45. With regard to international broadcasting and the problems connected with the location of frequencies and their better utilization, chapter IV, section C, of the Secretary-General's report (E/2534) contained suggestions relating to the co-operative use of international frequencies by a group of States. His delegation thought that the only way to solve the problem of congestion in international frequency bands would be to devise an equitable and orderly plan, which would take account of the legitimate needs and aspirations of all the countries of the world. It was unfortunate that no solution had yet been found, despite the efforts of the International Telecommunication Union during the past six years. The reason for that was simple: those who used a certain frequency, either because they had been the first to claim it, or because they had powerful transmitters, were generally reluctant to relinquish it. It was obvious that the least favoured nations could not reconcile themselves to the perpetuation of such a situation. His delegation was strongly in favour of creating a regional organization of ITU in South and South-East Asia; that idea had been put forward for the first time during the Plenipotentiary Conference at Buenos Aires in 1952, when the United Nations representative had been in favour of it. His delegation hoped that, with the help and advice of UNESCO, an early decision would be taken in the matter.

46. His delegation generally approved the suggestion to establish film units for the under-developed countries, provided that a number of factors peculiar to the countries concerned were taken into account. In India, the production and distribution of documentary films had been extremely well organized since 1948. A documentary film and a newsreel were released every week and it was estimated that they were seen by 600 million people annually. Various aspects of the five-year plan would be illustrated by means of educational films made under the integrated publicity programme sanctioned in connexion with the plan. Despite the fact that those activities were being expanded and rendered a real service, his country was nevertheless at a disadvantage, because it had to import raw film. In that respect also there was still much to be done and investments would certainly bear fruit.

47. Finally, India, as a democratic republic, was zealously safeguarding freedom of information and was willing to participate in any relevant international measures to the fullest extent.

48. Mr. MEADE (United Kingdom) recalled that under the Charter of the United Nations the Economic and Social Council was responsible for promoting universal respect for and observance of human rights and fundamental freedoms. It was not surprising therefore that the Council had been engaged for so long on the subject of freedom of information, for there was no better way of safeguarding human rights than to preserve that freedom. The task was not always an easy one, since freedom of information, though the bulwark of the other freedoms, was itself very vulnerable. The enemies of freedom and of human rights were well aware of that and whenever a dictator had wanted to destroy democracy, he had begun by attacking freedom of information. It was thus the Council's duty to protect and strengthen that freedom.

49. The United Kingdom delegation joined other delegations which had expressed appreciation for the work done by the Rapporteur, Mr. López, although it did not always share his opinion on proposals for future work; it none the less appreciated his objective survey of the situation and the difficulties to be overcome.

50. Mr. López had been criticized, but he should not be blamed, for basing his reports on information sent to him by non-governmental organizations. Replies from governments had been few; only fourteen governments had replied and of those only three were members of the Council, so that he had scarcely any sources of information other than those which he had used. Those governments which had not sent information had no reason to complain if the reports did not reflect their point of view.

51. Perhaps the most interesting part of the Rapporteur's report (E/2426) was chapter IV, which contained a very useful analysis of the reasons for the success or failure of previous United Nations efforts in the field of freedom of information. Mr. López had contrasted the views of those countries supporting the maximum freedom of information with those of the countries which insisted on the responsibilities and duties of information enterprises. The views of the United Kingdom delegation on that question were well known. Freedom of speech and expression had for centuries been an essential characteristic of the way of life of the inhabitants of the United Kingdom. The only limits placed on that freedom were those relating to libel, copyright, sedition and obscene publications, but those limits did not in any way adversely affect the right of journalists to collect and publish accurate news and to express their opinion of the facts. A lack of responsibility on the part of journalists was much less dangerous than any measure imposing a general restraint on the publication of news. As Mr. López had stated in the report, too much insistence on responsibility could lead to the negation of freedom itself.

52. Clearly such conclusions could not apply to all countries without exception, but each government should permit the greatest freedom compatible with existing circumstances. There were certain restrictions which were completely incompatible with freedom of information. No country, for example, could pretend to favour freedom of information when it decreed the permanent suppression of political parties in opposition to the government, when it imposed censorship as a normal and not as an emergency measure, when it prohibited or obstructed the importation and circulation of books

and publications from foreign countries and when it deliberately jammed foreign broadcasts.

53. It was surprising to note that the report contained no reference to the jamming of radio broadcasts. Unfortunately certain governments continued to jam or to attempt to jam all radio broadcasts from foreign countries liable to be received and understood by the population of the country. Their only object was to kill freedom of information at home while exploiting and abusing it abroad. Such governments would have to change their attitude if any real progress was to be made in the field of freedom of information by means of international co-operation.

54. The United Kingdom delegation had been pleased to note the tributes paid by the Rapporteur to the work carried out by the specialized agencies, in particular UNESCO, in the field of freedom of information. Nearly all the work of UNESCO in the field of education was related to the question, in particular its efforts to promote the interchange of books and cultural publications. Such agreements as the Agreement on the Importation of Educational, Scientific and Cultural Material were of great use in facilitating the exchange of information. The United Kingdom Government, he was glad to be able to say, had recently ratified that agreement and had extended its operation to a large number of its territories. To promote freedom of information it was of the utmost importance to develop education. He believed that in a fair contest truth would always triumph over falsehood but only if there were an enlightened public capable of evaluating facts and opinions obtained from different sources. In view of modern mass propaganda techniques, it was more important than ever that public opinion should be sufficiently informed to be able to pass judgment on the information received. Yet the most enlightened public could not pass a sound judgment unless it was in possession of all the necessary evidence.

55. Emphasis had rightly been placed on the importance of the existence of information personnel with high standards of competence and ethics. The possibility of drawing up an international code of ethics had been discussed on several occasions and it appeared to be generally agreed that that question should be settled by members of the profession themselves. Any governmental interference could only lead to loss of freedom of information.

56. The last part of Mr. López' report could be considered when it was discussed in the Social Committee. The programme of future work proposed by the Rapporteur in that part seemed useful. The United Kingdom delegation did not, however, consider it desirable to proceed with a convention on freedom of information. Experience in the last few years had shown that it was very difficult to find a formula to define permissible restrictions on freedom of information without leaving the door open to abuse. Even the formula suggested by Mr. López for article 2 of the draft convention (E/2426, chap. VI, draft resolution No. 1, para. 2) was open to objection since the concept of national security could be interpreted in widely different ways in different countries. As the Chinese representative had said, the problem of freedom of information could not be solved by adopting a convention. Such a convention could be effective only if it was unanimously accepted by all countries, which was far from being the case. Similarly, little good could be

anticipated from a convention such as the Convention on the International Right of Correction (General Assembly resolution 630 (VII), annex), which had been adopted by a narrow majority against the opposition of twenty-two States.

57. He hoped that the Council had not gained the impression that his country favoured a policy of inaction. On the contrary, his delegation considered that much could be done by the Council and by other organs of the United Nations, in particular by means of technical assistance and through it the training of impartial information personnel, as the United States representative had suggested.

58. The Yugoslav representative's proposal that attention should be concentrated entirely on the development of technical resources while disregarding the question of the independence of information personnel might result in a larger volume of information, but was hardly likely to lead to more freedom of information.

59. The United Kingdom delegation thought that the Council should continue to encourage the work being done by specialized agencies in that field and supported the suggestions of Mr. López with regard to further work in that direction. He agreed with the Secretary-General that some of the tasks suggested for a Rapporteur or for the Secretariat could more appropriately be carried out by the specialized agencies.

60. The success or failure of the Council's efforts depended on the action of governments. Admittedly, freedom of information was not a field in which governments should interfere, but they could help to sweep away the restrictions which unhappily existed in all countries of the world. To that end, all governments should make every effort to promote the free exchange of information, which was the essential basis of understanding between nations and of world peace.

Report of the International Monetary Fund (E/2496 and Add.1): (a) Annual report of the Fund; (b) Report of the Fund under Council resolution 483 C (XVI)

[Agenda item 4]

61. The PRESIDENT asked Mr. Rooth, Chairman of the Executive Board and Managing Director of the International Monetary Fund, to present the report of the fund for the financial year ended 30 April 1953, and the supplementary statement for the period from 1 May 1953 to 31 January 1954.

62. Mr. ROTH (International Monetary Fund) stressed that the world economic situation had definitely improved during 1953. After a temporary decline in 1952, world trade had shown an appreciable recovery. The volume of world trade had been approximately the same as in 1951, when the Korean War had caused a considerable increase in trade and production. The balance of payments position in a great many countries had improved, and the currency reserves of many countries had increased noticeably. The aggregate gold and dollar reserves of countries outside the Soviet bloc, excluding the United States, had increased by approximately 2,500 million dollars or about 12 per cent. It should however be realized that the improvement had been insignificant in some countries and a few had even suffered a reduction in their reserves. The ratio of total reserves to imports had significantly increased

in most countries. In 1953, gold and dollar reserves had increased in almost all those countries where they had been particularly low at the end of 1951.

63. That widespread improvement in gold and dollar reserves occurred mainly as the net result of transactions with the United States. The aggregate amount of dollars supplied by the United States in 1953 had been about \$20,000 million; \$12,000 million for imports of goods, \$6,000 million for invisibles and capital movements and \$2,000 million for economic aid. Of those \$20,000 million, about \$2,000 million had been used to strengthen national gold and dollar reserves.

64. Official gold stocks had also received a higher proportion of new gold production, as the private demand for gold had declined. That decline was reflected in a fall in the price of gold in free markets, which now showed only a negligible premium above the official price. Gold sales by the USSR towards the end of the year had also added to the reserves of certain countries in Western Europe.

65. It should be noted that the increase in reserves did not result from new or tighter restrictions, but on the contrary, from an international financial position more nearly in equilibrium than that of previous years. The outlook for the attainment of convertibility by the main currencies had therefore improved. Several countries had taken steps in that direction. Certain discriminatory trade practices had been abolished; a more extensive use of foreign-held balance had been permitted, and some international markets had been reopened. In many quarters, consideration was being given to the possibility of the liberalization of trade and the establishment of currency convertibility.

66. Several factors had played a part in that favourable development. As a result of improvements in their agricultural production, some countries had become less dependent on the United States; that was one of the most important factors in the decline of United States agricultural exports in 1953. There had also been a decline in United States coal exports for similar reasons. But that improvement was also due to temporary factors, such as the restrictions on imports from the dollar area imposed by certain countries, United States military expenditure abroad and United States economic aid. It was impossible to forecast how those factors would develop in 1954. In view, however, of the high rates of reserve accumulation in 1953, even a somewhat reduced level of United States imports in 1954 need not prevent foreign countries from adding further to their gold and dollar holdings.

67. The recent decline in United States imports was due to a decline in general economic activity in that country. The serious consequences which a depression in the United States would have for the rest of the world had often given rise to concern. The United States Government had, however, declared its intention to act rapidly and decisively should the situation deteriorate further. No interruption in the growth of the world economy was therefore to be anticipated.

68. There had also been a decline in inflationary pressures in deficit countries. More and more countries were now using fiscal and monetary control to ensure both a high level of employment and an equilibrium in their balance of payments.

69. In spite of those achievements, the situation could not be said to be satisfactory in all countries. In some, the demand for imports exceeded the amounts available

from export earnings. The chief reasons for that disequilibrium were inflation and a reduced demand for primary products on export markets. The Fund had a direct interest in all those problems, including those raised by fluctuations in the earning of the countries exporting raw materials.

70. Where the part played by the Fund was concerned, its activities had shown an appreciable increase in 1953. It had sold foreign exchange to the value of \$230 million and had received more gold and dollars through repurchases than in previous years. The policies governing the use of the Fund's resources and stand-by credits had been eased; the Fund had become better equipped to assist countries with temporary balance of payments difficulties and to contribute more effectively to the maintenance or establishment of convertibility. In particular, the rule limiting drawings by any member to 25 per cent of its quota in a twelve-month period had not been applied to transactions with Turkey and Peru in 1953. For the first time, the Fund had made a stand-by arrangements with a country with a fluctuating exchange rate (Peru) for a period longer than six months.

71. An increasing proportion of the Fund's transactions had been with the less developed countries, which did not mean that it could provide those countries with the capital they needed for the long-term investments essential to their economic development. For that, they must have recourse to the International Bank for Reconstruction and Development, the United States Export-Import Bank or to private investors. The Fund could, however, help them to meet temporary balance of payments difficulties resulting from the speeding-up of their economic development.

72. The Fund's contacts with its members had also increased. Members continuing exchange restrictions and discriminations were required to consult the Fund every year. During 1952 and 1953, the Fund had had consultations with forty countries, which had involved missions to those countries and visits to the Fund's headquarters by their representatives. Such missions sometimes led to a relaxation of restrictive and discriminatory systems and always provided an opportunity for a fruitful exchange of views on actual and possible economic policies. The Fund hoped that the experience so gained would help it to play an active part in assisting members to maintain or establish convertibility.

73. The Fund also sent technical missions to member countries. There had been twenty-five such missions in 1953, the questions studied during missions having included exchange control, the policies, administration and organization of central banks and improvements in statistics. In addition, Mr. Cochran, Deputy Managing Director, had visited seventeen member countries in 1953, and he, Mr. Rooth, had visited four South American countries at the beginning of 1954.

74. Where relations between the Fund and the United Nations were concerned, the Fund had given close consideration to the Council's suggestions regarding the form and content of the reports of the specialized agencies. At the fifteenth session of the Council, the Fund had also been asked in resolution 468 H (XV) to make a study of discrimination in the field of transport insurance. That study had not yet been completed. There was as yet insufficient evidence to indicate that such discrimination was a significant factor in world trade.

75. In conclusion, he wished to record his appreciation of the friendly relations existing between the United Nations Secretariat and the Fund. He thanked the Council for having made it possible for him to present the Fund's report in person and said he would be glad to answer any question which members of the Council might wish to put to him.

76. Mr. OZGUREL (Turkey) thanked Mr. Rooth for his excellent statement. His delegation had found the two latest reports of the International Monetary Fund of great interest. The Fund's reports and its periodical publications provided valuable data for a study of international economic problems.

77. It was evident from those reports and from Mr. Rooth's statement that there had been a trend towards an improved balance of payments situation in 1953. Many countries had been able to build up substantial monetary reserves, and some were considering reverting to a convertible currency system.

78. The problem of trade between the United States and the rest of the world had not, however, been solved. The improvement in the situation was in fact partly due to temporary factors, such as off-shore purchases of military supplies and the severe restrictions imposed by certain countries on imports from the United States. The Fund had made a number of proposals regarding methods of covering the dollar deficit, such as measures to combat inflation, the maintenance of a high level of economic activity and employment in the United States, the development of tourism, an increase in exports from the European countries of the OEEC to the United States, Canada and Latin America, an expansion of the production of raw materials and, lastly, the maintenance of a high level of activity both in the industrial and under-developed countries. Other possible solutions were measures to promote the flow of foreign capital, the elimination of discrimination in international trade and the liberalization of trade along the lines followed, for example, by the European Payments Union.

79. His delegation considered that the speeding up of the economic development of the under-developed countries was an important factor in the problem of the balance of international payments and the dollar deficit. The Fund could therefore contribute to a solution of the problem by granting certain facilities to the less developed countries and by helping them to meet the payments difficulties they encountered as a result of their rapid development.

80. He was glad to note that the Fund was already taking steps in that direction. Stand-by credits and the relaxation of the 25 per cent ceiling were of great assistance to the under-developed countries. There was every reason to believe that the Fund would pursue a policy which would permit an even sounder use of its resources.

81. Mr. HOTCHKIS (United States of America) had been much impressed by the progress in regard to international trade, the balance of payments situation, increased gold and dollar reserves and the reduction of inflationary pressures, which had been outlined in the Fund's report and in Mr. Rooth's statement.

82. There need be no fear of a decline in United States activity which might induce any major interruption in the continued growth of the world economy. The United States Government had announced its

intention to take whatever measures might be needed to keep the United States economy healthy.

83. The International Monetary Fund had continued to develop greater flexibility in the use of its resources, to the advantage of member countries which might experience temporary balance of payments difficulties. The practice of consultation was very useful and had contributed to the reduction of exchange restrictions and discrimination. Technical missions, sent out by the Fund, had been very helpful to member countries.

84. Nevertheless, exchange restrictions were still widespread. In some countries, inflationary pressures persisted. The International Monetary Fund was, however, working steadily towards the wider adoption of sound monetary, fiscal and exchange policies. The Fund could count on the United States Government's complete support in its activities.

85. Sir Alec RANDALL (United Kingdom), on behalf of his Government, paid a tribute to the work of the International Monetary Fund. The active part which the Fund played in the economic and financial life of the world was generally recognized. It was to be hoped that the Fund would continue to be able to meet the demands which might be made upon it, and indeed that its usefulness would continue to increase. Mr. Rooth's statement had been encouraging. It was reassuring to note that the increase in monetary reserves had been caused by an expansion, and not by a contraction, of international exchange.

86. As regards the operations of the International Monetary Fund, he commended the Fund for having adopted more flexible provisions governing the utilization of its resources. The new policy seemed not to have impoverished the Fund, since the increase in the number of requests had been offset by that of repurchases.

87. The United Kingdom Government unreservedly supported the action taken by the International Monetary Fund.

88. Mr. AVILES MOSQUERA (Ecuador) associated himself with the preceding speakers in congratulating the Managing Director of the Fund on his interesting statement. He was pleased to note the progressive character of the Fund's annual reports and of the statement just made by Mr. Rooth.

89. During the general debate on the development of under-developed countries, certain views had been expressed regarding the importance of the balance of payments for the unimpeded progress of economic development. While the main purpose of social policy must be to raise the level of real income, it was also necessary, particularly for countries with an unfavourable balance of payments, to give careful consideration to a monetary policy and measures designed to keep domestic demand within normal limits. In that connexion, the International Monetary Fund had rightly noted, in its report (E/2496), that both the under-developed and the advanced countries should regard development programmes as one of the best means by which they could raise the level of the real income of vast sectors of the world population and as an essential factor in any over-all plan to establish a stable economic world order based on ever-expanding multilateral trade and the convertibility of all currencies.

90. All the financial and monetary measures taken by Ecuador during the past few years had been aimed at

achieving such equilibrium at home. With the Fund's advice in 1947 and 1948, Ecuador had carried out a monetary reform through which it had been able to check inflation and to give its currency the necessary stability to carry out a systematic economic development programme. The reform had been effected simultaneously in two ways.

91. First, Ecuador had adopted a multiple exchange system, under which the volume of imports was determined by the usefulness of the product instead of being subject to quantitative restrictions of a purely administrative nature which were always unsatisfactory and frequently unfair. The new system, which by its very nature was provisional, had been progressively modified, and since January 1954 had provided for only two categories of commodities: essential items and luxury items. For the first, the importer could obtain foreign currency from the Central Bank at the official rate; for the second, he must procure it on the free market. Thus there remained actually only two rates of exchange which, incidentally, were fairly close. The reform had greatly benefited the Ecuadorian economy.

92. Secondly, Ecuador had modified the structure of its Central Bank, so as to give it greater independence and flexibility in the application of the monetary policy; the Bank was now better able to take account of the needs of a growing economy, to check fluctuations in international demand and to prevent such fluctuations from adversely affecting its balance of payments. The supply of money must correspond to the needs of domestic progress and not be governed exclusively by the fluctuations of foreign exchange reserves. It should be emphasized in that connexion that, in accordance with the classical rules, the supply of currency had not corresponded to the fluctuations in income and that the creation of instruments of credit had had only a limited effect in the countries in the process of development; it had therefore been necessary to find new methods to replace the old ones which were better suited for more advanced economies.

93. In all its efforts to solve the various problems, Ecuador had been able to rely on the help and technical advice of the International Monetary Fund, for which it was profoundly grateful.

94. Mr. KOS (Yugoslavia) also thanked the Managing Director of the Fund for his excellent statement. He wished, in that connexion, to stress some aspects of the problem which, while perhaps not essential, were nevertheless very important in the view of the Yugoslav delegation.

95. Concerning currency reserves, Mr. Rooth had pointed out that world reserve—excluding those of the United States and the USSR—had increased by 12 per cent during the past year, and that while in some countries official reserves had increased considerably, in others the opposite had been the case. Reference to the data contained in the *International Financial Statistics* showed that in 1953 the currency reserves of Latin America had increased by \$465 million, and those of the United Kingdom by \$201 million. In the rest of the world, however, including Asia and the Near East, that is to say most of the under-developed countries, the reserves had dropped by \$665 million. It might be of interest to compare in the case of raw

material producing countries the curve of their monetary reserves with that of their income from exports.

96. Another important aspect of the same question was the relationship between the increase of world monetary reserves and the general fluctuations in volume of exchange. A comparison of world import figures for 1953 with those for 1952 showed a drop of \$5,244 million. The decrease of exports on the other hand, had been much less, being roughly \$2,222 million. It would be of interest for the Council to know whether the two trends were related. A closer analysis of the increase of monetary reserves during 1953 showed that one third of the total increase was directly due to the increase of gold reserves, while the other two thirds were due to the increase of strong currency reserves. Consequently, there seemed to be a definite relationship between the increase of the total reserves and the decrease in the volume of international trade.

97. Some speakers had recently argued that the increase of world monetary reserves was a good sign and that it gave hope that the economic problem of the world would at last be settled. Without wishing to counter such undue optimism with equally unjustified scepticism, he must caution the Council not to place too much hope in an increase of monetary reserves caused by a contraction of world trade.

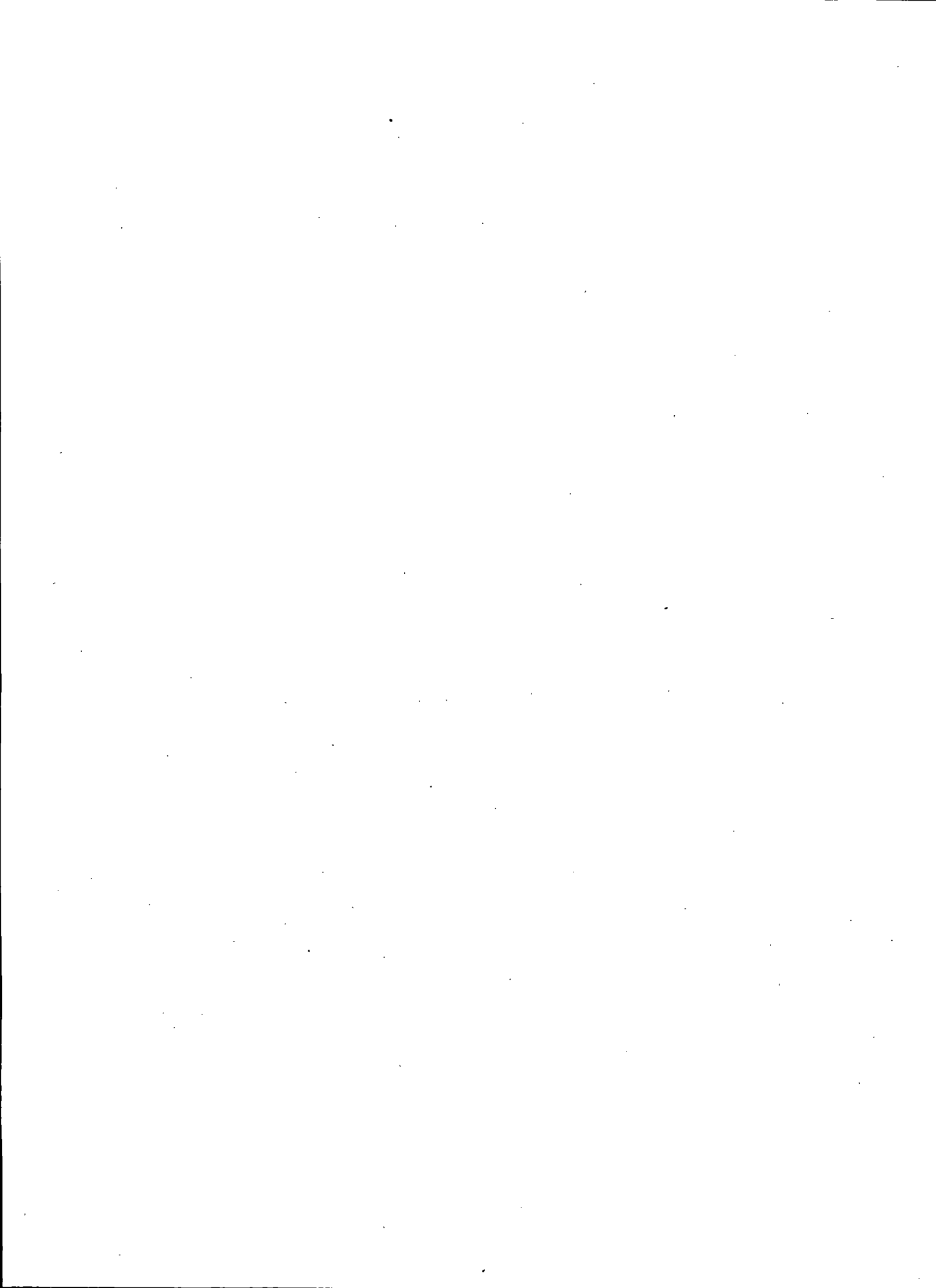
98. The problem of the convertibility of currency, which was closely related to that of monetary reserves, had for some time been a major issue in international debates. The annual report of the Fund showed how complex the question was. All nations naturally wished their currency to be fully convertible. Yet the under-developed countries could not always achieve that goal, for various reasons, the most important arising perhaps out of the effect on their balance of payments of the need to speed up the rate of their economic development.

99. The Council was thus back at the old, still unsolved, problem of long-term international investments. Since the investments had not been such as to overcome balance of payments difficulties, and since those difficulties were only temporary in any case, it would seem that the current policy of the under-developed countries was really the best.

100. The Yugoslav delegation would welcome any progress in multilateral settlements which would result in an increase of international trade; at the same time, it had felt bound to point to some obstacles which the International Monetary Fund did not, for the time being, seem able to overcome.

101. He congratulated the Fund on its successful activities during the year under consideration, and in particular on the fact that its sale of currency had reached the comparatively high figure of \$230 million. The decision to extend the period of repayment granted under the stand-by arrangements was also to be commended; he was sure that the happy experience of Peru would be repeated by other under-developed countries, Yugoslavia, for its part, had always welcomed any opportunity to examine its financial problems together with the Fund's representatives and was grateful to them for the assistance received. The International Monetary Fund played, and would continue to play, a role of vital importance to the world economy.

The meeting rose at 12.55 p.m.





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President: Mr. Juan I. COOKE (Argentina)

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Costa Rica, Netherlands, Philippines.

The Rapporteur on Freedom of Information.

The 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.

Report of the International Monetary Fund (E/2496 and Add.1, E/L.589): (a) Annual report of the Fund; (b) Report of the Fund under Council resolution 483 C (XVI) (continued)

[Agenda item 4]

1. Mr. TAFAZZAL ALI (Pakistan) stated that the interest of the Council should not be limited to mere institutional questions and consideration of the uses to which the Fund could be put; it should endeavour to achieve a freer flow of trade, a greater degree of equilibrium in the international balance of payments and the multilateral convertibility of currencies. His Government stood by its determination to promote measures for removing the obstacles to international trade and achieving multilateral convertibility. He wished to put forward certain suggestions on the ways in which those objects might be achieved.

2. The existing limits on borrowings from the Fund might well prove inadequate for a member requesting the use of the Fund's resources for temporary help in balance of payments difficulties. The Fund should therefore be empowered to allow a member to purchase currencies in excess of the limits imposed under the

Articles of Agreement, and the Fund should show due flexibility in assisting members. He was glad to hear that the Fund had recently waived the 25 per cent limit on drawings in the case of Peru and Turkey; he hoped that this would become a general practice.

3. The Fund should make its resources available to a country which experienced a substantial fall in receipts, provided that the country was likely to be able to pay when conditions improved. The withholding of funds in such a case might force the country to impose more stringent import restrictions, thus defeating the very object of the Fund. He was happy to note from the representative of the Fund that the Fund was fully aware of its responsibility to act with determination to assist its members in limiting the balance of payments impact of any future depression and believed that, with its existing machinery and even with its existing resources, it could make a useful contribution to that end; further, in the event of a severe depression, the Fund would consider possible changes in its methods of operation. He would emphasize, however, that any recessionary measures were more effective and involved less strain and stress if the plans were prepared and ready for execution well ahead of the time when they were likely to be used.

4. Members with persistent balance of payments difficulties were allowed to depreciate their currencies up to ten per cent without the Fund's permission, but further depreciation was permissible only in a condition of "fundamental disequilibrium" That condition was not defined under the Articles of Agreement and was open to several interpretations.

5. The "scarce currency" clause in the Articles of Agreement was likewise vague and the period of transition after the expiry of which a currency was officially declared effective was not determinable.

6. His delegation had noted with some discomfort the voting system of the Fund whereby the United States of America had 35 per cent and the United Kingdom 16 per cent of the vote, which meant that those two countries had a virtual power of veto. The basic principles underlying the foundation of this great institution in the field of monetary co-operation were so international in character that it was desirable to have the administration of the Fund on more equitable lines, in consonance with generally accepted democratic ideals.

7. There was an obvious relationship between the Fund's fiscal and monetary work and the economic development of under-developed areas, and in that connexion he complimented the Fund on its special training programme which had been most useful in the under-developed countries. He concluded with the hope that the Fund would play an increasingly important role in carrying out the policies and fulfilling the hopes in which it had been established.

8. Mr. SAKSENA (India) noted that there had been an increase in the volume and scope of the Fund's

operations. The arrangements for stand-by credits seemed particularly appropriate as a means of assisting members, and would no doubt have been more widely used had the balance-of-payments position of member countries not improved without such assistance.

9. The Fund had made cautious attempts to assist in solving the complex problem of convertibility. The matter was to some extent beyond the scope of the Fund, but the fact that it had been willing to provide stand-by credits to achieve or maintain convertibility was a welcome step.

10. The co-ordination of economic policy raised important and delicate problems. The Fund had been endeavouring to achieve international cooperation in their solution, but the limiting factor was the degree to which members themselves were able and willing to co-operate. The Fund should endeavour to use its influence, not only with those countries which had balance-of-payments difficulties, but also with those which were more favourably placed and which might be persuaded to adjust their policies in the interests of international co-operation.

11. The Fund's desire to assist in overcoming cyclical problems was most welcome. The assistance which it could give had not yet been put to the test and would obviously depend on the extent of the cyclical recession and the size of the Fund's available resources. It might be necessary to revise the scale of charges which were related to the rates usually charged by central banks for short-term loans. It was important to remember that the Fund was in no way a central bank but an organization set up to assist in maintaining stability in international trade.

12. Mr. MORALES (Argentina) pointed out that financial questions such as the international balance of payments could not be discussed without reference to the world economic situation as a whole. In that connexion, the Fund's report gave little ground for optimism. The more developed countries, which could have a decisive influence on the world economy, still did not see current problems in correct perspective. The world's economic structure suffered from a serious disequilibrium. Economic power tended to be concentrated more and more in the hands of the developed countries, so that the disparity between them and the under-developed countries became even more marked. A great effort of international co-operation had been made in the post-war reconstruction of Europe, whereas such co-operation had been very much less in connexion with the far greater problem of the economic development of under-developed countries.

13. His delegation considered that the present fundamental disequilibrium was due to structural causes which were likely to persist and that there could be no balanced development of world economy and no adequate balance of international payments, such as would lead ultimately to full convertibility, stable currencies and a permanent system of multilateral trade, whilst such structural causes existed.

14. The principles enunciated at Bretton Woods would be difficult to apply without a determined effort to promote economic development in under-developed countries. Until that was done, the practical significance of the Fund as an international institution would continue to be slight.

15. As the report pointed out, the abnormal level of United States expenditure abroad had tended to improve the balance of international payments. Such expenditure was likely to be non-recurrent. Moreover, the imposition of import restrictions had also tended to balance international payments, but that was merely a postponement of the fundamental issue.

16. His delegation agreed with Mr. Prebisch, the Executive Secretary of the Economic Commission for Latin America, that there was a chronic and inherent tendency towards disequilibrium in the world economic structure owing to the fact that the United States, which was at present the centre of the economic world, had a low level of imports, and so was not sensitive to external influences which affected the peripheral or less developed countries. The resources of those countries therefore tended to flow towards the United States, with no reciprocal movement to restore the balance.

17. The object of the economic development of the less developed countries was to increase their productivity and so to cause their real income to rise faster than the increase in population. Such development led to a rise in imports to meet development needs, so that the international payments of the regions under development could only be balanced if there were a corresponding increase in their exports. The under-developed countries found difficulty, however, in stepping up exports of goods subject to wide fluctuations in demand, whilst the prices of those goods were also liable to vary widely and tended to decline, whereas price levels of the manufactured goods which they imported remained much more steady. Stabilization of the terms of trade was thus a matter of vital significance to the under-developed countries.

18. A former Chairman of the Board of Governors of the Fund had called attention to the urgent need to solve that problem so that the monetary stability of those countries might rest on a firmer foundation, with consequent benefit to world economy as a whole.

19. The Argentine representative emphasized that his remarks did not reflect any economic pressure in his own country, where 1953 had been a year of economic recovery, increased exports, and financial consolidation. That result had been achieved by an integrated policy of economic development coupled with the maintenance of high standards of living.

20. The report stated that in Australia and Argentina the price paid to wheat producers had been lower than the world price so that the shares of those countries in the world wheat trade had declined. That was not true as far as Argentina was concerned. Wheat producers there received a price which was independent of world market fluctuations and was based on the maintenance of a fair return to the producer. Adverse weather had caused a decline in agricultural production in Argentina, but with improved conditions production had again risen sharply.

21. The report showed undue optimism regarding the wider problem of agricultural surpluses and their effect on the development of international trade. The more advanced countries could always dispose of their surpluses without harm to their internal economy, whereas the under-developed countries were likely to find their international bargaining position weakened and the volume and value of their exports declining in the face of decreasing demand.

22. Problems of that kind were of the utmost importance for world economic development in general. The fact that existing international organizations were not capable of giving thorough consideration to those questions pointed to the need for setting up without delay suitable machinery for that purpose.
23. The Fund would perform a most valuable work if it undertook, either alone or in co-operation with other bodies, a detailed analysis of problems of economic development in relation to monetary policy, and studied possible methods of solving those problems with particular reference to their effect on monetary policy.
24. Mr. EL-TANAMLI (Egypt) hoped that in future the Fund's report could be discussed by the Council in connexion with and subsequent to its general discussion on the world economic situation.
25. The report reflected a tendency towards equilibrium in national and international economy in 1952 which had continued into 1953. There had been a reversal of the balance of payments trend in the United States and an improvement in the gold and dollar reserves of other countries. That seemed to point to some progress towards convertibility and the elimination of trade restrictions.
26. Nevertheless, equilibrium had not been restored at the peak of economic activity. There had been a fall in international trade, and restrictions on imports from the dollar area had been maintained. The shrinking of the dollar gap had been ascribed to the existence of such restrictions and to the abnormal incidence of United States military purchases abroad. The underdeveloped countries had been obliged for the sake of their balance of payments to maintain import restrictions detrimental to their standard of living and economic development. The world economy was still sensitive to any recession in the United States or any other country playing a large part in international trade.
27. His Government would continue to stabilize its economy by a sound budgetary and credit policy, whilst implementing an investment policy designed to stimulate national recovery. Prospects for the future were not unfavourable in view of the more liberal policies recently adopted by certain countries.
28. All countries should endeavour to increase their production and trade, and United States investments abroad could play a large part in the achievement of that end. Triangular trade movements should be augmented by increased production in industrial countries other than the United States. Such measures would tend to increase competition and to intensify economic activity.
29. Mr. HSIA (China) was gratified to note the progress on a variety of fronts which was revealed by the Fund's report. The period under review had seen the end of the post-war rehabilitation in Europe and a return to normal economic levels, whilst the balance of payments of the rest of the world *vis-à-vis* the United States had been favourable for the first time since 1950. Some European countries had been encouraged to relax their restrictions on trade with the dollar area, although balance-of-payments difficulties still persisted in many parts of the world.
30. His delegation viewed sympathetically the Fund's efforts to assist under-developed countries.
31. The report pointed out that violent fluctuations in raw material prices had led many countries to promote economic development in order to obtain more diversified trade and production structures. That was probably true in some countries, but it should be remembered that in others population pressures had been responsible for the demand for a greater measure of industrialization.
32. Mr. BORIS (France) associated himself with the previous speakers who had congratulated the International Monetary Fund and the Chairman of the Executive Board on an excellent report and statement.
33. His delegation shared the Fund's satisfaction that during the period under review the gold and dollar reserves of countries other than the United States had increased, and a trend towards convertibility had become apparent. The Fund, however, was rightly aware of the precarious and uncertain nature of some of the circumstances accounting for that development. A passage in the statement made by the Chairman of the Executive Board on that subject had been very significant.
34. He agreed with the statement on page 31 of the report that "the greater success of United States policy in maintaining domestic stability, the better the prospects for continued progress towards the establishment of a stable multilateral international trading system." While convinced that the present decline in United States economic activity was a temporary phenomenon, his Government would watch the situation with keen interest, and trusted that everything would be done to maintain the high level of activity necessary to the stability and expansion of the world economy.
35. The Fund noted with satisfaction that governments had reacted against a tendency to accept inflationary pressures arising from excessive effective demand in the post-war period.
36. The report reviewed the notion of full employment and implied that some more flexible concept should be postulated as the basic principle of a sound monetary policy. It should be remembered that the report dealt with the situation only up to 30 April 1953. Since then, the picture had somewhat changed. It would be unfortunate if the Fund's advice encouraged any inclination to tolerate unemployment or to forget that to be a perpetual creditor was as harmful as to be a perpetual debtor, particularly when that position was achieved at the price of widespread unemployment.
37. Moreover, the supplementary report showed that in the period from 1 May 1953 to 31 January 1954 greater use had been made of the Fund's resources than in the corresponding period in previous years. Since the increase was so small, however, the implication was that governments were, regrettably, restricting their imports in order not to add to their dollar indebtedness. The current trend of world trade would seem to confirm that impression.
38. The Fund had certainly been anxious to indicate the purpose underlying its policy by liberalizing the procedure for stand-by credit arrangements. On the other hand, its decisions in that respect had been accompanied by a rise in the interest rates on loans up to the 50 per cent quota. In some cases the rate had doubled and was higher than that provided for in the Bretton Woods Articles of Agreement. The rise in interest rates did not seem to be entirely in keeping with

the Fund's policy, and its expediency was open to doubt at a time when there was a general reduction in activity, effective demand and interest rates.

39. In conclusion, he expressed great satisfaction with the statement made by the Chairman of the Executive Board to the effect that the Fund would take rapid and decisive action in the case of any persistent slowing down of economic activity.

40. Mr. VAN OFFELEN (Belgium) said that his Government had consistently practised a cautious policy to offset domestic inflationary pressures and thus reduce balance of payments difficulties. It had always advocated the reduction of restrictions on the freedom of trade and convertibility.

41. It was therefore pleased to note the optimistic tone of the Fund's report and the analysis of the currency situation presented by the Chairman of the Executive Board.

42. The profound disequilibrium caused by the Second World War had been partly corrected, and foreign exchange reserves had been replenished. For the most part, the current deficits did not exceed the Fund's financial possibilities, and the Fund would be able to play the full part envisaged for it. A step might be made towards full convertibility.

43. The Fund could play a particularly useful role at the moment, when a recessionary movement seemed to be materializing in some countries. It was all the more important to promote trade and so to overcome temporary balance-of-payments deficits.

44. His delegation was happy to note that the Directors of the Fund were fully aware of the new possibilities open to them in monetary policy.

45. Sir Douglas COPLAND (Australia) said that it was unfair to the International Monetary Fund to confuse long and short-term economic problems in the discussion of its annual report. Although the Fund was obviously mindful of long-term problems and closely associated with all national and international institutions providing funds for long-term development, its immediate concern was to ensure international liquidity, and it would be unable to do that if it were required simultaneously to undertake long-term commitments.

46. As the Indian representative had rightly said, the Fund was not just one more central bank. It had not behaved as one. It had been set up to provide a better international monetary system after the war and, as the representative of an under-developed country still largely dependent on certain major exports and affected by all the fluctuations resulting from disequilibrium, he felt that the Fund—more, perhaps, than any other post-war organization—had gone far towards achieving its purpose.

47. The Argentine representative had referred to the lack of sensitivity of the United States economic structure due to its low volume of imports. It should be noted that the United States proportion of total world imports had risen from a little more than 10 per cent in 1938, to 20 per cent in 1952, although obviously even now the massive economy of the United States was less sensitive to import problems than the economies of Argentina or Australia. The fact remained: the United States was on the road to becoming very sensitive to such problems, a development which could only serve to promote the solutions they all desired.

48. The internal policy adopted by each country was an important factor in any move towards the ultimate objective of collective convertibility. Some countries and groups of countries had made a considerable contribution towards that objective in the last eighteen months. At their recent Conference in Australia, for example, the Commonwealth Finance Ministers had reaffirmed that their agreed objectives were to strengthen the position of each country and of sterling as a currency, and to establish with other countries a wider and freer exchange, with the convertibility of sterling as an essential part of the programme. The Fund, too, was based on the principle of helping those who helped themselves.

49. The supplementary report and the statement of the Chairman of the Executive Board contained very valuable evidence of the way in which the Fund's responsibilities in the provision of stand-by credits had been extended, although always with due caution. The Fund was now ready to assume greater risks than it had originally been intended to. In an emergency, various countries would undoubtedly be prepared to do the same and to increase the Fund's capacity to assume even greater risks. In a really serious depression the Fund would therefore be able to take all the necessary international action to avert the type of disaster experienced in the 1930's.

50. The Chairman of the Executive Board had spoken optimistically of the progress towards convertibility and freer trade. The report, too, was encouraging in that connexion: convertibility was no longer seen as an attractive ideal for the remote future; the current view was that progress towards convertibility and towards the elimination of the dollar shortage should proceed side by side. The report said, on page 40: "Steps towards convertibility would support efforts directed at overcoming the shortage of dollars, both by giving countries stronger inducements to undertake and maintain monetary, fiscal and budgetary policies that would prevent over-expansion of domestic demand and by removing some of the rigidities in the international payments system that impeded the re-establishment of a satisfactory pattern of world trade". In other words, convertibility belonged to the world of today, provided that the world co-operated.

51. He agreed with the statement of a representative of the Fund at the 771st meeting, that the Fund's three-fold task of maintaining or achieving convertibility, assisting individual countries in balance-of-payments difficulties and lessening the impact of a depression were not mutually exclusive. It would be a mistake to concentrate on any one of them to the exclusion of the others. The Fund had not done so. It was clearly conscious of its global task and expanding responsibilities and was helping to solve the problems which had inspired its creation. Seldom had the Council been confronted with a report which showed so many advances on so broad a front.

52. Mr. ROOTH (International Monetary Fund) said that the Fund was fully aware that much remained to be done. On the other hand it was powerless to act unless Member States approached it with inquiries. Ecuador, for example, had sought the Fund's advice some years ago and, by following that advice, had considerably stabilized its policy. The Fund was interested in the situation in all member countries, and

in recent years it had dealt far more with the less developed countries than with the more advanced ones.

53. As the Australian representative had said, the Fund was not directly concerned with long-term problems, which were primarily a matter for the International Bank. Its motto was "economic development with stability". Internal stability was a prerequisite for development, but it could be achieved only by the countries concerned. The Fund was always ready to give advice and, where appropriate financial assistance.

54. The PRESIDENT put to the vote the draft resolution submitted by Turkey (E/L. 589).

The resolution was adopted by 16 votes to none, with 2 abstentions.

Freedom of information: (a) Report of the Rapporteur on Freedom of information (E/2426 and Add.1 to 3, E/2427 and Add.1 and 2, E/2439 and Add.1, E/2535, E/L.587); (b) Encouragement and development of independent domestic information enterprises (E/2534); (c) Production and distribution of newsprint and printing paper: report of the Secretary-General under Council resolution 423 (XIV) (E/2543) (continued).

[Agenda item 12]

GENERAL DEBATE (*continued*)

55. Mr. RIVAS (Venezuela) said that the general definition of the problem contained in the Rapporteur's report (E/2426) embodied a number of incontestable truths. The difficulties began when the Rapporteur came to select the sources of his data, and when he reached conclusions on the basis of those data, which he had accepted and used without checking their accuracy.

56. The representatives of Egypt and Yugoslavia had already pointed out at a previous meeting (770th meeting) the marked preference shown in the report for the Associated Press and the International Press Institute. The same preference was even more marked in the supplementary report dated 1 February 1954 (E/2426/Add.1); in section I of that report the Rapporteur had said that "Rather than attempt to analyse and evaluate the changes which have taken place during the past year" he preferred to draw attention to two censorship surveys by the Associated Press, a report by the Committee on Freedom of the Press of the Inter-American Press Association and to the notes on "The Freedom of the Press" published regularly in the monthly bulletin of the International Press Institute. Thus those non-governmental organizations had relieved him of the most difficult of the tasks entrusted to him by the Council.

57. The Rapporteur appeared to have assumed that in that manner the programme, whose consistency with the Charter was doubtful, had been completed. If the suggestion made in the last paragraph of chapter V, section C, of the report (E/2426) were accepted, any government could be pilloried as a violator of freedom of information on the basis of information supplied by "non-governmental professional sources". Such a procedure was hardly consistent with Article 71 of the Charter: still less with paragraph 13 of Council resolution 288 B (X). Furthermore, the non-governmental organizations referred to in the Charter and in resolution 288 B (X) were not commercial or industrial en-

terprises. True, the report said in chapter V, section G, that Reuters and Associated Press were co-operatively owned by the newspapers they served, but that did not alter the fact that they were commercial enterprises; moreover, even if in the United States of America and some other countries the Associated Press had the character ascribed to it by the Rapporteur, in most countries it sold news items on the same footing as the United Press and the International News Service.

58. In the same section, discussing the opinions expressed by the United States Commission on Freedom of the Press and by the British Royal Commission on the Press, the report said that both those commissions had found evidence of political and economic bias and of triviality and sensationalism indulged in by newspapers for economic advantage. The same comment could be applied to news agencies. It was unthinkable that countries which did not possess information networks of their own should be exploited for purposes of sensationalism. Governments could not agree that the moral, political or material credit of countries which had no means of disseminating information abroad should suffer from the political prejudices which sometimes governed the attitudes and actions of the Press. If a newspaper correspondent communicated only the trivial or sensational aspects of daily life in the country in which he was working, he might unintentionally create a bad impression of that country's general stability, which would inevitably affect its credit, the tourist industry, the flow of immigration and even its sovereignty.

59. The reasons ascribed by the Rapporteur to the opposition of some countries to the implementation of certain conventions did not include the fundamental one: the fact that the first duty of the under-developed countries was to develop themselves. That purpose would not be achieved by superimposing on those countries foreign ways of life simply because they had been successful elsewhere, but by the evolution of their own characteristics, and the best way in which other countries could assist them would be to make them better known and understood.

60. It would be absurd if the Latin American countries, most of which had abolished the death penalty, were to describe the United Kingdom or the United States of America as backward because they had maintained that penalty. Yet that was the attitude of many highly developed countries, which judged the under-developed countries in the light of their resemblance to themselves. That point of view had unfortunately been adopted by the Rapporteur in drawing up the conclusions in chapter V of the 1953 report (E/2426) and the supplementary report of 1954 (E/2426/Add.1). It was dangerous for the very existence of the United Nations to confuse universality with standardization. The under-developed countries and the new States were resisting any influences that might destroy their national characteristics. In the industrialized countries that attitude was described as "rabid nationalism", as emotional rather than rational, but its basis was in fact less irrational than might appear at first sight; it was the fruit of long and painful experience. In the past the under-developed countries had confused progress with imitation of more advanced countries, with the result that they had become increasingly dependent on the fluctuations of consumer markets. Now those countries were trying to stand on their own feet and to develop in their own way.

61. That effort was being made at a time when modern communications had brought them into close touch with the most highly developed countries. Their evolution could not proceed at the same leisurely pace as that of the European countries and the United States of America; they had to move more quickly because they were exposed to political agitation from abroad, so that any check on their advance towards economic independence might lead to a fatal crisis.

62. Chapter IV of the report suggested that the Rapporteur had been surprised to see what happened at meetings of the Universal Postal Union and the International Telecommunication Union. It might be, however, that the "most immediate implications" were not forgotten, as he seemed to think, but that the representatives of under-developed countries and new States at those meetings shared the view expressed by the Rapporteur in another part of his report that the solution of the problem of freedom of information could only be reached through the gradual process of education and enlightenment within each country and throughout the world. Thus their apparent indifference was caused by their determination that the foundations of education and enlightenment should be well and truly laid so that in the future, knowledge of their countries abroad should not depend on the personal will and competitive urges of newspaper correspondents.

63. The countries which were endeavouring to develop were jealous of their reputation abroad, because it was of vital importance to them. In chapter IV of the report the Rapporteur asserted that the steps some countries had been compelled to take to regulate the transmission of information to foreign countries were "inspired solely or mainly by grievances, whether actual or imaginary, and by a negative desire to apply merely repressive or retaliatory remedies." That statement was most unjust to the small countries. In chapter V, section B, of the report it was stated that "the guarantee of freedom of information cannot imply protection of the dissemination of false or distorted information which is likely to cause serious harm to international understanding and to threaten peace and security among nations", and in chapter IV it said: "What is objectionable is the imposition of arbitrary and unnecessary restrictions and not necessarily the restrictions in themselves."

64. The obvious conclusion was that the report contradicted itself by ascribing to "a negative desire to apply merely repressive or retaliatory remedies" any measures that States might be obliged to take to restrain the great news agencies, and still more by placing most of the blame for lack of progress in achieving freedom of information on the defensive measures adopted by the under-developed countries and new States, as it did in chapter IV. The real reason why restrictions were maintained was the negative attitude of the countries which had extensive means of information.

65. The question was whether freedom of information meant freedom for the public to learn the true facts, or merely freedom for Press correspondents.

66. A perusal of chapter V, section F, of the report would make it clear that there were severe limitations on freedom of information within countries which refused to establish limitations in the interests of international understanding.

67. It was understandable that the Rapporteur should have involuntarily inclined to favour one of the parties to the dispute—the foreign news agencies and large newspaper chains in the highly industrialized countries. He had not exceeded his functions under resolution 442 C (XIV); the fault was to be found in the resolution that had laid down his terms of reference. Mr. López had shown a praiseworthy desire for impartiality; for example, he had referred in his report to violations of freedom of information in his own country, the Philippines. The question was not, however, a personal one. What was at issue was the method of entrusting one person with such a tremendous task. The functions of a rapporteur were to some extent similar to those of the Secretary-General of the United Nations or the Directors-General of the specialized agencies; but those officials had the services of large staffs to obtain the data they needed. No rapporteur had that advantage; he had to make use of data that had not been collected under his direction. It was almost inevitable that he should yield to the temptation of giving preference to the data collected by bodies like the Associated Press, which had a large, efficient and world-wide administrative machine. Clearly, however, information gathered by such organizations could not be impartial for the simple reason that they were parties to the dispute. Nevertheless, paragraph 2 of Council resolution 442 C (XIV) empowered him to choose the sources which he deemed trustworthy.

68. It was strange that the Council resolution had been the outcome of the failure of the Sub-Committee on Freedom of Information and of the Press, a fact which raised the question whether the Economic and Social Council and the United Nations as a whole had not undertaken too difficult a task, as suggested by the United States representative at the previous meeting. Perhaps the problem should rather be dealt with by UNESCO. That organization could undertake, not the same functions as those fulfilled by the Council but the more constructive and legitimate task of studying the means of ensuring that the public should be in possession of the truth, which was the real meaning of freedom of information. The United Nations Educational, Scientific and Cultural Organization could also consider how the publication of corrections might be guaranteed, possibly through an intergovernmental convention or an agreement between the news agencies and the countries in which they perform their functions.

69. Furthermore, means might be studied for setting up a genuine international news agency which would publish true and impartial news about every country. The journalists of Latin America had long wished to establish a continental agency, but unfortunately the capital required had not so far been forthcoming. Probably to give readers the truth would not be a money-making enterprise. Nevertheless, as mentioned in chapter II, section B, of the report (E/2426), in 1919 the then Executive Director of the Associated Press of America had suggested a similar method for ensuring universal freedom of information.

70. To sum up, the solution would be to endow all countries with sufficient information media to enable them to disseminate their own news to foreign countries. The restrictions applied to correspondents were not a problem in themselves; they were only a symptom of it. The real problem was the basic defect to which he had drawn attention: the situation of the countries

which possessed no means of information on a world scale.

71. He had confined himself to the problem of the international transmission of news, for questions affecting the internal freedom of information were within the domestic jurisdiction of States and should not be discussed in an international gathering.

72. Miss SHELTON (Cuba) confirmed the position her delegation had taken up in the General Assembly and in the Council. It would support any measure designed to promote freedom of information.

73. The Rapporteur's report (E/2426) was open to criticism, but in view of the difficulties of obtaining information from governments, news agencies and professional organizations in a form commensurate with the importance of the question, it had to be admitted that the Rapporteur had accomplished a tremendous task. The report would be a valuable source of information when further work was done in the same field. The Rapporteur himself recognized that much still remained to be done and that the remaining studies to be carried out fell within the competence of the Rapporteur for 1954.

74. The Cuban delegation was favourably inclined towards the French draft resolution (E/L. 587).

75. With reference to sub-item (b), the attitude of her delegation was the same as it had been during the seventh session of the General Assembly, when it had voted in favour of resolution 633 (VII).¹

76. Cuba was particularly interested in sub-item (c). The question of newsprint and paper supply had been dealt with by the Food and Agriculture Organization of the United Nations, the Economic and Social Council, UNESCO, the International Bank for Reconstruction and Development, the Technical Assistance Administration, the Economic Commission for Europe and the Economic Commission for Latin America. Important resolutions on the subject had been adopted by ECLA during its meeting at Rio de Janeiro in April 1953, including one on the use of bagasse and other industrial and agricultural by-products for the manufacture of paper. Cuba was experimenting with the manufacture of newsprint from bagasse; if the experiment was successful a new and important industry would be set up which would greatly benefit the country and would provide the raw material for an increased production of newspapers and books.

77. The Cuban delegation would unreservedly support any measure designed to encourage the production of better and cheaper paper and newsprint.

78. Mr. Mir KHAN (Pakistan) congratulated the Rapporteur on the volume of work on which his very useful report had been based. It covered a very wide field.

79. His Government attached great importance to the principle of freedom of information and had taken all possible measures to maintain and safeguard it. Freedom of information should go hand in hand with the high standard of accuracy, efficiency and ethics upheld by the representatives of all information media. Given freedom of information and high moral standards, the Press was the most useful organ for educating society.

80. Some criticism of Pakistan was voiced in the supplementary report (E/2426/Add.1, annex B, sections I and II). No details were available of the Pakistan nationals who criticized the Government but the reference was presumably to the case of the Pakistan representative of a foreign newspaper who had made certain forecasts concerning administrative policy which had subsequently proved incorrect. No action had been taken and there was no justification for stating that the Government had tried to exercise supervision over dispatches abroad. The daily dispatches from Pakistan appearing in foreign newspapers—though often without foundation—clearly indicated the absence of censorship.

81. In the second case cited, the principle of freedom of information had not been involved. Certain government facilities had been withdrawn from two newspapers because some of their articles had been prejudicial to tranquility in certain sectors of the community. The facilities had since been restored. It would appear therefore that the Rapporteur's source of information was inadequate. The criticisms need not have been included had the Rapporteur been in possession of all the facts.

82. He appreciated the Secretary-General's report on the encouragement and development of independent domestic information enterprises (E/2534). Pakistan was a country in the process of development and it needed every facility and assistance in developing independent domestic information enterprises. He would support any proposals to that end.

83. In connexion with the production and distribution of newsprint and printing paper, his delegation was in full agreement with Economic and Social Council resolution 374 (XIII). A mill had been set up in East Pakistan and was producing 30,000 tons of finished paper per annum. The Government had appointed a paper economy officer and assistants to conserve newsprint and ensure the best use of it. Nevertheless, a more liberal allotment of newsprint was necessary to meet Pakistan's growing needs.

84. Mr. FENAUX (Belgium) said that the discussion of the Rapporteur's excellent report had shown that very divergent views on the basic concept of freedom of information continued to exist. Obviously there was not yet universal support for the principle of freedom of information or for any world-wide solution of the moral and political problems involved. It was patently vain to persist in trying to draw up universal conventions when only technical agreements could be achieved immediately. Even if sufficiently vague and conciliatory texts could be drafted to gain majority support, they would not be binding on anyone and would constrict everyone, regardless of whether they were or were not in favour of freedom of information.

85. Various interpretations were placed on the key words on which agreement had to be reached before a convention could be drafted. The words "liberty", "responsibility", "democracy" and "truth" obviously had not the same connotation in all countries. In opposition to the classic, and to some extent objective, notion of freedom of the Press, a new and clearly subjective concept of controlled information had arisen, which was allegedly justified by the need to prevent the interests of the community as a whole from being dominated by the interests of a few individuals. Absolutism was said to be justified by the common weal.

¹ See *Official Records of the General Assembly, Seventh Session, Plenary Meetings*, 403rd meeting.

It was also contended that freedom was impossible so long as there was a marked inequality of material means and that truth had been imprisoned by economic reality. That approach reduced the problem of information to its purely material elements. While the economic factor was undoubtedly important, the experience of two world wars and the victory gained by the underground resistance movements had shown that the will to freedom was more potent than the greatest material force. Still other representatives had argued that some publicists had intolerably abused their freedom in giving their own interpretation of certain past events. His delegation had no objection to that use of freedom, particularly since the concept of historical truth was so relative.

86. In countries like his own, where freedom was an old tradition, freedom of public information lay in the very wide interpretation of freedom to express and hear thoughts and facts. Generations of Belgians of all social strata had become accustomed to that freedom. The Belgians therefore reacted violently to anything which seemed likely to infringe that fundamental right. The Belgian authorities had to be extremely tactful in giving information to the Press, which had a boundless mistrust of official sources of information. The Belgian papers gave extensive coverage to all foreign news and many of them had their own correspondents in all the major foreign capitals. There was a national news agency, whose foreign correspondents were extremely jealous of their independence. A number of foreign newspapers of every shade of political opinion entered Belgium daily and very full and objective Press reviews were broadcast. There was no State monopoly nor was there a monopoly of private interests. The influence of certain individuals was undoubtedly felt but the balance was maintained by the variety of opinions expressed. Hence the reader or listener was presented with a mass of news and commentaries on which to base his own judgment.

87. Not all countries were in that privileged position, but surely the Council was not being asked to reject that privilege and to agree to a universal levelling-down. Governments were, however, being urged to accept conventions which the Press in the various countries unanimously agreed might lead to restrictions on freedom of information. That was a risk which governments were hesitant to take. On the other hand, if those who had enjoyed freedom of information for

centuries and who had the technical means to ensure it were being asked not to cut themselves off from their less-privileged brethren but to co-operate with them through technical assistance, his Government would be only too glad to participate.

88. His delegation's views on the conclusions in the Rapporteur's report were based on its distinction between abstractions and concrete suggestions, reality and dreams. The report was an extremely helpful survey of the past. Some of the many recommendations (E/2426, chap. VI) for the future were entirely acceptable to his delegation; others were less acceptable or unacceptable, for the general reasons which he had already indicated. For example, his delegation was in favour of the concrete programme of action provided for in paragraph 3 of the draft resolution No. 12, but against the abstract declaration on freedom of information suggested in paragraph 2. Such a declaration might well weaken the scope of the Universal Declaration of Human Rights and would be more appropriate in the preamble to a code of ethics for journalists.

89. His delegation had been extremely interested in the reactions of professional newspaper circles at the second meeting of the Executive Committee of the International Federation of Journalists in June 1953. Journalists had the greatest distrust of all governmental or intergovernmental measures to enact regulations governing a profession which they wished to be as free as possible. That distrust explained why the Press agencies had not been over-eager to reply to the Rapporteur and why journalists were apparently so little interested in the Council's debates.

90. In its reply (E/2439/Add.1) to a letter from the Rapporteur, the Federation stressed the need for safeguarding freedom of information from governmental restraints as well as from semi-official and private pressures. It also stressed the need for practical programmes such as research in the newsprint fields, technical and professional assistance to under-developed countries and the international exchange of information as well as of student groups and working newspapermen. The professional journalists seemed to feel that the cause of information would be best served by such practical programmes rather than by world-wide conventions and grandiose declarations. The Belgian delegation was in full agreement.

The meeting rose at 5.35 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Philippines.

The Rapporteur on Freedom of Information.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization.

Freedom of information: (a) Report of the Rapporteur on Freedom of Information (E/2426 and Add.1 to 3, E/2427 and Add.1 and 2, E/2439 and Add.1, E/2535, E/L.587); (b) Encouragement and development of independent domestic information enterprises (E/2534); (c) Production and distribution of newsprint and printing paper: report of the Secretary-General under Council resolution 423 (XIV) (E/2543) (continued)

[Agenda item 12]

GENERAL DEBATE (continued)

1. Mr. TRUJILLO (Ecuador) observed that the much discussed question of freedom of information affected the highest values of mankind and was therefore bound to arouse the greatest interest. The course modern civilization would take would depend upon its solution.

2. The Rapporteur had presented to the Council a report (E/2426 and Add.1 to 3), the result of a sustained effort deserving of appreciation. However, the fruits of his labour fell short of what the Council had expected when, in its resolution 442 C (XIV), it had decided to entrust a rapporteur with the task of preparing "a substantive report covering major contemporary problems and developments in the field of freedom of information" and of submitting "recommendations regarding practical action which might be taken by the Council".

3. The Rapporteur had started out by presenting, in chapter I, his views on the concept of freedom of information, placing the question in its proper historical perspective. While he had described the movement through which man's simple, natural curiosity had transformed itself through the ages into a noble desire to improve his culture by conquering the truth, he had failed, on the other hand, to show how the Socratic concept of freedom of expression could have led to the concept of information as a commercial enterprise which was prevalent to-day. As long as freedom of information had been an absolute ideal, the slightest restriction placed upon it could rightly have been condemned in its name, but as soon as information became a business, one was on much less solid ground. The newspaper, which had been a sanctuary or forum, had become nothing more than an advertising machine. The privilege of moulding, or even of creating, public opinion now rested with the commercial enterprises.

4. That evolution of the very nature of information shed a new light on the question of freedom of information. The problem was whether absolute freedom of information was consistent with the exercise of that freedom for commercial purposes. The commercial information enterprise in the form of the Press consortium, the news agency, the radio station, for which the transmission of information was no more than a profit-making venture, now separated the source of information from its destination.

5. The Rapporteur seemed not to have taken that basic factor into account, but to have approached his study from a traditional point of view which no longer corresponded to the facts. That was the main failing of the report.

6. But that was not all. Although the Rapporteur's chief task had been to create, through his work, an atmosphere conducive to the adoption of practical measures, he had introduced into his report, thus accepting responsibility for them, statements from certain private groups, including the Freedom of the Press Committee of the Inter-American Press Association, which contained intolerable insults to governments of States Members of the United Nations. That was a serious matter. The Rapporteur, by inserting in his report the findings of the Associated Press or the International Press Institute had, to say the least, committed an error of judgment. Moreover, the information he supplied was at times contradictory. For instance, he stated in one section of the report that there was no censorship in Cuba, and a few pages further on that censorship there was very strict.

7. With regard to the under-developed countries—and he objected to the use of that term in a disparaging sense—the Rapporteur had shown little understanding. Still echoing the views of the aforementioned institutions, he accused those countries of restricting freedom of information but did not take into account the fact that certain restrictions were inevitable in the era of political instability in which most under-developed countries currently found themselves. Even

a traditionally freedom-loving country such as the United Kingdom could be compelled to sacrifice principles to the requirements of public order, as it was doing in Kenya. Neither was France entirely blameless in that respect, as the situation in Tunisia and Morocco showed. He asked by what right, then, the smaller countries which were still in a state of evolution, which had to defend not only their principles but their very existence and which, unlike the more privileged countries, could not afford unrestricted freedom of information, were called to account.

8. The Rapporteur had not approached the problem in the right way. As it stood his report seemed to be the result of what the Venezuelan representative had called a "police investigation". The United Nations could expect a more thorough study of the whole question, which took current realities into account, rather than a series of often unjustified criticisms which could only injure the feelings of governments to the detriment of that atmosphere of harmony which was essential to joint action.

9. He wished also to correct certain incomplete and tendentious data concerning Ecuador contained in chapter V, section C, of the report. Those data, supplied by the Freedom of the Press Committee of the Inter-American Press Association, were no more worthy of credence than the information provided by the Associated Press, another concern which felt that information need not necessarily be based on an actual knowledge of the events and facts reported.

10. The Rapporteur's failure had nothing to do with his moral character which was beyond reproach; it should be ascribed rather to his idea of how the question should be approached and to the form in which he had presented his report. The report was not so much his own as that of the major commercial enterprises. The failure of the initial effort did not prompt his delegation to take an irrevocable position against the appointment of a rapporteur. In its view, the overriding consideration was that the United Nations should continue to give careful consideration to the question of freedom of information. However, he would rather see the task assigned to a committee of the Council or to a small group of experts.

11. Most of Mr. López's proposals were satisfactory but the delegation of Ecuador favoured their adoption in the form suggested by the French delegation. Its draft resolution (E/L.587) contained explicit terms of reference for the rapporteur and would certainly prevent the next report from likewise resembling a police investigation.

12. Ecuador wanted freedom of information but freedom should not serve as a pretext for furthering the interests of large commercial undertakings to the detriment of those of the peoples of the world.

13. Mr. NOSEK (Czechoslovakia) observed that although the question of freedom of information had been studied by the General Assembly and other organs of the United Nations for many years, scarcely any progress had been made. No solution was possible so long as efforts were made to define the concept in abstract terms; the only consideration was the interests of the owners and the personnel of information agencies, and the problem was not dealt with in a comprehensive way, primarily from the standpoint of the interests of the man who read the newspapers, listened

to the radio, attended the cinema or watched television.

14. No action would be effective unless every Member of the United Nations adopted as its chief objective the implementation of the principles of the Charter and the maintenance of international peace and security. It was because the resolutions adopted on the question and the draft convention on freedom of information¹ were not based on those principles that they could not contribute to the solution of the problem of freedom of information.

15. The joy with which millions of people had welcomed the current relaxation of international tension, their desire for a peaceful settlement of all outstanding issues, which would make possible the peaceful co-existence of all nations, showed that the principles embodied in General Assembly resolution 110 (II) concerning propaganda for war were fully in keeping with the aspirations of mankind and should serve as the basis of any convention on freedom of information.

16. Unfortunately those who had drawn up the draft convention had disregarded those principles; there was, on the contrary, an attempt to conceal behind abstract and high-sounding phrases the desire of some to prevent any action likely to promote real freedom of information. That was convincingly shown by the fact that the Drafting Committee had rejected the USSR proposal which had been animated by the principles of the Charter and General Assembly resolution 110 (II)². That attitude was a reflection of the opposition of certain circles that were trying to involve their countries in war and, in the United States of America, had already secured the adoption of a law aimed at promoting interference in the internal affairs of other sovereign States. Those circles, which interpreted the wishes of powerful economic interests, were not interested in real freedom of information; they sought to obtain unlimited latitude for the provocation and preparation of a new war.

17. It was a tragedy that, in their own countries and sometimes in foreign countries, those financial groups were the sole owners of almost the entire Press and other information media, which they used to further their own interests. Whatever the United States delegation might say, such a situation was incompatible with real freedom of information. The United States representative preferred to raise once again the case of William Oatis, which had nothing to do with the item under consideration since it concerned only that journalist's activities against the Czechoslovak Government which, on Oatis' own admission, constituted violations of Czechoslovak law.

18. It was also that concept of freedom of information which led United States monopolies to persecute all progressive elements in the fields of science and culture. On that subject some very enlightening articles had appeared in the United States Press itself, such as the article in the *New Republic* of 19 June 1953 on the destruction of books considered subversive, or the article by Robert M. Hutchins in the magazine *Look* of 9 March 1954 entitled "Are Our Teachers Afraid to Teach?"

¹ See *Official Records of the General Assembly, Seventh Session, Annexes*, agenda item 29, document A/AC.42/7, annex.

² *Ibid.*, document A/AC.42/7 (in which the text of the USSR proposal (A/AC.42/L.4/Rev.1) is incorporated).

19. Lies, slanders and distorted facts were other weapons frequently utilized by certain Press agencies. For example, the Government and public opinion of Guatemala had recently been subjected to so many of them that they had had to expel two United States journalists.

20. Such methods could not contribute to the lessening of international tension or the strengthening of peaceful co-operation among nations. That was why a remedy had to be found for the situation.

21. An examination of the report on freedom of information led the Czechoslovak delegation to the conclusion that Mr. López' recommendations (E/2426, chap. VI) contributed nothing to a solution. The Rapporteur used inadmissible language, which had no place in official documents of the Council, to describe the peoples' democracies, to which he variously referred as the "Cominform nations" and "satellites". Such methods showed the spirit in which the report was drafted.

22. It was in chapter V that the author's bias was most apparent. Mr. López noted that there were two basically opposed schools of thought on the question of propaganda for war, and false and distorted information. The first held that the best remedy lay in the fullest and freest possible supply of news and that therefore United Nations action to facilitate the free flow of information was all that was required. The other school asserted that the only remedy lay in the outright suppression of hostile propaganda, and false and distorted information. The Rapporteur recalled, and rightly so, that the latter position had been taken in 1947 by the USSR representative when he had proposed that the governments of all countries be called upon to prohibit, on pain of criminal penalties, war propaganda in any form and to take measures for the prevention and suppression of such propaganda. Instead of confining himself to that objective statement of the facts, the Rapporteur did not hesitate to come out in favour of one of the alternatives by asserting that it was not feasible, for the time being at least, to seek the outright prohibition and suppression of hostile propaganda and of false or distorted information by means of international legislation. In other words, war propaganda could be given a free rein. However, the Rapporteur was aware of the dangers inherent in the situation and therefore suggested in his draft resolution No. 2 (E/2426, chap. VI) that the International Convention concerning the Use of Broadcasting in the Cause of Peace, signed at Geneva in 1936, should be revitalized. The effectiveness of that instrument and the value of revitalizing it were best shown by the fact that the Second World War had broken out less than two years after its entry into force in 1938.

23. The report contained no constructive proposals. For example, draft resolution No. 1, after recalling the difficulties encountered in the drafting of article 2 of the draft convention on freedom of information, recommended the adoption of a general formula, which was no solution at all, since it failed to mention war propaganda and the dissemination of false and distorted information. Moreover, it was proposed to include in the draft convention a clause providing that the contracting parties should meet together five years after its entry into force for the purpose of reviewing article 2 in the light of their experience of its practicability. Thus the solution was postponed once again. The Council had not advanced beyond the situation

that had existed five years before and he saw no need for appointing a new rapporteur.

24. The Czechoslovak delegation would express its views on the other draft resolutions when they were studied in the Social Committee, but meanwhile it wished to draw the Council's attention to the whole-hearted approval that hundreds of millions of honest people had given to the resolutions of the Second Congress of Partisans of Peace, held at Warsaw in 1950, including a resolution on war propaganda. That resolution called upon the parliaments of all countries to enact legislation in defence of peace which would prohibit war propaganda in any form on pain of criminal responsibility. The desire of those millions had found no response in the United Nations in spite of the adoption at the second session of the General Assembly of resolution 110 (II) on measures to be taken against propaganda and the inciters of a new war. On the contrary, that universal desire for peace had become the target of the attack by Mr. López, who characterized the World Council of Peace as "a Communist-led" organization (E/2426/Add.1, annex B). Only the Soviet Union and the peoples' democracies, faithful to their peace policy, had adopted laws to protect peace. In Czechoslovakia, any person who attempted to disrupt the peaceful co-existence of peoples was prosecuted by law.

25. The Czechoslovak delegation was convinced that the solution of the problem of freedom of information lay in the adoption of measures likely to ensure that information media would no longer be utilized for war-mongering purposes and would be devoted exclusively to the building of a better future and the struggle for the maintenance of peace.

26. If the United Nations showed itself incapable of acting along those lines, it would disappoint the hopes that hundreds of millions of people still had in the Organization and would fail in its historic mission.

27. The PRESIDENT invited the observer for the Philippines to speak on the question of freedom of information.

28. Mr. REYES (Philippines) pointed out that the report on freedom of information (E/2426) contained two references critical of the Philippines.

29. The first referred to the intimidation of the staff of a newspaper which had published articles alleging that irregularities had been committed during the Presidential election in 1949. He wished to make it clear that the reference was to the act of a local political group condemned by public opinion. It would be unfortunate if the incident was viewed as the result of a deliberately fostered and systematically applied Government policy, but that was what one might infer from a reading of the report. The Philippine delegation considered it most regrettable that the incident should have been reported under the heading "Internal censorship and the suppression and coercion of media of information" (chap. V, section C), which catalogued measures adopted by a number of governments to restrict freedom of information. The reader might be led to think that similar measures restricted freedom of information in the Philippines whereas there were no such restrictions.

30. The second criticism of the Philippines concerned an adverse decision by the Supreme Court against a journalist who had refused to divulge his sources of information. That judgment could not be legally as-

sailed, for while it was true that Philippine law supported the principle that a newspaperman was not compelled to reveal his sources of information, it went on to add: "unless the court . . . finds that such revelation is demanded by the interest of the State." The state of affairs could be remedied only by amending legislation. Congress, with the full support of public opinion, attached such great values to freedom of expression that it had immediately initiated a study of how the law could be amended so that it could not be used arbitrarily to restrict access to sources of information or to endanger free dissemination of information obtained.

31. The supplementary report mentioned the Philippines on several occasions (E/2426/Add.1) but those references merely confirmed the absence of censorship of information media. Other documents relating to item 12 of the agenda recalled the fact that it was the Philippine delegation that had proposed to the General Assembly in 1946 that a conference on freedom of information should be held. That conference had taken place at Geneva in 1948 and had been attended by the representatives of fifty-seven States. The main basis of United Nations action in the field of information since then had consisted of the three draft conventions and forty-three resolutions adopted during that conference³.

32. The Philippine delegation had already made clear its position on many important questions dealt with in the Rapporteur's main recommendations, both in the Council and the General Assembly. It had repeatedly expressed its desire that the final drafting of the convention on freedom of information should be completed with controversial article 2 redrafted if necessary along the lines recommended by the Rapporteur in his draft resolution No. 1 (E/2426, chap. VI). It had also supported the proposal to encourage information personnel to adopt an international code of ethics, and helped to facilitate the extension of certain programmes of technical assistance to under-developed countries in order to assist them to develop their information facilities.

33. The Philippine delegation was also one of those which had opposed the appointment of a rapporteur on freedom of information at the fourteenth session of the Council. Its position had been that the task should be entrusted to a group of experts and not to a single person. However, it considered, like many other delegations, that the Rapporteur had done useful work by providing the United Nations, the governments and the specialized agencies and non-governmental organizations with a synthesis of the current situation in the field of freedom of information, an objective evaluation of the successes and failures so far encountered, and constructive suggestions for further action.

34. Among the problems mentioned by the Rapporteur in his report there were two which had particularly concerned the Philippine delegation.

35. The first was the growing need to balance the rights and responsibilities of information organs. At the current time, which might be described as the hydrogen age, it was important that all countries, especially those that had the most powerful information media, should be satisfied with nothing less than the

truth. No longer could anyone afford the luxury of trifling with facts when it only needed a few careless words to unleash a chain reaction of misunderstanding, fear and hysteria which might lead to a war of extinction.

36. The second was the increasing importance of developing information media in under-developed countries. International understanding, indispensable to the peace of the world, was a matter of reciprocity. It was becoming more and more unsatisfactory that the flow of information should be in one direction only. Like any free society, the community of nations could expand only if all its members were equally free to make their voices heard. It was undoubtedly a good thing that the voice of the West should reach Asia, but it would be much better if the voice of Asia could reach the West with equal force and clarity. Out of such a dialogue between East and West might arise real understanding among peoples, the only guarantee of a better future.

37. The Philippine delegation was thus pleased to note the importance attached by the Rapporteur to the development of information media in the under-developed countries. It believed with the Indian and Yugoslav delegations that a major effort was required in that field, and it had looked forward eagerly to the recommendations to be submitted on that subject. It was not of great importance whether such recommendations came from a committee of the Council, as some had suggested, or from the Rapporteur himself, if the Council decided to continue his mandate. The important thing was that they should be brought forward without delay.

38. Freedom of information had indeed been the subject of numberless discussions, and it was time to take action. The matter was too important to remain shelved among the unfinished business of the United Nations and deserved something more than pious phrases.

39. The PRESIDENT invited the representative of the United Nations Educational, Scientific and Cultural Organization to submit his observations on the matter before the Council.

40. Mr. BEHRSTOCK (United Nations Educational, Scientific and Cultural Organization) wished to furnish some information on the contribution made by UNESCO to the preparation of the report on freedom of information (E/2426) and the Secretary-General's report on the encouragement and development of independent domestic enterprises (E/2534).

41. The United Nations Educational, Scientific and Cultural Organization had been very pleased to place at the disposal of the Rapporteur and Secretary-General all the information it possessed on the matters dealt with in those two reports and to note that the authors of those studies had clearly indicated the extent of its contribution with regard to certain aspects of freedom of information, a contribution which was of course due from it by virtue of the provisions of its Constitution. At its first and at succeeding sessions the UNESCO General Conference had adopted a series of resolutions to translate into a positive action programme the obligations it had assumed under its Constitution. One of the main features of that programme was that UNESCO had firmly decided to join its efforts to those of the United Nations in order to co-operate in the development of freedom of informa-

³ See *Final Act of the United Nations Conference on Freedom of Information* held at Geneva, Switzerland, from 23 March to 21 April 1948 (E/CONF.6/79).

tion, and it had collaborated in organizing the United Nations Conference on Freedom of Information held in 1948 and had taken part in the work of the Sub-Commission on Freedom of Information and of the Press ever since that Sub-Commission had been set up.

42. When it had been decided to terminate the terms of reference of the Sub-Commission and to appoint a rapporteur, the latter had been specially invited to obtain the assistance of UNESCO. The Council had also associated UNESCO with the task entrusted to the Secretary-General of examining suitable measures for the encouragement and development of independent domestic information enterprises.

43. The UNESCO General Conference had instructed the UNESCO secretariat to co-operate unreservedly in those two tasks. Within the limits of its resources UNESCO would continue in 1954 to give the Council all the assistance it might require.

44. With regard to the future, the UNESCO General Conference would be asked to adopt a programme and budget for 1955 and 1956 at its next session in November. Continuing the policy so far followed, the Director-General of UNESCO had already provided for the continuation of help to the United Nations in the field of freedom of information in the draft programme to be submitted to the General Conference. He would also be pleased to submit to the General Conference any decision affecting UNESCO which the Council might take at the end of the current discussion so that the future work of UNESCO in that field would take full account of the desires of the Economic and Social Council.

45. The PRESIDENT invited the observer for Chile to speak.

46. Mr. MELO LECAROS (Chile) pointed out that the supplementary report submitted by Mr. López (E/2426/Add.1) contained some incorrect references to Chile. The Chilean delegation proposed to reply in writing to the Rapporteur's allegations so that the members of the Council would have a correct idea of the situation in Chile.

47. Mr. TSARAPKIN (Union of Soviet Socialist Republics) noted that Mr. López' report had been criticized from all sides and that its only defender had been the United States of America. That was understandable, for the Rapporteur, instead of dealing with the problem in an objective way and with all the conscientiousness that the terms of reference given him by the United Nations demanded, had produced a work which was a mediocre repetition of the opinions of information monopolies, mostly American, such as the Associated Press, the United Press and the International News Agency. He had not even taken the trouble to collate the information supplied by those agencies with that obtained from the countries he had criticized.

48. It might be thought at first sight that the Rapporteur had endeavoured to examine all the problems arising in the field of information, but it quickly became clear that his chief aim had been to comply with the wishes of the monopolists concerned and that he had merely reproduced their point of view in order to lead the United Nations to adopt it.

49. That attitude was in contradiction with the purposes and principles of the United Nations as set forth in Article 1 of the Charter: to maintain international

peace and security, to develop friendly relations among nations and to achieve international co-operation. In that connexion, resolution 110 (II) should be remembered, in which the General Assembly had condemned all forms of propaganda likely to provoke or encourage any threat to the peace and requested the Government of each Member State to take appropriate steps to promote, by all means of publicity and propaganda available to them, friendly relations among nations and to encourage the dissemination of all information designed to give expression to the undoubted desire of all peoples for peace. The provisions of the Charter and the General Assembly's resolution clearly showed the essential principles by which States Members of the United Nations should be guided in solving the problem of freedom of information. On the one hand, they should promote the dissemination of true and authentic news likely to strengthen peace and friendly relations among peoples, and on the other hand to combat all nazi, fascist, racist and other propaganda liable to threaten peace and friendly relations between peoples.

50. The Rapporteur had deliberately avoided the real problem. When he had tried to define freedom of information, he had not realized that such liberty existed only where it furthered the cause of peace, and that there could be no question of freedom when that information was used to disseminate war-mongering propaganda. Neither had he thought of finding out who were the owners of information media in countries which were supposed to have freedom of information.

51. On the contrary, it was clear that he had wanted to present a favourable picture of the situation existing in certain countries, especially the United States of America, and through the use of lies and slander to paint a dark picture of the situation in the USSR and the peoples' democracies.

52. If he had wanted to be objective, he would have examined the USSR Constitution and could have seen that under the law, every citizen was guaranteed freedom of speech, freedom of the Press, freedom of assembly and freedom of street processions and demonstrations, and that those civil rights were ensured by placing at the disposal of the working people and their organizations printing presses, stocks of paper, public buildings, the streets, communication facilities and other material requisites for the exercise of those rights. In the USSR any group of citizens, any scientific, sports or other institution, any collective or State farm could have its own newspaper. In 1953, over 8,000 newspapers with a total circulation of over 41 million had been published. Apart from that, hundreds of magazines and other periodicals were published in all the languages of the Soviet Union; thousands of the country's factories, plants, educational establishments, enterprises and institutions had their own newspapers. The Rapporteur had not taken any of those facts into account.

53. He asserted that the Soviet Press was a State monopoly, but that very choice of words revealed the source to which he owed his statement. It had been quite ridiculous for him to allege that freedom of criticism was limited, since one had only to open a Soviet newspaper to see numerous criticisms with respect to shortcomings in production or the incompetence of this or that person, as well as concerning economic, scientific and other developments. Naturally they did not contain sensational items because Soviet

newspapers did not sell their articles as did the capitalist Press. Neither were they the echo of their masters' voice. While in the USSR the Press belonged to millions of workers, labourers and peasants, in the United States of America it was the millionaires who selected news. The Rapporteur had not questioned the right of the Hearst group or the Associated Press to process news and to publish only what they wanted. Every day there could be found in the Hearst Press, lies, slander and war slogans which only misled and poisoned public opinion. In that connexion he read out several significant titles of articles which had appeared in American newspapers, and stated that it was impossible to find articles of that type in the Soviet Press.

54. The Rapporteur had incorrectly described the condition of foreign correspondents in the USSR when he had alleged that it was increasingly difficult for them to enter the USSR and to do their own work properly after their admission. No obstacles were placed in the way of the movements of foreign correspondents in the Soviet Union. He recalled that at the end of 1953 and the beginning of 1954 two groups of American journalists had paid a long visit to the Soviet Union. During the period from January 1953 to February 1954 there had been fifty foreign correspondents in the USSR, not to mention business representatives and representatives of sports organizations, who had received all necessary travel authorizations. The real difficulty faced by American correspondents was not in obtaining a USSR visa but rather in obtaining a United States passport; it was well known that passports issued by the United States were valid for all countries with the exception of the USSR and the peoples' democracies, in the case of which special permission was necessary.

55. The Rapporteur's report even contained obvious untruths, such as his allegation that Soviet citizens could not speak to foreigners. That statement was so ridiculous and so unfounded that it would have been unworthy of mention if it had not appeared in a United Nations document.

56. Moreover, he had exceeded his terms of reference when he had mentioned the fact that the USSR was not taking part in the work of certain specialized agencies. That was a question which had nothing to do with freedom of information.

57. In short, he had tried to fill his report with as many slanderous statements as possible in order to please American monopolies. He had tried to escape his responsibility by publishing the memorandum of the International Press Institute in the annex of his

report, but that had only served to bring out his unfairness.

58. Lastly, the Rapporteur had not hesitated to alter the official name of the peoples' democracies, which he called "the Cominform countries" or the "satellites" behind the "iron curtain". Those were terms used by the American Press as a psychological weapon in the "cold war", and it was inadmissible that they should appear in a United Nations Document. He (Mr. TSARAPKIN) protested most vigorously against that procedure, which was one more proof of the Rapporteur's partiality.

59. The Rapporteur had not examined the substance of the question of freedom of information. He had based his report on the differences existing between countries where information media were in the hands of powerful monopolies, and others where, as a result of a revolution, capitalist enterprises had been replaced by public bodies that severed the interests of the people and he had done that in such a way as to imply that freedom of information existed in the former group of countries.

60. When he had examined the question of freedom of information in the United States of America, the United Kingdom or France, he had not mentioned the fact that information media were controlled by plutocratic circles which utilized them for war-mongering. Under the United States Constitution, every citizen had the right to publish a newspaper, but since that required a capital of several million dollars, the Press was, as a result, concentrated in the hands of a few millionaires who enforced their desires and imposed their points of view. The Hutchins report drew attention to the reduction in the number of newspapers in the United States, where independent publishers were absorbed by the large monopolies. That report also pointed out that 40 per cent of the newspapers had no competition to cope with, and that the circulation of newspapers owned by fourteen persons, represented 25 per cent of the total circulation, which meant that those persons were able to mould the opinion of a quarter of the population of the United States. Similarly, sources of information were in the hands of three Press agencies, which belonged to the owners of newspaper enterprises. Under those conditions, it could well be asked where freedom of information came in.

61. On account of the late hour, he suggested postponing the rest of his statement until the following meeting.

It was so decided.

The meeting rose at 1.15 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Costa Rica, Israel, Philippines, Netherlands.

The Rapporteur on Freedom of Information.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund.

Programme of work

1. Mr. SARPEN (Turkey) said that the activities of the International Bank for Reconstruction and Development were considered as very important and the report of the Bank (E/2511 and Add.1) (agenda item 5) was being carefully studied. As he had not yet received any instructions, he requested the Council to postpone discussion of the report.
2. Mr. EL-TANAMLI (Egypt) supported the proposal of the Turkish representative, stating that it was both a custom and a matter of courtesy in the United Nations to grant time to a delegate to receive his instructions and said that, while the Council was studying the question of economic development, it was too difficult for the small delegations to study at the same time the report of the Bank, which seemed highly important.
3. Mr. KOS (Yugoslavia), Mr. DONS (Norway), Mr. HOTCHKIS (United States of America) and Mr. ISA (Pakistan) also supported the Turkish proposal.
4. Mr. GEORGES-PICOT (Assistant Secretary-General in charge of the Departments of Economic Affairs and of Social Affairs) wished to draw the attention of the Council to the fact that arrangements had been made weeks previously for Mr. Black, President of the Bank, to come to submit his report to the

Council on 14 April, together with his fifteen Executive Directors.

5. Mr. SARPEN (Turkey) thought that it was very considerate of the President of the Bank to come with such an important staff. On the other hand, he recalled that there were cases which were far above and beyond a delegation level. He stressed again that the report of the Bank was being carefully considered by his Government and he might be instructed to take a position in connexion with that report at the beginning of the coming week. However, he would have no objections to the Council hearing an introductory statement from the Director of the Bank at the next meeting, provided that the discussion of the report should take place not earlier than Tuesday, 20 April 1954. The actual date could be determined after consultation with the President of the Bank.

6. Mr. EL-TANAMLI (Egypt) recalled that consideration of the report of the Bank had been postponed during the sixteenth session of the Economic and Social Council.

7. Mr. MEADE (United Kingdom) also supported the proposal of Mr. Sarper.

8. Mr. BORIS (France) and Mr. NUÑEZ PORTUONDO (Cuba) suggested that a meeting be held on 14 April in order to enable Mr. Black to present his report to the Council and then the discussion of the report could be suspended until the following week, in conformity with the request of the representative of Turkey.

9. Mr. SARPEN (Turkey) agreed to that proposal. *It was so decided.*

Freedom of information: (a) Report of the Rapporteur on Freedom of Information (E/2426 and Add.1 to 3, E/2427 and Add.1 and 2, E/2439 and Add.1, E/2535, E/L.587); (b) Encouragement and development of independent domestic information enterprises (E/2534); (c) Production and distribution of newsprint and printing paper: report of the Secretary-General under Council resolution 423 (XIV) (E/2543) (*continued*)

[Agenda item 12]

GENERAL DEBATE (*concluded*)

10. Mr. TSARAPKIN (Union of Soviet Socialist Republics), continuing his statement begun at the previous meeting, said that the Rapporteur's lack of objectivity was illustrated by the fact that he had annexed to his report (E/2426) a memorandum by the secretariat of the International Press Institute. The memorandum contained a number of slanderous and inaccurate statements about the USSR and the peoples' democracies; moreover it said that in the United States of America the freedom of the Press was greater than anywhere else in the world. The Rapporteur had appended the memorandum to his report because he wished to slander the USSR and

to repeat the legend that the Press was entirely free in the United States.

11. The Rapporteur had referred to the Freedom of the Press Committee of the Inter-American Press Association, but had overlooked a number of its conclusions. The Committee had reported that ownership of the Press was concentrated more and more in the hands of a few large combines, that it was not fulfilling its democratic functions, that it did not give the full news and that it did not offer a free forum for discussion. It had also said that the United States Press should promote thought and discussion rather than stifle it and that newspapers should not cheapen and vulgarize humanity, exaggerate or minimize the importance of events, foment excitement or spread false news, all of which it was doing. Nothing of that appeared in the Rapporteur's report. He preferred to ignore the activities of the McCormick, Scripps-Howard, Hearst and other newspapers which regarded the publication of news only as a source of profit and a means of promoting narrow reactionary policies. The Press magnates were veritable dictators in their relations with their editors and other employees. In addition, the shadow of the McCarran Act hung over any journalist who attempted to depict the truth in an objective manner.

12. The Rapporteur had chosen to overlook the fact that the Press of the USSR served the interests of the broad masses of the working people and the cause of international peace and security. He appeared to think it regrettable that the newspapers in the Soviet Union were not allowed to publish war-mongering articles, details of mass killings or descriptions of the effects of an atomic bomb explosion on a city, such as appeared in United States newspapers, which were systematically cultivating war hysteria.

13. The United States representative had said that the forces of darkness had engulfed 800 million persons, apparently referring to the peoples of the USSR, the People's Republic of China and the peoples' democracies. Yet the United States of America, where the forces of light were said to prevail, had said it would not sign the covenants on human rights. He challenged the United States representative to deny that progressive books such as *Tobacco Road* were prohibited in his country; it had even been suggested that stories about Robin Hood should be banned from American schools as Communist propaganda.

14. The concept of national sovereignty was an important one. Many of the smaller countries could protect themselves against the dangerous influence of monopolies only by the exercise of their rights as sovereign States. That was naturally not to the taste of the monopolies, and their point of view was endorsed by the Rapporteur, who spoke of "the sharpening conflict between the old, jealously guarded principle of national sovereignty and the newer, relatively less generally accepted principle of international co-operation for common ends". It was, however, false to represent national sovereignty and international co-operation as necessarily opposed; they could and did co-exist.

15. To illustrate the kind of information about the Soviet Union which the newspaper magnates aimed at publishing, he described what had happened when a group of editors of United States provincial newspapers had visited the Soviet Union in 1953. Some of them had sent dispatches to their papers describing the

striving of the Soviet people for peace, the beauties of Moscow and the hospitality of its people, but those dispatches had rarely appeared in the columns of important newspapers and, when they had, they were pruned of anything which might have thrown a favourable light on life in the USSR. Their reports on what they had seen had been sharply criticized in the United States Press, sometimes in very offensive terms, and they had been compelled to contradict themselves and to give quite a different account of life in the Soviet Union. The *New York Journal-American* had published recently, after the arrival of that group in the United States, some articles by Mrs. McIlvaine entitled "Russia Today", with such sub-headings as "Russia, the Country of Fear" and "Work or Die of Hunger", which were full of inaccurate and absurd allegations.

16. He had quoted those examples to show that the American Press was characterized by neither fairness, objectivity nor truth, and that the news it published about the USSR and the peoples' democracies was uniformly biased.

17. The Rapporteur had stated in his report that "correspondents are excluded from more than one-third of Moscow and from many parts of Moscow province, may not travel more than 40 kilometres from the centre of the city and may use only four highways for such travel". In that respect he was guilty of a number of errors. With the exception of a few cities, foreign correspondents could move freely all over the USSR. He had, however, said nothing about the situation of foreign correspondents, and especially Soviet correspondents, in the United States of America; he had made no reference to the McCarran Act, the restrictions placed upon the movements of TASS correspondents or the fact that all incoming and outgoing dispatches of TASS were read by the Federal Bureau of Investigation.

18. He wondered whether the Rapporteur was aware that Soviet publications such as *Around the World*, a geographical magazine, and *The Young Pioneer* were officially banned in the United States, or whether he knew of the burning of Russian books, including such a work as Maxim Gorky's *The Lower Depths*, written and published long before the Revolution. Apparently, too, he had not heard that people were imprisoned or deported from the United States for venturing to write the truth about the Soviet Union.

19. It was noteworthy that the replies of governments to the questionnaire circulated by the Rapporteur related to their own countries, with the single exception of the United States of America, whose reply made reference to conditions in the USSR.

20. As he had previously pointed out, the Rapporteur's report made use of such expressions as "satellites" and "blocs". The Secretary-General should see to it that in future United Nations reports such improper appellations were avoided and Member States were referred to by their names.

21. The report contained some meritorious elements, for instance, the idea that some measure of control of information was necessary. That idea had been endorsed during the debate by the representatives of Argentina, Czechoslovakia, Ecuador, India, Venezuela and others. It could also be agreed that in present-day conditions effective safeguards were needed to secure the successful operation of information media and that steps should be taken to reduce to a minimum the

possibility of the abuse of such media in the selfish interests of powerful individuals or corporations.

22. It was regrettable that those good points were outweighed by a mass of unnecessary and improper comments. In the opinion of the USSR, the Rapporteur had been unable to carry out the task assigned to him. He had made no constructive suggestions which could have formed a basis for the Council's discussion. There should therefore be a new approach to the problem; the Economic and Social Council should be guided by the idea that the main purposes of the United Nations as enunciated in the Charter should be reflected in the Press and other media of information. The Council's task was to ensure the implementation of General Assembly resolution 127 (II) concerning false or distorted reports. That task included the adoption of effective measures, including penal measures, against the spreading of hatred and fascist ideas. The USSR delegation would support any proposal designed to serve that purpose.

23. Mr. LOPEZ (Rapporteur on Freedom of Information) recalled that the Council had requested him to survey major contemporary problems in the field of freedom of information and to make recommendations for practical action. He had therefore tried to ascertain what the problems were, to produce concrete evidence of their existence and to show exactly why they caused difficulty. He had also been requested by the Council to indicate the order of priority in which his recommendations should be implemented.

24. Much of the material available in the Secretariat files had been out of date. He had therefore asked the Secretary-General to request the governments of Member and non-Member States to supply him with the latest available material and information and to make suggestions regarding the report. He had also sent personal letters to the representatives of various countries, including the Permanent Representative of the USSR to the United Nations. Only fourteen governments had sent substantive replies to the Secretary-General's letter; three of those were members of the Council while four were non-member States. None of the governments to which he had sent a personal appeal had replied.

25. He had also written to nearly five hundred information organizations of all kinds. He had received the report of a survey conducted by the Associated Press, together with material provided by the International Press Institute and the Inter-American Press Association. He believed, from internal evidence, that that information was objective and accurate. He had also sent a special appeal to TASS for similar data but had received no reply. He had therefore been obliged to compile his report from the material available to him at the time.

26. The surveys to which he had referred mentioned twenty-five countries in connexion with internal censorship and the suppression and coercion of media of information; twenty-six countries in connexion with the censorship of outgoing news dispatches; and eleven in connexion with interference with the entry and movement of correspondents. Only two Member States had taken the opportunity during the discussion of the question of freedom of information in the Third Committee to dispute the accuracy of the references to them in the report; one had criticized the way in which the reference to it had been presented in the report. Three States had written to the Secretary-

General or to himself, one disputing a statement of fact, one reporting the lifting of the suspension of a newspaper and one calling his attention to a new Press law superseding that referred to in the report. In the Council itself, four countries had disputed statements of fact and four had raised questions of emphasis or presentation or had questioned his wisdom in using the material at all.

27. Those figures supported his contention that the information given in the surveys was generally accurate. He had attempted to give an impartial analysis of conflicting viewpoints and had given equal prominence to Soviet and Western theories of information. In the section on monopolies he had suggested that the subject should receive further study and consideration.

28. The Soviet representative had alleged misrepresentation of conditions in the Soviet Union. He was happy to learn that conditions there had improved since the report was written. He had, in any case, given due prominence in the report to the signs of the relaxation of restrictions on the entry of foreign correspondents into the USSR and their freedom of movement there.

29. Expressions such as "Cominform countries" and "Soviet satellites", to which the Soviet representative had objected, occurred only in the text of the surveys and memoranda submitted by professional organizations and information enterprises and not in those parts which he had written himself. He had considered it wiser to reproduce such contributions verbatim so as to run no risk of modifying their substance in editing the text.

30. He had already expressed his readiness to make any justified corrections or explanations requested by governments. He had interpreted the term "freedom of information" quite literally. To have expected him to promote freedom of information and yet not to practise it in his own report would have been quite unreasonable.

31. It was not true that he had overlooked the basic problem of the development of independent domestic information enterprises; the allegation that, as a citizen of a country with inadequate information facilities, he had deliberately minimized the importance of the problem, was equally baseless. He had in fact received a broad mandate from the Council (resolution 442 C (XIV)) to prepare a report with recommendations on freedom of information in general. In another resolution (442 E (XIV)), the Council specifically assigned the task of preparing recommendations for practical action in the establishment of independent domestic information enterprises in under-developed countries to the Secretary-General and the United Nations Educational, Scientific and Cultural Organization. To avoid duplication of work, he had limited his report to an analysis of the problem of establishing information enterprises in the information-starved areas of the world. He had, however, anticipated the possibility of submitting recommendations on that matter during the discussion of the Secretary-General's report in the Council.

32. His recommendations had now been incorporated in document E/AC.7/L.193 in the form of a draft resolution, perusal of which would show that he had taken the request for a practical programme of action quite seriously.

33. Mr. HOTCHKIS (United States of America), replying to the USSR representative, said that that representative's acute reaction to the criticism of the USSR in the Rapporteur's report (E/2426) was the best indication that the criticism was well founded. In the United States of America criticism was welcomed, especially when it was honest and constructive. The statements in the Council had been clearly divided into honest and dishonest criticism, real differences of opinion and propaganda, sincere opinions and demagoguery, dignified statements of position and endless diatribes and perversion of the truth.

34. The USSR representative had alleged that in the United States a man had to be a millionaire at least to own a newspaper. That was not true: small businessmen owned independent local newspapers in many American towns. They were not the subsidiaries of any large organization; they printed the best facts they could obtain. Such small concerns were typical of businesses in the United States of America, where 95 per cent of the business was transacted by small private enterprises.

35. The Soviet Union representative had contended that the United States Press was a monopoly operated by dollar-grabbing capitalists. With the exception of some public utilities, which were strictly regulated by the states or the Federal Government, there were no monopolies in the United States. They were prohibited by anti-trust laws. In the USSR, on the other hand, there were only monopolies. The State owned everything, and all information came from Government dictates.

36. The contention that the United States public could read only such news as a small group of Wall Street bankers wished it to receive was absurd. The USSR representative could obtain for a few cents at the United Nations newsstand a wider selection of newspapers expressing more varied opinions than throughout the whole of the Soviet Union.

37. The USSR representative had claimed that all news in the United States was dominated by three international agencies: the Associated Press, the United Press and the International News Service. That fact scarcely seemed open to objection, since the agencies in question printed the facts, not propaganda dictated by a totalitarian régime. In the USSR, there was only one agency, TASS. Its representatives were Government employees and its correspondents were in the United States as representatives of the Soviet Government. The dispatches transmitted by TASS merely followed the official Soviet line.

38. To illustrate his assertion that foreign correspondents were free to report from and travel in the USSR, the Soviet Union representative had mentioned Mr. Harrison E. Salisbury of *The New York Times*. During the lunch period he had checked that statement with *The New York Times*, which had verified that correspondents did not have full freedom of report, since all their dispatches were censored. Nor had they full freedom to travel, since many parts of the USSR were forbidden areas. He challenged the USSR to prove its real interest in freedom of information by eliminating the censorship on outgoing dispatches.

39. The Soviet's representative's criticism of the Rapporteur clearly indicated that the USSR feared the information which the servants of the United Nations were placing at the Council's disposal. It

reminded him of the equally vicious attack made by the USSR against members of the *Ad Hoc* Committee on Forced Labour.

40. The USSR representative was asking the Council to abandon the path to freedom of information indicated in the report and to take the Soviet road to Russian communism, where men were treated as chattels and the government told the people what to think and say.

41. Mr. TSARAPKIN (Union of Soviet Socialist Republics) pointed out that the only proof invoked by the United States representative in support of his repeated contention that there were no monopolies in the United States was the anti-trust law. The people of the United States, however, were fully aware of the existence of monopolies in their country. If such huge industrial enterprises as the Standard Oil Company, General Motors, General Electric and the United States Steel Corporation were not monopolies, the word was devoid of meaning.

42. The United States representative seemed to attach great importance to the absence of censorship as one element in freedom of information. It seemed unreasonable, however, to condemn the USSR for preventing its newspapers from publishing war propaganda, sensational items and dispatches intended to kindle national hatred. The USSR had no intention of permitting the publication of such information. Under Soviet Union legislation, war-mongering was a punishable offence. The United States representative had spoken eloquently of the protection of human rights, freedom of information and freedom of the Press, but all he really wanted to do was to protect a group of large capitalist organizations such as the Associated Press. Mr. Truman had spoken of the return to political bogymen who, while ostensibly the custodians of freedom, were in fact making a mockery of the very institutions they claimed to preserve.

43. Mr. HOTCHKIS (United States of America) pointed out, by way of example, that anyone who drove a car or used an electric iron knew that General Motors and General Electric had no monopoly of the automobile or electric-appliance industries; there were a good many companies in both industries.

44. It was significant that the list of sales agents for United Nations publications on the back of the Rapporteur's report contained no mention of a sales agent in the Soviet Union. Apparently the distribution of United Nations publications was not permitted in the USSR.

45. Mr. TSARAPKIN (Union of Soviet Socialist Republics) replied that there was a United Nations Information Centre in Moscow with a library and reading-room where anyone who wished to consult United Nations documents could do so. Documentary material could be obtained free of charge at the Centre.

46. The CHAIRMAN declared the general debate closed. In accordance with the decision taken by the Council at its 757th meeting, items 12 (a) (with the exception of chapter V, section M, of the report of the Rapporteur, together with chapter VI, draft resolution No. 6) and 12 (b) would be referred to the Social Committee, and item 12 (c) and chapter V, section M, of the report of the Rapporteur, together with chapter VI, draft resolution No. 6, would be referred to the Economic Committee.

The meeting rose at 5.5 p.m.



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| Report of the International Bank for Reconstruction and Development (E/2511 and Add.1)..... | 131 |

President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Indonesia, Netherlands.

The 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.

Report of the International Bank for Reconstruction and Development (E/2511 and Add.1)

[Agenda item 5]

1. The PRESIDENT called upon Mr. Black, President of the International Bank for Reconstruction and Development, to introduce the Bank's report.
2. Mr. BLACK (International Bank for Reconstruction and Development) welcomed the opportunity of participating in the Council's discussion of the Bank's activities. He proposed to give an account of the Bank's activities for the past year and then to make a few general observations concerning some of the more important aspects of present developmental efforts.
3. The past twelve months had been a period of steadily growing activity. Since 1 July 1953 the Bank had made twenty-four loans, amounting to over \$302 million, in thirteen countries. Altogether, therefore, the Bank had made 102 loans, totalling over \$1,892 million, in 33 countries. The rate of disbursements to borrowers was also accelerating. In the previous calendar year the Bank's disbursements had amounted to the equivalent of \$240 million, bringing its total disbursements to \$1,250 million at the end of 1953. Of the funds disbursed in 1953, about 30 per cent was in currencies other than US dollars. Moreover, more and more of the loan proceeds were being spent outside of the United States (40 per cent in 1953).
4. Several more special representatives had been stationed in member countries at the request of their Governments. In a few cases, such as Nicaragua and Panama, the function of the Bank's representatives was

to assist the Governments in formulating development programmes. In other cases, such as Pakistan, the representatives helped Governments to administer the Bank's loan programme. Since 1953 the Bank had also had a regional representative at Beirut to maintain close working relationships with member countries throughout the Middle East. However, the Bank's office in Turkey had recently been closed at the request of the Turkish Government.

5. The Bank had acquired one new member, Haiti. The Republic of Indonesia was about to complete the steps prerequisite to membership, and Israel's application had been approved by the Board of Governors in January 1954.

6. The Bank had continued to finance basic production and the facilities that aided basic production. In order to assist Chile to bring its forest resources into fuller use, the Bank had granted a loan of \$20 million to a private firm to help it build a chemical pulp mill and a newspaper plant. The output of those factories would not only eliminate Chile's present need to import paper products, but would produce a surplus for export. Moreover, the project would reduce Chile's traditional dependence on exports of copper and nitrates and would provide the country with a new means of earning foreign exchange. In addition the Bank had recently granted a loan of \$54 million to Australia. Half of the loan would be used to purchase four-engine aircraft, trucks and equipment for the manufacture of diesel locomotives. Another quarter of the loan would be used to purchase agricultural equipment. The remainder would assist the continuing development of electric power facilities and of various manufacturing industries. The Bank had made a loan of \$8.5 million two months previously to Ecuador for highway improvement. The completion of the programme would make it possible to bring new areas into production and would facilitate the movement to port of export crops. That was an interesting example of what could be accomplished through the combination of local initiative and external assistance.

7. The Bank had raised additional loan funds in the private capital markets. It had sold the equivalent of more than \$200 million worth of its bonds in the previous year. The Bank had made considerable progress in broadening the market for its securities in the United States and other countries. In September 1953 the Bank had made an issue of \$75 million, more than half of which had been sold outside the United States. It was the largest internationally underwritten bond issue to be sold in the post-war period. There had been a reduction in the cost of long-term money and the Bank had thus been able on two occasions to effect a reduction in interest rates on its loans.

8. Since the start of the current fiscal year, the Bank had sold \$16 million in securities from its loan portfolio, including approximately \$5 million with, and \$11 million without, the Bank's guarantee.

9. The amount of funds available to the Bank for loan operations had increased considerably as a result

of the further release by member countries of their 18 per cent local currency subscriptions to the Bank's capital. The releases which had been used or allocated for loans now amounted to about \$757 million, as compared with approximately \$710 million at the beginning of 1953. In addition, the equivalent of about \$436 million had been released, subject to various limitations on its use.

10. The Bank's activities in the field of technical aid and advice were proceeding steadily. The Bank's principal method of providing technical assistance continued to be through general survey missions which assisted countries to analyse their economies and to formulate development programmes. In recent months the Bank had sent out three missions of this kind—to Nigeria, to Malaya and to Syria. The reports of those missions provided the basis for constructive action by Governments. For example, the Government of Ceylon had oriented its development programme very largely along the lines of the survey mission's conclusions, and it was now negotiating a loan from the Bank to finance the construction of hydro-electric facilities in accordance with the mission's recommendations. British Guiana, Uruguay, Colombia and Nicaragua had also formulated their development programmes on the basis of the recommendations of the respective missions.

11. The Bank continued to encourage the flow of private capital into productive enterprise. It had recently sent a mission to India to explore the possibilities of establishing a private corporation to help finance the expansion and modernization of Indian industry. The Government and industrial circles were favourably disposed to the idea, and a committee was now drafting the corporation's charter. He hoped that the Bank would be able to grant the corporation a loan. As Ceylon was also interested in forming a similar corporation, the Bank had sent a mission to Colombo to explore the matter further.

12. The Bank was continuing to examine the possibilities of establishing an international finance corporation. It had noted with great interest the discussions on that proposal in the General Assembly and the Economic and Social Council, and expected to be able to submit a report to the Council at its next session.

13. After thus surveying the Bank's activities, he wished to stress certain aspects of the economic development problem. His many visits to under-developed countries had enabled him to see at first hand the evils inherent in under-development—the misery and poverty of the urban masses, the inefficiency of farm production, the inequity of land tenure systems, the illiteracy, the disease and the hopelessness. But he had also witnessed the forces of progress which were at work to remedy the situation. The new nations of Asia were anxious to demonstrate that independence could contribute to a fuller and better life. Many powerful interests in Latin America understood that the expansion of production and a wider distribution of income were two great factors of political stability. The peoples of Africa were aware that their economic backwardness could be overcome and that by exploiting their natural resources they could achieve a better life. It was important to turn those forces into productive channels, but a high degree of realism and of political farsightedness would be required on the part of the under-developed and the industrialized countries alike.

14. The under-developed countries sometimes had an unfortunate tendency to overemphasize the financial aspects of development and to think that it was the low level of income and of savings that was the principal obstacle to progress and that the one real solution therefore was for the advanced countries to make large investments abroad. That was a deceptive half-truth. The economic development of a country depended not only on investments of foreign capital but also on the character and initiative of its people, the confidence they had in themselves and in the future of their country, the honesty and efficiency of the government and the nature of the country's social institutions. If those conditions did not exist, no amount of investment was likely to be very effective. Without minimizing the importance of capital, and admitting that investments in the under-developed countries were inadequate, he thought those nations should not wait passively for the advanced countries to improve their lot or claim that inadequate foreign capital was the reason for their failure to act. In the nationalistic world of today, national policy must in the long run be based not on altruistic considerations but on national self-interest.

15. The industrial countries should understand that it was in their own interest to contribute to the economic growth of areas whose productivity was still unduly low. On the economic side, the question was whether the industrialized areas were satisfied with the prospect of a gradual development of trade within the existing structure of trading relationships, or wished to enjoy the much wider markets which would become available through an increase of productivity and therefore of consumption levels in the under-developed world. On the political side, the question was whether the advanced countries really believed their oft-stated creed that a durable peace was possible only through the spread of democratic institutions. Economic stagnation and political democracy were not easy companions. The importance of these problems to the industrialized countries was often obscured by the insistent pressure of their immediate domestic problems. There had therefore been too much of improvisation and too little of consistency about their development efforts. It was essential for them to redefine their development objectives and to join in the formulation of a long-range programme adequate to achieve them.

16. Although much remained to be done, much had undeniably been achieved already. The validity of the concept of economic development was being increasingly recognized. Many under-developed countries had put into effect realistic programmes of economic development, frequently with the help of experts from the Bank and other international agencies, and the implementation of those programmes had often evoked an enthusiastic response from the people. Widespread programmes of technical assistance had been conceived, negotiated and put into effect. There were still weaknesses in those programmes and difficult problems of co-ordination remain unsolved. At the end of 1953, over three thousand technical experts were at work all over the world, participating in international programmes, the Colombo Plan and the United States assistance programmes. That was undoubtedly the greatest technological education campaign ever undertaken. Foreign private capital was beginning to venture more boldly into developmental areas, with its emphasis not quite so heavily concentrated as before in the

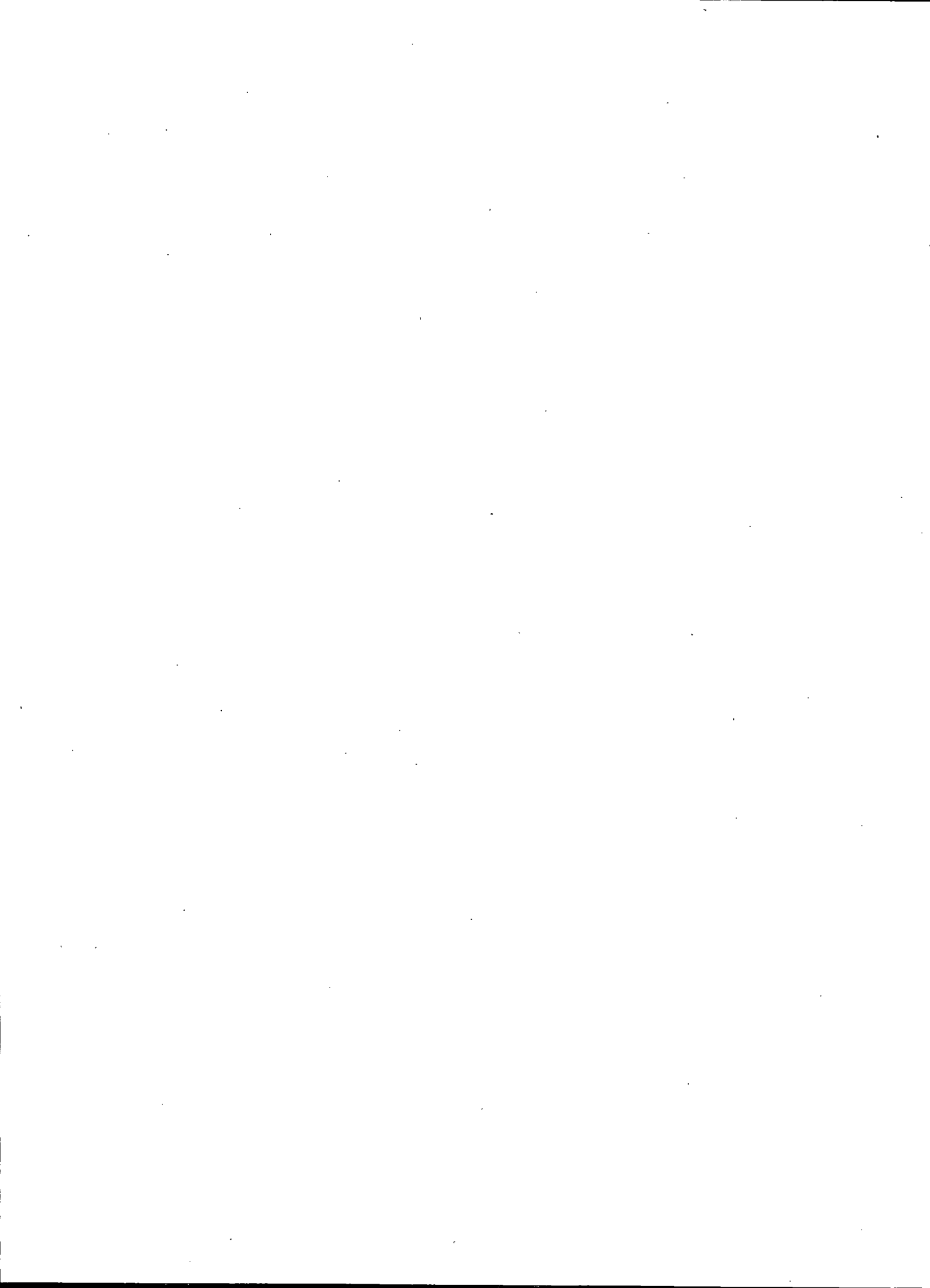
field of extractive industry; and the flow of public loans was increasing. The economies of the countries of Latin America, Asia and Africa could no longer be described as static. Their development was gathering momentum.

17. The path ahead was still long and arduous. It called for firmness of purpose, imagination and under-

standing. For its part the Bank was resolved to do everything in its power to facilitate the success of the undertaking.

18. The PRESIDENT, speaking on behalf of the Council, thanked Mr. Black for his statement.

The meeting rose at 11.20 a.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Philippines.

The Executive Secretary of the Economic Commission for Asia and the Far East.

The 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.

Annual report of the Economic Commission for Asia and the Far East (E/2553, E/L.594)

[Agenda item 6]

1. Mr. LOKANATHAN (Executive Secretary of the Economic Commission for Asia and the Far East) introduced the Commission's annual report for the year ending 18 February 1954 (E/2553). Events since the publication of the report had included a very successful housing seminar, a regional conference of statisticians held in India, and a seminar on the organization and administration of public enterprises in the industrial sector held in Burma. The last had been organized jointly by the Economic Commission for Asia and the Far East (ECAFE) and by the Technical Assistance Administration (TAA) and various non-governmental organizations. On 3 April 1954, the Governor-General of Pakistan had opened a Railway Training Centre for Railway Operating and Signalling Officials at Lahore.

2. The most notable feature of the year under review was the increased part played in ECAFE's work by committees, sub-committees, working parties, conferences and seminars. The experience of two Conferences on Trade Promotion and one Conference on Mineral Resources Development had shown that smaller technical bodies should be set up to discuss purely technical problems. Sub-committees on Mineral Resources Development and on Trade had therefore been established. Experts from the region and from other countries had met in the technical bodies to pool their knowledge. Great practical results had been achieved.

3. The very wide range of ECAFE's activities had had a considerable impact on the economic development of the countries in the region. They had affected not only the development and planning of major industries, but also the expansion of cotton and small-scale industries, iron and steel production techniques, the development of electric power, and the training of personnel. In the matter of flood control and the development of water resources, important work had been carried out in connexion with multiple-purpose river basin development. Various problems of international and inter-regional trade had been considered, and a study of trade between Asia and Europe had been jointly undertaken by the Secretariats of ECAFE, the Economic Commission for Europe (ECE) and the Food and Agriculture Organization (FAO).

4. ECAFE was progressively consolidating its activities. It had never been concerned with studies only and that was certainly not the case now. All its activities were designed to produce practical results. Recent examples of the Commission's practical work were the draft convention on the measurement of vessels employed in inland navigation, a study of the relative efficiency of various towing methods on inland waterways, and the preparation of a highway bridge register and a simplified instruction manual for drivers and mechanics.

5. A number of study trips had been organized jointly by ECAFE and TAA. The most recent was the study visit of a group of lignite experts to Australia. Their excellent report would pave the way for increased utilization of lignite by the countries of the region. A group of cottage industry experts would soon make a study trip to Japan.

6. Remarkable progress had been made in international co-operation. The Railway Training Centre at Lahore, for example, had received generous gifts of equipment from France, Belgium, the United Kingdom, The Netherlands, Japan and India. At the inter-regional level, too, co-operation had increased. Arrangements had been made, for instance, for the testing in Japan of coal from Burma, lignite from Thailand and Malaya, and kaolin and peat from Ceylon. In its work ECAFE had the full co-operation of the specialized agencies and the United Nations Secretariat at Headquarters, including TAA.

7. The Commission at its tenth session had viewed the future of the economy of the region with concern and anxiety, as indicated in paragraphs 179, 181, 183 and 184 of the report. The ECAFE region was faced by certain basic problems which it could do little to solve on its own. First, the atmosphere of international peace and security essential to economic development was lacking. Until that atmosphere was established, the necessary resources would not be diverted from defence to development, and the flow of private capital abroad would not increase. Secondly, the prices of the major exports from the region were subject to violent fluctuations. The Commission was glad to hear that the Economic and Social Council was taking action in that

connexion. Lastly, domestic financial resources and the flow of foreign capital were both inadequate.

8. ECAFE was aware of the responsibilities which must be assumed by the Governments in the region. The *Economic Survey of Asia and the Far East, 1953*,¹ drew attention to the need for Governments to adopt sound economic, fiscal and monetary policies and to check further inflation. The countries concerned were conscious that they would have to modernize their administrative structure to deal with the increasing requirements of development. Co-ordinated international effort was, however, essential if ECAFE was to do all that might be expected of it.

9. Mr. ADIL (Pakistan) welcomed Mr. Lokanathan to the Council. He supported the observations and recommendations in paragraphs 179, 180, 182, 184 and 188 of the ECAFE report. His Government was particularly interested in the pilot projects to determine the most efficient type of water craft and methods of towing. It welcomed ECAFE's suggestion that the possibility of financing such projects by gifts of equipment from Governments should be explored. It endorsed ECAFE's recommendation that due attention should be paid to the processing of raw materials.

10. ECAFE had participated in the recent establishment of the Railway Training Centre in Pakistan, which was an inter-regional project of the type envisaged in ECAFE resolution 11 (X) (para. 218 of E/2553). At the last session of ECAFE, the Indian representative had contended that inadequate attention was being paid to regional, as compared with national projects, and that regional projects should form an integral part of the Commission's programme. Pakistan's position was that, while regional projects should be established wherever they would be useful to a number of countries and could not be set up as individual country projects, their choice should be very carefully studied and there should be prior consultation with the Governments concerned.

11. He introduced a draft resolution (E/L.594) proposing that Afghanistan should be included within the geographical scope of ECAFE. Afghanistan had close social, cultural and economic ties with the ECAFE region in general and with Pakistan in particular, and the adoption of this draft resolution would fill a significant lacuna in the organization of ECAFE.

12. Mr. ABELIN (France) said that during the war in Korea the raw-material-producing countries had enjoyed a high degree of economic activity, accompanied by a sharp rise in the prices of many primary commodities. Hence, some year other than 1951 should be taken as a basis for comparisons. Exports from the ECAFE region for the first six months of 1953 had amounted to \$3,300 million, whereas for the same period of 1950 they had amounted to only \$2,600 million; and exports from thirteen countries in the area during the first half of 1953 had been 25 per cent higher than in the first half of 1952. A comparison of those figures with the import price levels for the period under review would show that the Far Eastern countries were in a slightly better position so far as the terms of trade were concerned. Furthermore, the production of cereals in that part of Asia was higher than it had been before the war.

13. There was no doubt that much remained to be done. The *per capita* consumption of foodstuffs and textiles

in the area was smaller than it had been before the Second World War. The position with regard to housing was also more critical than it had been in the pre-war period. Moreover, exports were insufficiently diversified, so that crises and sharp price fluctuations threatened many countries. On the basis of some indices usually regarded as significant, the *per capita* income for countries of the third group which included the countries of the Far East, was approximately \$40 per annum. Taking 100 as the basic figure for agricultural production in countries of the first group, the figure for countries of the third group was only 8. The total freight transported in Asian countries per inhabitant was also very small. The total number of railway kilometers per 1,000 sq. km. in countries of the third group was about 8. The number of doctors per 100,000 inhabitants was 100 in countries of the first group, and only 17 in countries of the third group. In Indonesia there were fewer than 2 doctors per 100,000 inhabitants.

14. As the Executive Secretary had pointed out, development of the countries of Asia and the Far East depended on certain prerequisites. Firstly, a balance must be maintained between agriculture and industry. A few years previously, some of the countries of the area had concentrated almost entirely upon industry and the production of primary commodities, a tendency which had been intensified by the Korean War; the resultant disequilibrium had in some cases been very serious. Since then, however, there had been some progress. A more balanced situation had been achieved by such means as, for example, the five-year plan in India. Moreover, India was encouraging the development of cottage and small-scale industries as well as large-scale industries, which was a good augury for the country's future.

15. India was in a relatively favourable situation with regard to irrigation; it had made great efforts in that direction, and the proportion of irrigated land in India was far greater than in most countries of the world.

16. The plans must be prepared very carefully. A number of countries had secured equipment at a rate far in excess of their present possibilities and means. The Indonesian Minister of Finance, when opening in Parliament the discussion of that country's budget for 1953, had said that drastic changes would have to be introduced in the original plans, but that it would be difficult to find a compromise between prior commitments and the necessities of the situation. Naturally, the people of many countries were not easily convinced of the need to abolish subsidies, particularly food subsidies.

17. Another aspect of planning was the question of the selection of imports. As a result of the Korean War and the consequent relative abundance of foreign currency reserves, the countries of the area had tended to a certain extent to import inessential commodities. Later, a more stringent selection had had to be imposed, with greater emphasis on the importation of equipment. The result might be that for a time the standard of living would remain stationary, or even deteriorate noticeably.

18. Yet another aspect was the fact that programmes should take into account the necessity of ensuring full employment for a very large labour force. The difficulties in that connexion were, however, clearly realized by the leaders of the countries in the area.

19. Sumptuary investment designed to enhance the prestige of a régime or the authority of an individual

¹ United Nations Publication, Sales No.: 1953. II. F. 8.

should be avoided. The ECAFE report contained information on the position in mainland China. According to the USSR representative, that country was prospering, but a heavy price might have to be paid later for too great emphasis on the development of the under-structure, especially if adequate resources were not available to finance that development and in view of the fact that the heaviest burden of taxation fell on the small or medium farmer in that country and that China was not in receipt of as substantial help from abroad as might be desirable.

20. In addition to the need for a balance between agriculture and industry and for planning, it was necessary to stabilize the prices of primary commodities. In that connexion, the delegations of the Asian countries had shown a certain scepticism about the possibilities of international action, and some of the countries' members of ECAFE tended to favour bilateral agreements.

21. Until exports from some of the countries in the area were more diversified, those countries would always be threatened with economic and social crises. For example, 60 to 70 per cent of the total exports of Malaya, which had been in a favourable position for a number of years so far as exports were concerned, consisted of rubber, and the Prime Minister of Ceylon had informed the Commission that Ceylon's exports depended essentially on rubber and tea. ECAFE should therefore direct a large proportion of its efforts towards developing new exports and achieving greater diversification for all the countries of the area.

22. A further condition of development was technical assistance to suit the individual needs of each country. The French delegation's general attitude on the subject of international technical assistance was well known; it was opposed to too rigid a separation into watertight compartments, either in the matter of programmes or of the spheres of action of the United Nations itself and the specialized agencies. The setting up of a joint ECAFE/FAO Agriculture Division was an encouraging precedent.

23. A certain confusion might arise between technical assistance and propaganda. There had been a time when the Asian countries had been reluctant to accept technical assistance from the West because they had felt that it might be used as a cover for the introduction of Western ideas and ways. Those misunderstandings had now been dispelled, and the Asian countries had come to understand that the Western nations were not attempting to impose foreign political, religious or social concepts upon them. Their attitude should serve as an example to countries recently converted to international technical assistance after they had criticized it for a number of years.

24. Yet another prerequisite for economic development was foreign capital, either public or private. At the tenth session of the Commission, the Prime Minister of Ceylon had emphasized his country's desire to obtain foreign capital and its willingness to offer it substantial facilities. His statement had been endorsed by the representatives of several large countries in the Far East, and a high degree of mutual understanding between East and West had been reached. Great results might be hoped for in the years to come.

25. Nevertheless, while some delegations had expressed willingness to extend facilities to foreign capital, their governments were still imposing severe restrictions on the activities of such capital. In one country in par-

tical, stricter regulations were being imposed at the same time that the country was inviting foreign capital investment.

26. ECAFE had proved its usefulness in a number of ways. Some of its projects might well be operated on a regional basis, as had been done in Latin America. There should also be close liaison between the higher organs of the United Nations and ECAFE, in particular as regards regional technical assistance.

27. The activities of the regional commissions were the basis of much of the Council's action, and the Council should give due weight to their work as one means of carrying out the functions entrusted to it by the Charter.

28. Sir Douglas COPLAND (Australia) said that ECAFE had made encouraging progress during the last seven years. As the advance representative of the United Nations in the Far East, it had had to develop good relations with the governments in that region and to work out means of co-operating with United Nations technical agencies there. The work ECAFE had so far done represented a great achievement in view of the large number of nations and the varieties of political and religious thought which characterized that region.

29. ECAFE's proposal that priority should be given to increasing agricultural production, the development of transport and electric power, industrialization, and the development of cottage and small-scale industries was sound. The help that could be given by Western nations, unfamiliar with those problems, was limited. They could provide technical guidance and a measure of financial help, but the solutions must be found by the peoples of the area themselves.

30. Australia was in the ECAFE region, but in a certain sense, not of it. Its economic organization and production methods had been inherited from the West, but geographically, and so far as its sympathy with the Far Eastern peoples was concerned, it formed an integral part of the region.

31. As a practical measure of co-operation, some 3,500 students from the ECAFE countries were receiving technical training in Australian universities, technical schools and agricultural colleges. They arrived full of enthusiasm and left with greater technical knowledge and a fuller understanding of the problems confronting both themselves and the people of Australia.

32. The ECAFE report had called attention to the problem of price fluctuations. All countries whose production was centred around primary commodities had experienced the difficulties of rapid price fluctuations in the major export commodities. Those fluctuations had been amplified by the Korean War, and it was important to remember that what went down in 1952 had gone up in 1950 and 1951. The problem was not entirely amenable to solution by international agreements. If the disturbing effect of price fluctuations was to be avoided, the time to take action was when prices were on the up-grade and not on the down-grade. That particular problem affected the ECAFE region more than any other part of the world.

33. The report had also called attention to the possible effects on South and South-East Asia of a recession in the industrialized countries. The problem seemed basically one of maintaining even progress and promoting the international flow of capital, so that the effects of any recession would not become catastrophic. The prob-

lem was being tackled by the United Nations and its agencies, particularly the International Bank for Reconstruction and Development and the International Monetary Fund. Progress was being made, though slowly, and the way in which the problem was being approached was an encouraging sign for the future of international action in general; never before had such a measure of agreement been reached by so many nations.

34. Great attention had been given, according to the report, to the problem of expanding trade. He hoped that ECAFE would not be distracted by the false lure of bilateral solutions. The multilateral approach was the only way; it was necessary to create an expanding economy so that both the industrialized and the under-developed countries could move forward together.

35. The French representative had drawn attention to the lower *per capita* income level in the Far Eastern area—\$40 per annum. He wished to underline that figure by pointing out that the corresponding figure for South America was \$150. That comparison showed the magnitude of the task confronting the Commission:

36. Australia would continue to be an active member of ECAFE and would give all possible technical and financial assistance, such as it had already given under the Colombo Plan.

37. Mr. KOS (Yugoslavia) stated that his delegation appreciated the work which ECAFE had done, the results of which had been discussed at the tenth annual meeting of the Commission, at which his country had had a special observer. He thought that the *Economic Survey of Asia and the Far East, 1953*, indicated that, while there had been an improvement in the production of foodstuffs during 1953, other raw materials and agricultural commodities had usually shown downward trends. The increased production of foodstuffs was very important to countries which during the Korean "boom," had been obliged to spend most of their earnings from exports on the purchase of foodstuffs, and had therefore been able to make only a meagre contribution to industrial development or the modernization of agriculture.

38. Nevertheless, although the production of foodstuffs, and particularly of wheat and rice, had been quantitatively higher in 1953 than in any other year after the Second World War, on a *per capita* basis the cereal output was still far below the pre-war average owing to the growth of population. The index for 1952-1953 was a little over 80, taking the average obtained in the years 1934-1938 as 100. Furthermore, the increased production was largely due to favourable weather conditions.

39. The production of raw materials and primary commodities had continued to be adversely affected by the decrease in world demand and the drop in prices. There had been a further reduction in the income from the exports of the eight principal commodities or commodity groups in 1953. That had necessarily led to import restrictions, which had resulted in a certain improvement in the balance of payments situation, but had also retarded economic development and had negatively affected the standard of living. The ratio between the prices of primary commodities and of manufactured goods had continued to deteriorate, although to a lesser extent than in previous years. While the prices of primary commodities had continued to drop, the prices of goods imported from the United Kingdom had risen by 22 per cent, of goods from the United States by 15 per cent and of goods from continental Europe by 20 per cent, compared with 1950. The drop in the prices of the

most important export articles was particularly unfortunate at a moment when government spending as a whole had appreciably increased. In the past year the index of wholesale prices of rubber, cotton and jute had been below the index for the first six months of 1950 and the index for most other important primary commodities had reverted to the "pre-boom" level.

40. That situation had resulted in a further reduction in the level of investment. The report on the *International Flow of Private Capital, 1946-1952* (E/2531), and the debate on the economic development of the under-developed countries had shown that only a minimum of private capital had found its way to Asia and Africa, notwithstanding the fact that some of the Asian countries had taken emergency measures to attract it.

41. The *Study of Trade Between Asia and Europe* (E/CN.11/373) was particularly interesting in view of its practical proposals for the improvement of reciprocal economic exchanges. Although Asia contained 60 per cent of the world's population, its participation in world trade was only from 10 to 12 per cent. The percentage of Asian imports and more particularly of Asian exports, compared with world imports and exports, had appreciably declined during the last twenty-five years. After the Second World War European imports from Asia had declined still further, and Europe had met its needs from other sources, very often from the dollar area. On the other hand Asia's trade with the United States had considerably increased.

42. With regard to the programme of work and priorities proposed for 1954-1955, the Commission had rightly included projects directed at increasing agricultural production among the most important and urgent activities. Projects relating to flood control and water resources were also important for increasing food production. Among the projects of high priority in industry and trade, he drew particular attention to the establishment of seminars on the organization and administration of public industrial enterprises and the exploration of the possibility of establishing national management institutes and training centres. The success of seminars in the past fully justified their inclusion among the high priority projects. The rest of the Commission's programme of work was also well founded.

43. Mr. HOTCHKIS (United States of America) said that United States policy was to give the fullest consideration to the economic problems and development needs of the Far Eastern region.

44. He assumed that the reference in resolution 11 (X) (para. 218 of E/2553) to regional technical assistance projects initiated by the Commission and its subsidiary bodies and executed jointly by the Secretariat of ECAFE and TAA meant that ECAFE's co-operation with TAA was limited to organizational matters and that the actual carrying-out of technical assistance projects rested with TAA or the specialized agencies. His delegation was in complete sympathy with the general objectives of the resolution, and regional technical projects would presumably continue to absorb a fair proportion of the total funds available to the Expanded Programme of Technical Assistance. But he felt that ECAFE itself should not render technical assistance directly, except in very special circumstances.

45. Various sections of the report referred to the views of individual countries at the Commission's sessions. The annual reports of the regional commissions should

exclude such references, since they constituted a kind of special pleading which should be avoided and gave an unbalanced view of the Commission's activities.

46. The programme of work and priorities for 1954 and 1955 was satisfactory, but it was to be hoped that, in the future, estimates of the cost of specific projects would be included in the report.

47. In commenting on the importance of foreign capital in the economic development of countries in Asia and the Far East, the ECAFE report (E/2553, para. 185) expressed the hope that there would be no further avoidable delay in the establishment of a special fund for economic development and an international finance corporation. His Government's position on the former had been stated at the eighth session of the General Assembly and had not changed since. It was examining its position with regard to the proposal for an international finance corporation, and its acceptance of the ECAFE report did not imply any change in these positions.

48. With those reservations, his delegation would support the draft resolution noting the report and the programme of work and priorities contained therein.

49. Sir Alec RANDALL (United Kingdom) emphasized that his country was ready to associate itself with any practical efforts toward a solution of the special economic problems of Asia and the Far East.

50. The Commission had put forward some very sound ideas with regard to means of tackling those problems and had in general carried out its task in a most competent manner.

51. With regard to resolution 11 (X), which had been adopted unanimously by the Commission, he agreed with the United States representative that co-operation between ECAFE and TAA should be limited to organizational matters. The independence of the Technical Assistance Board (TAB) in the allocation of funds should not be prejudiced, and it must be allowed complete freedom to base its allocations solely on the merit of particular projects.

52. He wished to emphasize that his delegation did not regard the resolution as implying in any way that country programmes should be sacrificed to regional programmes, or that technical assistance funds should in future be allocated directly to regional Commissions.

53. With regard to resolution 13 (X) on the amendment of terms of reference, he pointed out that the Commission was empowered by paragraph 14 of its terms of reference to adopt its own rules of procedure, including the method of selecting its Chairman. The resolution should therefore be referred back to ECAFE, with an intimation that the action desired was within the Commission's own competence.

54. With regard to the draft resolution in paragraph 219 of the report, he recalled that the United Kingdom

representative had reserved his position on the wording of parts of the report when the resolution had been adopted by the Commission. He noted that the report made no reference to that reservation, which he wished to repeat. With that proviso, his Government supported the resolution and congratulated the Commission on its work.

55. Mr. CAFIERO (Argentina) stated that his Government, although not a member of ECAFE, appreciated the work which that Commission had done, particularly in such diverse fields as electric power, iron and steel, mineral resources, trade and finance, and transport. *The Economic Survey of Asia and the Far East, 1953* gave a valuable insight into the economic conditions in the region.

56. He noted from the ECAFE report that the yield from exports in 1953 was slightly greater than at the beginning of 1950, but that there was a tendency for the foreign currency earnings of the countries in the region to decline, so that they had practically exhausted the reserves accumulated during the Korean War. They had therefore been obliged to readjust their economies, and that process, if it continued, might adversely affect their development programmes.

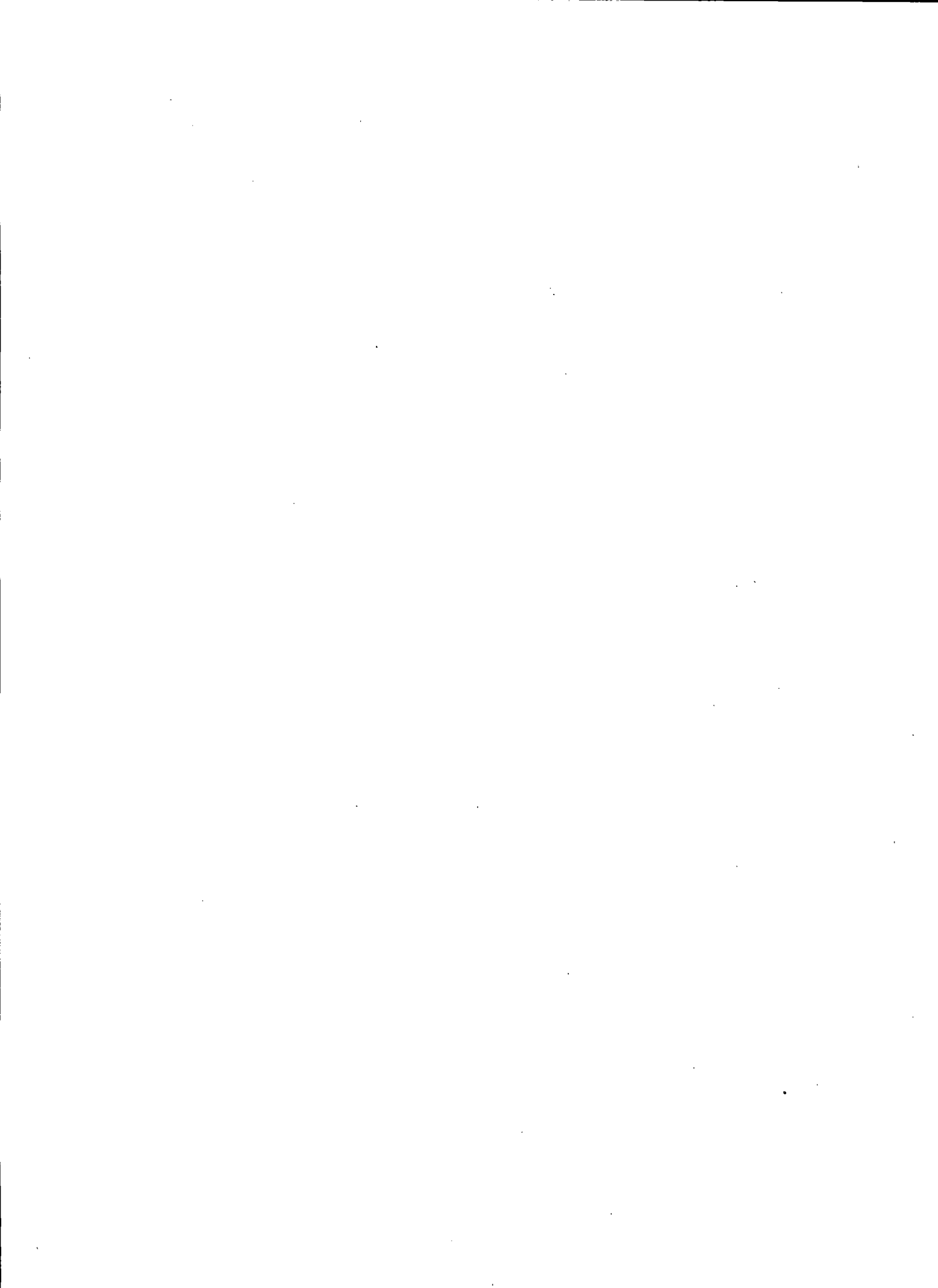
57. The Commission had taken the view that a greater degree of industrialization and increased agricultural production would increase the rate of economic development and would bring about a welcome diversification of the economies of the countries in the region.

58. He welcomed the statement by the United States representative at the 765th meeting in connexion with the anxiety felt by raw-material-producing countries at the abrupt variations in the prices of those materials and the desirability of achieving greater economic stability in basic commodity markets. He wished to call particular attention to the statement in the report that equitable price relationships should be maintained between primary commodities and manufactured goods, and that the advanced countries, as exporters of manufactured goods, were interested in the stability of the foreign exchange earnings of the under-developed countries which were the importers of those goods.

59. His delegation had pointed out during discussion of the report of the Economic Commission for Latin America that a survey of trade between Asia and Latin America would be most valuable. He wished to repeat that observation. Generally speaking, however, he agreed with the order of priority of future work drawn up by the Commission.

60. His delegation would support the Pakistan draft resolution (E/L.594) for the inclusion of Afghanistan within the geographical scope of the Commission.

The meeting rose at 12.55 p.m.





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Annual report of the Economic Commission for Asia and the Far East (E/2553, E/L.594, E/L.595) (*concluded*).. 141

President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Israel, Philippines.

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

Annual report of the Economic Commission for Asia and the Far East (E/2553, E/L.594, E/L.595) (*concluded*)

[Agenda item 6]

1. Mr. ADIL (Pakistan) congratulated the Secretariat of the Economic Commission for Asia and the Far East (ECAFE) on the new form of presentation of the *Economic Survey of Asia and the Far East, 1953*,¹ but had a number of comments to make on the substance, particularly with regard to his own country.

2. The statement on page xi of the survey that acreage restrictions on both cotton and jute had been imposed in Pakistan was incorrect. No restrictions had, in fact, been imposed on cotton. Furthermore, he pointed out that the deterioration in Pakistan's terms of trade (p. xii) was due not solely to the fall in cotton price. It was also due to the fall in jute prices and, contrary to the statement on pages xiii and xiv, subsidies had not been abolished.

3. It was also incorrect to say that Japan was the main market for cotton from Pakistan (p. 8), as the pattern of exports for cotton changed every year.

4. He also pointed out that the increasing diversification of production was providing Pakistan with a measure of protection against the fluctuations of international trade. It was therefore no longer appropriate to refer to the instability of Pakistan's economy, as had been done on page 11.

5. With regard to defence outlays (p. 13), he pointed out that they should not be compared with the current

central expenditure, but with the general budget, i.e., with public expenditure as a whole; it would then be seen that the percentage was much lower than that given in the Survey.

6. With regard to government investment (p. 23), he pointed out that despite the amounts invested in the manufacturing industries, investments for agricultural development were still in first place.

7. Referring to chapter 16, on Pakistan, he said that, contrary to the statement on page 103, a fairly large sector of industry was financed by private capital and that the Pakistan Industrial Development Corporation was working in close co-operation with private capital. With regard to cotton exports (p. 104), the situation was entirely satisfactory, and any impression that it depended on the Japanese importers was erroneous.

8. It was stated on page 109 that the Government of Pakistan had chosen to rely on direct control and price-fixing to maintain stability, rather than on fiscal and monetary measures directed towards a general contraction of demand. He was prepared to give a list of all the monetary and fiscal measures adopted by his Government to maintain the country's economic stability, and he pointed out that an economic policy directed towards a general contraction of demand could not create conditions favourable to economic development. Pakistan was endeavouring by every possible means to increase production and had to that end taken several measures which were mentioned in the survey.

9. Finally, with regard to the Pakistan Government's policy of shifting agriculture into food production for the domestic market (p. 109), he pointed out that there was no need to fear that agricultural exports would suffer as a consequence. The Government was still anxious to maintain, if not to increase, the level of agricultural exports; both the Pakistan Industrial Development Corporation and the Planning Board, when preparing their programmes, took into account the needs of the domestic market and the necessity of maintaining the level of exports.

10. Mr. MISHRA (India) congratulated ECAFE on its work in the past year and on the very illuminating report which it had submitted to the Council. In that region, composed of independent nations and nations in the process of achieving full independence, the Commission, under its able Executive Secretary, Mr. Lokanathan, had become a highly effective instrument of international co-operation. It had become a kind of parliament of Asia, where the various countries of the region could compare their ideas and co-ordinate their efforts.

11. He had attended the Commission's tenth session and had been deeply impressed by its work. After the annual session, the Commission had held regional conferences on national income and on low-cost housing, a seminar on public enterprises in the industrial sector, and a training centre for railway officials. The main discussions at the tenth session had been on the eco-

¹ United Nations Publication, Sales No.: 1953. II. F. 8.

conomic situation in Asia, and on economic development and technical assistance in that region.

12. With regard to the first question, the Commission had had before it the *Economic Survey of Asia and the Far East, 1953* and a special study entitled "Economic Development in Mainland China, 1949-53".² It had taken special note of the objectivity of those studies and had emphasized that the Secretariat should continue to retain complete independence in its interpretation of the various economic developments in the countries of the region.

13. The Commission had expressed its concern over the continued slow rate of economic development of the countries in the region and the threat to their economies represented by the violent fluctuations in the prices of their major exports. The *Economic Survey of Asia and the Far East, 1953* pointed out that the economy of most of the ECAFE countries had been largely dominated in the last two years by very sharp fluctuation in commodity prices, affecting not only export earnings but also the whole tempo of economic activity. While the Indian delegation did not share the view expressed in some quarters that the region was passing through an economic crisis, it feared that unless some action was taken to remedy the violent fluctuations in the prices of raw materials, the situation might deteriorate.

14. In this connexion, he wished to clarify some misapprehension which might have arisen from his delegation's stand with regard to the proposed trade stabilization commission. As the parties to the General Agreement on Tariffs and Trade (GATT) would meet in October to review the functioning of the Agreement and would perhaps consider the adoption of trade stabilization measures at that conference, the Indian delegation felt that the Council should not take a final decision on the proposal at the present stage, but agreed that the Council should continue to study the problem and take any action necessary to meet urgent situations that might arise. In that connexion, he drew attention to the Commission's observation favouring the adoption of all practicable measures making for the stability of prices of primary products. The Commission had felt that multilateral trade should be encouraged, and that as far as possible, international commodity agreements of a long term character should be concluded for the major exports of the region.

15. It was apparent from the Commission's report (E/2553) that although the situation had improved since the end of 1953, the decline in the prices of primary commodities had caused a decline in the export earnings of the under-developed countries, which were thus finding it very difficult to finance their development programmes. The Indian Government had taken the necessary steps to ensure that the fall in export earnings did not affect the progress of its five-year plan. An Estate Duty Act had been passed recently, and the Government had just floated a national plan loan which would be used for economic development purposes.

16. There had been some disturbing developments in trade between Europe and Asia. Asian exports in 1952 had dropped to about 10 per cent of world exports, as against about 15 per cent in the pre-war period, although Asian imports had remained at a level of 12 per cent

of world imports. It was doubtful whether there would be any increase in exports to the United States, which in 1952 had represented 19.3 per cent of Asia's total exports. Western European imports from Asian countries (excluding Japan) had declined about 31 per cent as compared with the pre-war level, while the exports of Western European countries to Asia had increased by about two-thirds since 1938. It was for the leading European trading countries to consider what action should be taken to remedy that situation. European countries could perhaps reduce their dollar imports of raw materials and purchase more from Asian countries. Asia could certainly increase its exports of fats, oil seeds, tobacco and cotton to Europe, especially if it managed to increase production and reduce costs. However, the development of trade between Asia and Europe presupposed considerable European financial assistance, both public and private, to Asia, and the adjustment of tariffs, price policies and ocean transport charges. With regard to capital movements, he was sorry to say that United States investments in the region had fallen from \$620 million in 1951-52, to \$400 million in 1952-53.

17. During the discussion on the international flow of private capital, his delegation had pointed out at the 767th meeting that private capital was attracted to countries where returns were high, rather than to the under-developed countries of Asia and the Far East. It seemed that the industrialized countries were not sufficiently conscious of the stakes involved in the experiments undertaken in the countries of South-East Asia. Those countries were trying to continue economic planning with the processes of democracy and had already achieved some measure of success. They realized that the mainstay of their economic development programmes would have to be their own resources, but there were political and administrative as well as economic limits to domestic financing. The question was whether international economic co-operation would enable them to succeed in their democratic experiments in economic planning, and whether the economy of the under-developed countries could be integrated in the world economy.

18. According to the report *Measures for the Economic Development of Under-Developed Countries* (E/1986), assuming an annual transfer from agriculture of 1 per cent of the total working population into non-farm employment, the capital required would be \$15,270 million a year, of which 70 per cent would be needed for Asia. The under-developed countries would require a total of \$19,000 million a year, and a 2 per cent increase in *per capita* income would require an annual capital import of over \$10,000 million, a little over 2 per cent of the national income of Western Europe, Australia, the United States and Canada. The report had also suggested that the International Bank should, within five years, set itself an annual lending target of not less than \$1,000 million a year to the under-developed countries, and that, if that proved impossible, the United Nations should re-examine the question of the establishment of an international organization for the provision of an adequate amount of loan capital to the under-developed countries. In that context he pointed out that the Commission had expressed the hope that there would be no further avoidable delay in the establishment of the Special United Nations Fund for Economic Development and an international finance corporation. The Commission had also pointed out that capital formation could be encouraged through com-

² See *Economic Bulletin for Asia and the Far East*, Vol. IV, No. 3. Bangkok, November 1953, pp. 17-31.

munity development programmes utilizing voluntary labour. That policy had been followed in India where millions of people had enthusiastically taken part in the construction of roads, reservoirs and canals. It was imperative that efforts of that type should be made in all Asian countries where a large part of the population was under-employed. ECAFE might usefully give further consideration to that idea.

19. In considering the possible effects of a recession in the industrialized countries on the economies of the countries of the region, the Commission had correctly suggested that it could be staved off if the industrialized countries increased sufficiently their exports of capital to the under-developed countries in order to provide outlets for their products and enable the under-developed countries to maintain their rate of development.

20. The under-developed countries of Asia and the Far East also needed the technical assistance of the industrialized countries. The Commission had reaffirmed the importance of the United Nations Expanded Programme of Technical Assistance, but felt that the assistance received by the countries of the region did not meet the needs of their economic development, even at the present low rate. In that connexion he drew the Council's attention to the possibility that some of the techniques perfected in other Asian countries such as Japan might prove very useful to the under-developed countries of the region. In some cases the production techniques of the industrialized countries were based on the use of coal and oil and were not adapted to the needs or the resources of the under-developed countries of the region. It would therefore be necessary for advanced countries to carry on researches for techniques suited to the needs of those countries.

21. His delegation attached great importance to regional technical assistance projects and expressed the hope that ECAFE would be able to co-operate more actively with the Technical Assistance Administration in the planning and execution of regional projects. It hoped that the Council would support the Commission's recommendation that regional projects should be a permanent element in the planning and allocation of funds of the technical assistance programme. In that connexion he asked the Council to take special note of resolution 11 (X) adopted by the Commission at its tenth session (para. 218 of E/2553).

22. The Commission had also expressed the view that high priority should be given to the expansion of agricultural production, which was one of the prerequisites of industrialization, but had emphasized that efforts to industrialize should be stepped up as industrialization did not automatically follow an increase in agricultural production. In that connexion, it had suggested that the development of cottage and small-scale industries would be necessary to provide increased employment opportunities for the unemployed or under-employed population.

23. Pointing out that India's five-year plan was based principally on those considerations, he said that the industrialized countries looked at the problem of the industrialization of the under-developed countries in a somewhat distorted perspective. They thought that the under-developed countries should follow the development processes they themselves had followed, disregarding the fact that the world had changed considerably since the nineteenth century.

24. In his view, the countries of the region, which were poor in capital but rich in manpower, must develop their basic capital industries in order to increase their production capacity, and also encourage types of activities such as cottage and small-scale industries which employed abundant labour. In the under-developed countries where there was no social security, distribution of incomes depended primarily on the distribution of employment. Unlike the industrialized countries, the under-developed countries could not concentrate on increasing productivity alone. They had also to take steps to provide employment for the greatest possible part of their population. As countries in process of development were highly sensitive to inflation and as most of the countries in the region had depleted foreign exchange earnings, they should select industries in which investment would produce a quick and substantial return and which would not require too much skilled labour or too many imported materials.

25. The Commission had been active in many fields, including industry and trade, inland transport, and flood control and water resources development. Much of that technical work was accomplished by subsidiary bodies, including standing committees, sub-committees and working parties. The Commission also worked in close co-operation with the Governments of member States and with the specialized agencies, thereby avoiding duplication of work. It also maintained contact with the other regional commissions, in particular with the Economic Commission for Europe (ECE). Its collaboration with ECE had enabled it to undertake an important study on trade between Asia and Europe, which might lead to practical action for the expansion of trade between those two continents. In that connexion, he drew attention to a resolution for the promotion of inter-regional trade adopted at the last session of ECE.

26. His delegation wholeheartedly supported the proposal (E/L.594) to admit Afghanistan within the geographic scope of the Commission, as it was only natural that Afghanistan should be treated as a part of the region in question, with which it had many close historical, political, cultural and economic ties.

27. In conclusion, he pointed out that underlying the economic and political diversity of Asia there were powerful unifying and co-ordinating factors. India attached the greatest importance to economic co-operation in the region and was prepared to do everything within its power to contribute to its prosperity. The countries of Asia and the Far East should join in an effort to create an atmosphere of hope and confidence. The building of a new Asia was a stupendous task which called for courage and unshakable faith.

28. Mr. PSCOLKA (Czechoslovakia) said that his delegation had always stressed the importance of the broadest participation of the countries directly concerned in the regional economic commissions of the Economic and Social Council.

The basic shortcoming of ECAFE lay in the fact that the People's Republic of China, though one of the most important countries of Asia by reason both of its size and population and of its political and economic position, was not represented on that body.

29. The People's Republic of China maintained diplomatic relations with most of the other countries of Asia, such as the USSR, India, Indonesia, Burma, Pakistan and Afghanistan, and those countries were becoming

increasingly aware that the Commission's work was being restricted and paralysed by the absence of the People's Republic of China. That shortcoming was the more regrettable in view of the People's Republic of China's growing economic development and the fact that the Korean armistice, by relaxing the tension in Asia and the Far East, enabled the countries of that region to co-operate more closely with one another and with the rest of the world.

30. At its tenth session ECAFE had noted the efforts made by the Asian countries to accelerate their economic development but it had also pointed out the numerous difficulties that they faced in the endeavour. Most of them had undergone upheavals which had put an end to foreign exploitation and inaugurated an era of unprecedented economic and social development. However, although most of those countries had achieved independence since the war, they still had to throw off the heavy burden that they had inherited from the colonial Powers, which had turned them into sources of raw materials and which continued to exert considerable influence over them since they had not changed their policy in respect to them.

31. The economic development of those countries depended basically on their export earnings. Violent price fluctuations of raw materials on the world market naturally had serious repercussions on their economy. The decline in the prices of the principal raw materials since 1951 and the drop in the volume of exports from the ECAFE countries had caused a considerable decline in the revenue used to finance their economic development. Paragraphs 177, 181 and 183 of ECAFE's annual report for 1953 (E/2553) clearly described that critical situation.

32. In view of those circumstances, the ECAFE countries had sought private capital to finance their development. Foreign investors, however, as experience had repeatedly shown, were interested solely in the profits on their investments and were not at all concerned with the genuine economic development of the under-developed countries. They exacted various concessions from the under-developed countries with a view to creating a "favourable climate" and invested their capital predominantly in raw material production, which afforded them the highest returns, thereby further aggravating the lack of balance in the economic structure of the countries concerned. In any case, private capital played an insignificant part in the financing of the economic development of the under-developed countries.

33. The principal concern of those countries, therefore, must be the stabilization of their export earnings. Such stabilization was impossible, however, so long as their exports were directed towards the capitalist market, which was unstable, subject to crises and influenced by speculation, discriminatory practices and political pressure. They should therefore extend their economic relations with countries that had planned economies, which were not subject to crises and were in a position to conclude long-term agreements. One of the first steps in that direction would be the renewal of traditional relations with the People's Republic of China and the expansion of existing relations with the USSR and the peoples' democracies.

34. Most of the under-developed countries of the ECAFE region were fully aware of those facts, as could be seen from paragraphs 178 and 204 of the Commission's annual report (E/2553), and it was regrettable

that the People's Republic of China was debarred by the discriminatory policy of certain countries from co-operating in the Commission's work.

35. Since 1949, when it had driven out both foreign and domestic exploiters, the People's Republic of China had achieved remarkable results in economic development. Industrial production which, in 1949, had dropped to 56 per cent of the highest pre-war level, had risen to 126 per cent in 1952. The agrarian reform had resulted in a similar increase in agricultural production, and the People's Republic of China had increased its trade with the USSR and the peoples' democracies.

36. The countries of the ECAFE region were becoming increasingly aware of the importance of the People's Republic of China as a market and were showing a growing desire to expand their trade with it. Trade between the People's Republic of China and Japan, India, Indonesia and Ceylon had already brought positive results. The example of Ceylon, in particular, illustrated the advantages that the countries of the region could derive from expanded trade relations with the People's Republic of China. In that connexion, he said that Czechoslovakia was willing, as it had been in the past, to expand its trade relations with all countries, including the countries of Asia and the Far East, on the basis of long-term trade agreements. It was willing to furnish those countries with agricultural machinery and capital goods in exchange for their export commodities. It was also willing to send them any technicians that they might need to assist in the operation of such machinery.

37. As to technical assistance granted under the auspices of the United Nations, Czechoslovakia was glad to be able, for the first time, to participate in the United Nations Expanded Programme of Technical Assistance and was ready to consider the requests of Asian countries for various forms of technical assistance. In the course of the five-year plan and Czechoslovakia's rapid industrial development, Czechoslovak technicians had acquired a wealth of experience which they were willing to impart to the countries of the ECAFE region.

38. In conclusion, he expressed his delegation's firm conviction that the obstacles standing in the way of the economic development of certain under-developed countries of Asia and the Far East could be overcome only through the normalization and development of international trade and through increased economic and technical co-operation among nations.

39. Mr. RIFAAT (Egypt) appreciated the efforts and the constructive work of ECAFE and noted with satisfaction that countries in the area were fully conscious of the opportunity afforded by the Commission for closer and growing economic co-operation.

40. The Egyptian delegation thought that the Commission should concentrate on helping countries in the region to develop their natural resources and to achieve a larger degree of industrialization, for only a few of them had yet made progress in that direction.

41. The countries of the region had done a great deal to attract foreign capital by creating conditions favourable to investment. Capital-exporting countries should encourage them further and, as recommended by the Commission, provide them with the necessary investment capital, capital goods and technical assistance.

42. He hoped that measures would soon be taken to promote a favourable trend in the terms of trade of under-developed countries in Asia and the Far East in order to accelerate the tempo of their economic development.

43. The Egyptian delegation would vote for the Pakistan draft resolution (E/L.594) concerning the inclusion of Afghanistan in the geographical scope of ECAFE.

44. Mr. HSIA (China) also welcomed the Executive Secretary of ECAFE and thanked him and his colleagues for the important work they had been doing in Asia.

45. The Commission's annual report (E/2553) indicated the thoroughness with which it was dealing with the numerous problems before it. It also showed that the close co-operation between the ECAFE secretariat and those of ECE and the Technical Assistance Administration (TAA) had been a very fruitful one; and it would probably be desirable for ECAFE to establish a similar relationship with the secretariat of the Economic Commission for Latin America (ECLA), especially in the matter of trade and migration.

46. From the procedural point of view it was interesting to note that the standing and *ad hoc* subsidiary bodies of ECAFE had dealt with a large number of problems in their respective fields and that the secretariat had submitted findings and recommendations to the governments concerned. That division of labour had enabled the Commission to concentrate on the broad lines of policy while the subsidiary bodies dealt with technical problems. That seemed an excellent method and should be continued.

47. So far as technical assistance was concerned, it was gratifying to note the number of projects initiated by the Commission and its desire to increase its co-operation with the specialized agencies. TAA was to be congratulated on its work in Asia and the Far East, yet the Chinese delegation shared ECAFE's disappointment at the delay, due to lack of finance, in the establishment of the training centre for water resources development. The matter should be referred to the Technical Assistance Board (TAB) and form the subject of tripartite consultation among the ECAFE, TAA and TAB secretariats. He hoped that in the Commission's next annual report some progress made in that direction would be indicated.

48. Most of the countries in Asia and the Far East were overpopulated; accordingly, he welcomed with great interest the suggestion made in paragraph 193 of the ECAFE's report that the International Labour Organisation (ILO) should be asked to make a study of migration in Asia. It was to be hoped that the suggestion would be acted on in 1954.

49. Though aware of the importance of industrialization to Asian and Far Eastern countries, his delegation considered that the first object should be to expand the production of primary commodities and to develop cottage and small-scale industries which for the moment remained the chief sources of income in those countries.

50. Japan had invited the Commission to hold its next session at Tokyo. The Commission had accepted that offer in line with the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the Commission should hold alternate sessions elsewhere than at Bangkok.

51. Reviewing the resolutions adopted by ECAFE at its tenth session (para. 218-219 of the report (E/2553)) he approved in particular the recommendation contained in resolution 11 (X) that the Council should make regional technical assistance projects a permanent feature of its technical assistance programme. Such a decision would help the ECAFE countries to formulate integrated economic development plans and to pool their resources for the greater benefit of all concerned. He hoped that the Council would at its current session accede to the Commission's wish as expressed in resolution 12 (X), to admit to membership in ECAFE those associate members which were responsible for their own international relations, especially the countries which had demonstrated their willingness to join in a common effort to uphold freedom and the principles of the Charter. On the other hand, he had certain misgivings concerning resolution 13 (X), which in effect involved the admission to membership in ECAFE of countries which as yet were only associate members, not an amendment of the rules of procedure; it was logical and proper that only full members should hold important offices in the Commission. The only draft resolution which was, strictly speaking, before the Council for action was that reproduced on page 23 of the report, whereby the Council was to take note of the ECAFE annual report and of the programme of work and priorities contained therein. His delegation supported and would vote for that proposal.

52. He wished to add some comments on the economic situation in the province of Taiwan and the mainland of China. To begin with, the last paragraph of the introduction to chapter 8 of the *Economic Survey of Asia and the Far East, 1953* needed correction. According to the economic review for January and February 1954, published by the Bank of China in Taiwan, the increased deficit had been caused partly by military and partly by administrative reasons. Furthermore, the need to borrow funds for the purpose of increasing production had tended to favour inflationary pressures.

53. The *Economic Bulletin for Asia and the Far East* published by ECAFE in November 1953 had contained an article entitled "Economic Development in Mainland China, 1949-53". The Chinese representative in ECAFE had already made some comments on that document, and it now seemed necessary to offer the Council a word of caution, as the French representative had already done at the 776th meeting, lest the impression be created that the economic situation in mainland China was exceedingly favourable. It would have been pleasant if that were the case, and the Chinese people were living as happily and contentedly as the document might suggest; but due weight should be given to the footnote on page 17 of the *Bulletin*, which stated that the information in question had been taken from official and semi-official sources and that the figures referring to production and other changes were relative and not absolute. Everyone knew what that meant under such a dictatorial régime as that which now controlled mainland China. The recovery between 1949 and 1953 might appear impressive to someone unaware of that fact that, in China, the Second World War had lasted until 1945, to be followed by a civil war from which the country by 1949 had not completely emerged. Accordingly, the economic situation had reached its lowest point in that year and it was scarcely surprising that some progress should have been made since then. It would be sufficient to mention that in 1949 steel production in main-

land China had amounted to only 17 per cent of pre-war production. That being so, even if the figures given by mainland Chinese official sources were correct, the achievements of the régime had not been so remarkable as one might be tempted to believe.

54. Finally there was the astonishing fact mentioned on page 29 of the *Bulletin* that the Peiping régime had succeeded not only in balancing its budget but even in achieving budget surpluses in 1950, 1951 and 1952 of 2 per cent, 19 per cent and 16 per cent respectively. One might well be astonished at such results produced by a Government which had concurrently been engaged in a war of aggression and had been maintaining more than a million soldiers in Korea. He was not questioning the good faith of the ECAFE secretariat, which had probably been as puzzled by those figures as he himself was; but he could only accept them with a grain of salt, for all the evidence suggested that the people of mainland China were living under privation and economic hardship.

55. Mr. TSARAPKIN (Union of Soviet Socialist Republics) stated that the USSR had a very particular interest in the work of ECAFE because it operated in a region in which most of the under-developed countries of the world were concentrated. The USSR was therefore anxious to take an active and constructive part in the work. He pointed out, in that connexion, that at the tenth session of the Commission, the USSR had offered to conclude long-term contracts with Asian and Far-Eastern countries for the purchase of primary commodities in those countries in exchange for Soviet-produced goods at prices fixed over a long period, with the possibility of payment in national currencies. The USSR had also stated that it was prepared to consider, within the framework of the United Nations technical assistance programme, concrete requests from individual countries of the region for technical assistance in different fields. It had invited representatives of Asian countries to enter its territory for the purpose of studying in the Soviet Union the technical assistance opportunities open to them. Those proposals had aroused great interest among ECAFE members in spite of the efforts of those wishing to disparage them, and the majority had insisted that they should be mentioned in the Commission's report. The USSR delegation noted with satisfaction that they had indeed been mentioned.

56. The Commission's report as a whole accurately described economic conditions in Asian and Far-Eastern countries, and to that extent it was an excellent document. Nevertheless, it contained no information about China and, furthermore, contained passages which the USSR regarded as unacceptable, especially those attributing exaggerated importance to the role of private capital in the development of under-developed countries. Such passages clearly reflected not the point of view of Asian and Far-Eastern countries, but rather that of certain capital-exporting countries outside the region. Elsewhere, the report faithfully echoed the dissatisfaction felt in Asia about the tempo of economic progress, the low level of imports of capital goods and the slow progress of industrialization. Those were important admissions, and they meant that the Council should look at the situation very closely to see what action should be taken to encourage economic development in those countries.

57. At the previous meeting, the French representative had seen fit to comment critically on economic condi-

tions in China. He had persistently referred to the Chinese people's democracy as *Le Chine continentale*, which was quite improper at an international gathering like the Economic and Social Council. If China were properly represented on the Council, the USSR delegation would not have been constrained to reply to those criticisms. But in the absence of a qualified representative, he (Mr. Tsarapkin) felt bound to clarify the position. The People's Republic of China had made remarkable progress. In the wake of land reform, 116 million acres of arable land, with the necessary livestock and equipment, had been distributed among more than 300 million agricultural workers who now, for the first time in Chinese history, owned the land they farmed. That had resulted in an increase in agricultural production, which in 1952, had exceeded the yield of the best harvests of previous years by 17 per cent. Cotton production had risen by 52 per cent above the pre-war level, and comparable progress had been made on the tea and mulberry plantations. That improvement in agriculture could be said to have led to a virtual social revolution. Famine was a thing of the past and the Chinese people were no longer in want. The engineering and metallurgical industries were working to full capacity, which was a phenomenon unknown before. The vast economic progress had enabled the People's Republic of China to embark in the month of February 1953 on the implementation of its first five-year plan.

58. The French representative had expressed doubt concerning China's ability to succeed without foreign aid. But China was receiving very substantial assistance from the USSR and the other peoples' democracies, which had by a variety of means and on the most favourable terms possible, contributed towards China's recovery. In 1952, for example, China had received a very substantial credit which had enabled it to obtain the machinery and equipment necessary for the construction of hydro-electric stations, the utilization of its mining resources and the development of its railway network. Moreover, numerous Soviet experts had gone to China, while Chinese technicians were receiving professional training in USSR factories and industrial plants. Furthermore, under an agreement concluded in 1953, the Soviet Union Government was to participate, between 1953 and 1958, on conditions extremely favourable to China, in the establishment or development of 141 large undertakings, such as metallurgical combines, hydro-electric stations, collieries, oil refineries, plants for processing non-ferrous metals, and tractor and motor vehicle factories.

59. Such were the effects of Soviet assistance and co-operation. Those incontrovertible facts should be compared with the blockade policy pursued by the United States and the other Western Powers, who could not forgive China for carrying out a programme of industrialization without their aid and who were making every effort to hamper that programme. Yet it was a remarkable paradox that the blockade policy was having an effect diametrically opposed to that which its authors expected, for it was driving China to press on with its industrial development. That was a perfectly normal consequence, since every under-developed country longed to carry out its industrialization as speedily as possible. And the sincerity of the developed countries could be judged by the effectiveness of the assistance which they gave to the under-developed countries; in that respect, the prices which American financiers

sought to impose on Chile for copper transactions provided a striking example.

60. In any event, none could dispute that the People's Republic of China had become a stabilizing factor in Asia and the Far East. It was undeniable that a new Power had been born, and that without it the problems hindering world economic development could not be solved. The time had, therefore, come for the Council to display sufficient courage to solve once and for all the question of the participation of the People's Republic of China in the work of ECAFE. The five countries which occupied a predominant position in that part of the world were India, Pakistan, Indonesia, Burma and China; yet China was the only one which was not a member of the Commission. The other four countries, however, maintained direct relations with China and did not recognize the remnants of the Kuomintang clique in exile in Formosa. That being so, China's absence was anomalous, and the situation, created solely through the wish of a Power foreign to Asia and indifferent to the area's paramount interests, could not continue. It was imperative that the Economic and Social Council should decide to admit China to ECAFE, and that it should do so during the current session.

61. In conclusion, he stated that his delegation would be pleased to support the Pakistan proposal (E/L.594) that Afghanistan should be included within the geographical scope of ECAFE.

62. Mr. LOKANATHAN (Economic Commission for Asia and the Far East) thanked the members of the Council for their interest in the work of ECAFE. The members of the Commission would certainly read very carefully the record of the Council's debates, bear in mind the opinions expressed during the discussion, and appreciate the Council's support.

63. In reply to the comments of the United States representative during the 776th meeting, he said that no statement of estimated expenditure had been submitted in 1954 because the work programme would not involve any additional cost. It would, in any event, be very difficult to prepare a separate estimate of expenditure for each project.

64. He thanked the Pakistan representative for his frank criticisms. At the time when the ECAFE secretariat had prepared the *Economic Survey of Asia and the Far East, 1953*, it had tried to keep in touch, as far as possible with the Governments concerned, so that the survey would be based to the fullest possible extent on verified data. Even closer contact would be maintained in the future. Nevertheless, it was the secretariat's duty to interpret that data and to draw its conclusions. And interpretation was a subjective and extremely delicate function; the Pakistan representative himself had apparently misinterpreted the manner in which the secretariat had analysed the Pakistan policy on public investments. However, the Pakistan representative could rest assured that the ECAFE secretariat would maintain a still closer liaison with the Pakistan Government and would not advance, in its reports and surveys, opinions not derived from an exhaustive examination of every item of information at its disposal.

65. He would not fail to communicate the kind words spoken by the members of the Council to his colleagues, who would be highly gratified.

66. Mr. HOTCHKIS (United States of America) pointed out that it was not through the veto of the United States that communist China had not been admitted to ECAFE, as the USSR representative had alleged. The question of the representation of China had been settled by the members of the Commission, according to the wish of the majority. It was, nevertheless, fortunate that communist China, which employed war as an instrument of foreign policy, was excluded from the United Nations, where it did not belong.

67. Mr. ABELIN (France) said that the USSR representative had placed a purely subjective construction on the statement he (Mr. Abelin) had made at the previous meeting. He had not intended to minimize what mainland China might have accomplished, but to stress that vast and lavish investments might have very regrettable social consequences, especially if financed by heavy fiscal charges on a humble population largely composed of small landowners. Similar statements had been made by the French representative to ECAFE, and the USSR representative had not disputed them.

68. He pointed out that *Chine continentale* was the only possible translation of the expression "mainland China", used in the *Economic Bulletin for Asia and the Far East*.

69. His delegation had never doubted that the Soviet Union was giving financial assistance to mainland China. Nevertheless, large-scale industrialization required correspondingly large-scale financial assistance. In that respect, it was permissible to doubt whether, under existing conditions, China was receiving the most favourable possible assistance towards its economic development.

70. Mr. TAFAZZAL ALI (Pakistan) thanked the Executive Secretary of ECAFE for his assurances concerning closer co-operation between the Pakistan Government and the ECAFE secretariat. He was certain that when the Commission had more complete information, its reports would be completely satisfactory and would not even lend themselves to different constructions.

71. The PRESIDENT declared the general discussion on the annual report of ECAFE closed. He called for a vote on the three draft resolutions before the Council (E/L.594, E/L.595, E/2553, para. 219).

72. Mr. HOTCHKIS (United States of America) requested that the vote on the draft resolution proposing an amendment to paragraph 6 of the terms of reference of ECAFE (E/L.595), should be deferred until the conclusion of the debate on agenda item 8, to which it was closely related.

It was so decided.

73. Sir Alec RANDALL (United Kingdom) explained that he had not opposed that decision because he did not wish to delay the Council's work. He nevertheless adhered to his position, as stated at the 776th meeting, on the substance of the question.

74. Mr. TAFAZZAL ALI (Pakistan) introduced the draft resolution proposing that Afghanistan should be included within the geographical scope of ECAFE (E/L.594). Pakistan maintained very friendly relations with Afghanistan, as the two States were neighbours and had a common social, cultural and religious

outlook and common traditions. At the tenth session of ECAFE the representative of Afghanistan had stated that his country desired to be included in the Commission's geographical scope. The Commission had conceded that Afghanistan's problems and economic objectives had much in common with those of the countries in the ECAFE region, and had expressed the hope that the Council would consider the question at an early date. The various delegations had seemed favourably disposed to the request for admission. For that reason, the Pakistan delegation hoped that the draft resolution

which it had had the honour to submit would be adopted unanimously.

75. The PRESIDENT put to the vote the draft resolution submitted by Pakistan (E/L.594).

The draft resolution was adopted unanimously.

76. The PRESIDENT put to the vote the draft resolution submitted by ECAFE (para. 219 of E/2553).

The draft resolution was adopted unanimously.

The meeting rose at 5.30 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Netherlands.

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

The observer for the League of Arab States.

Report of the International Bank for Reconstruction and Development (E/2511 and Add.1) (*continued*)¹

[Agenda item 5]

1. Mr. SARPEN (Turkey) recalled that one of the main services expected of the International Bank for Reconstruction and Development was assistance in the economic growth of economically under-developed countries, as provided in article I of the Bank's Articles of Agreement, with a view to the achievement of the aims stated in Article 55 of the Charter. On the basis of full studies undertaken by the Economic and Social Council, the United Nations had long maintained that the solution of the problem of full employment, one of the most important questions confronting the economically advanced industrial countries, depended upon assisting speedy reconstruction in the economically under-developed countries and in raising their purchasing power.

2. Consequently, the direction in which the Bank's activities must tend had been clearly marked, and fine principles had been laid down for the realization of the hopes which the free world had placed in the principles of economic co-operation. But fine principles could not by themselves produce results and experience unfortunately appeared to indicate that the management of the Bank had been unable to enter fully into the spirit of those principles and had tended to transform an international institution into a body acting solely from motives of profit.

¹ Resumed from the 775th meeting.

3. The Bank's task was not so much to finance immediately profitable projects in countries which had completed their equipment and were capable of financing themselves; nor was it to invest blindfold in countries which did not yet possess a capacity for economic development because of their structure. The Bank's main task must be to give assistance to countries which, though basically possessing a strong and healthy economic structure, had lacked the opportunity to complete their development, and thus to transform them into strong economic elements. In economic relations there could be nothing more natural than balance of payments deficits, and practically no country had been entirely free of such deficits throughout its economic development. Countries which were making reasonably successful progress towards full economic development should not be denied assistance on the assumption that their natural and temporary deficits would disappear of their own accord. The investment efforts of such countries must, on the contrary, be supported in order to assist them to overcome their temporary difficulties. If the activities of the International Bank could not embrace such assistance, there appeared to be no necessity for its continued existence.

4. The principles that should guide the policy to be followed by the administration of the Bank were not confined to those which he had enunciated. The United Nations had already felt that those principles were not being taken fully into consideration in directing the Bank's activities and on various occasions had called the attention of the Bank's administration to the principles which it should adopt.

5. Thus, Economic and Social Council resolution 294 (XI) stated that economic development required the execution not only of self-liquidating projects but also of projects which, while not always fully self-liquidating, were justified by reason of their indirect effect on national productivity and national income. Similarly, Council resolution 368 (XIII) recognized that for some countries, particularly the least developed, the financing of basic non-self-liquidating projects might in some circumstances require a measure of external grant assistance, and urged the Bank and other agencies to continue to expand their lending operations in under-developed areas. Finally, Council resolution 427 (XIV) invited the Bank not to be unduly affected, in assessing the credit-worthiness of a country, by the economic situation of that country in time of temporary recession.

6. Despite such admonitions and resolutions, however, there had been no substantial improvement in the administration of the Bank. Consequently, development had been delayed in countries which had counted on assistance in the preparation of their economic development programmes.

7. An analysis of the types of assistance given by the Bank to various countries confirmed his remarks. The total of credits granted by the International Bank to twenty-nine countries up to February 1954 was \$1,780 million. Of that total, eight countries had shared \$1,213

million, whilst the remaining twenty-one countries had received only \$567 million. The Bank had not adequately met the needs of the under-developed countries. The sixth report of the Bank (E/2168) which gave particulars of assistance from the time of the establishment of the Bank until 30 June 1951, showed that, within that period, assistance to eight economically developed countries had amounted to \$704 million, while that given to fourteen economically under-developed countries had amounted to \$408 million. During the year following the adoption of resolution 368 (XIII), assistance by the Bank to five economically developed countries had amounted to \$135 million, whilst that given to eleven economically under-developed countries had amounted to \$163 million. Between 1 July 1952 and 1 February 1954, Bank assistance to six economically developed countries had totalled \$177 million, whilst that given to ten economically under-developed countries had amounted to \$191 million.

8. The Bank had been entrusted with the task of assisting member countries in their economic development and of facilitating their efforts to continue such development without further aid in as short a time as possible. It should revise its narrow and inflexible policies towards the economically under-developed countries, and he hoped that the Economic and Social Council would consider the matter most carefully in the light of its earlier resolutions.

9. Sir Alec RANDALL (United Kingdom) said that any criticisms of detail which he might make should not be regarded as detracting from his general appreciation of the International Bank as a sound and valuable organization.

10. The Bank was the most important channel for the flow of United States private capital towards the development of under-developed countries. That flow was most important to the countries themselves, whilst it also played a part in narrowing the dollar gap which, as the Randall report had shown, still existed in a concealed form in world economy and might reappear at any time.

11. The present flow of such capital was undoubtedly of great value but world economy would undoubtedly benefit if it increased. Chapter III of the Bank's report (E/2511) drew attention to the importance of increasing the supply of non-dollar currencies, but it was equally necessary to increase the flow of dollar currency. In that connexion, he was gratified to note the offer of an issue of \$100 million 3½ per cent fifteen-year US dollar bonds. He hoped that the forthcoming year would see an upward trend in the rate of dollar disbursements by the Bank.

12. The report also referred to sterling releases by the United Kingdom, which had agreed, as a result of the Commonwealth Economic Conference, to make available up to £60 million of its sterling capital subscription to the Bank over a number of years for projects in the sterling area calculated to improve the balance of payments of that area. Five million had also been released in order to supplement an International Bank loan for iron and steel development in India. Experience had shown, however, that the requirements of Commonwealth countries for development loans were slow to translate themselves into actual demands for sterling releases, thus illustrating the fact that the progress of development depended not only on the availability of funds, but also on the ability of the recipient countries to carry out the necessary projects,

as well as on their administrative and technical skill and their willingness to set aside development capital from their own resources. The rate of Bank lending was not limited only by lack of funds, but also by the slowness of demands for development loans. Lack of such demand might be due to the Bank's preference for short-term projects over long-term programmes, or to limitations on periods of losses, or to the fact that loans were at present confined to foreign currency expenditure.

13. There was room for continued study of methods of increasing the flexibility of the Bank's lending programme, including the grant of loans for short periods and loans to cover at least some part of local currency requirements.

14. Mr. NUÑEZ PORTUONDO (Cuba) drew attention to the statement on page 31 of the report (E/2511) that Bank missions had visited Cuba in order to consider how the Bank might collaborate in Cuban development and the stimulation of the capital market. He read that observation in conjunction with the statement of the President of the Bank at the 775th meeting that the rate of disbursements to borrowers was accelerating, and hoped that his country would soon be numbered among those receiving loans from the Bank.

15. He noted with particular interest that the Bank was continuing to examine the possibilities of establishing an international finance corporation. It was the universal wish of the under-developed countries that such a body might soon be formed.

16. The President of the Bank had stated that many powerful interests in Latin-American countries understood that the expansion of production and a wider distribution of income were two great factors of political stability. He regretted that that was not true of all the powerful interests to which the President had referred and some of them, both national and extraneous to the countries in question, had given no signs of such understanding.

17. He wished particularly to call the attention of the Bank to the necessity for a greater measure of flexibility in the granting of loans to under-developed countries as a means of enabling the Bank to discharge fully the functions conferred upon it by its Articles of Agreement.

18. Mr. HOTCHKIS (United States of America) said that he had been very glad to note from the Bank's report the increase in loans in non-dollar currencies and the global spread of the Bank's activities: the Bank had appointed representatives in several countries, including Pakistan and Lebanon; it had granted loans to promote basic production in Chile, Australia and Ecuador, and had sent technical assistance survey missions to a number of countries, including Nigeria and Ceylon.

19. The Bank's record during the past year, like that of the Fund, was one of continued growth. The pace of lending operations had been accelerated, and the Bank's loans now numbered 102 and totalled approximately \$1,900 million. That was a notable accomplishment, particularly as the loans had been granted to no fewer than thirty-three countries and to assist economic development in various directions. The Bank's report showed that the activities which it had assisted included the expansion of transport and power facilities, the improvement of telecommunications, the import of

agricultural machinery, flood control and irrigation. The Bank's activities in providing facilities to aid basic production were also helping to encourage the expansion of private investments in industrial and agricultural enterprises.

20. The Bank had also achieved marked success in its efforts to raise loan funds in the private capital markets, and important sales of the Bank's issues had been made to private investors outside the United States. It was encouraging to know that the Bank had been extending sales of securities from its loan portfolio to private investors and that more member countries had consented to release for use as loan funds part or all of the 18 per cent of their local currency subscriptions to the Bank's capital. Those activities were increasing the Bank's ability to make loans in non-dollar currencies, a development which was of particular importance to countries which, owing to the pattern of their foreign trade and international payments, might find it easier to service a non-dollar than a dollar debt.

21. The Bank had also continued to provide technical assistance, particularly through survey missions. Such missions had performed a most useful service by helping countries to prepare road programmes of development.

22. The President of the Bank had been right to remind the under-developed countries that the role of outside capital in promoting development must be viewed in its proper perspective. He had stressed the importance of other factors, such as the character and initiative of the people, the honesty and efficiency of government administration and the nature of a country's institutions, which helped to determine the rate of economic growth. The record of the United States in relation to the problem of development was universally recognized.

23. The Bank, for its part, had an excellent record of accomplishment in the past and even greater achievements could be anticipated for the future.

24. Mr. ENGEN (Norway) thought it an encouraging sign that since 1 July 1953 the Bank had made twenty-four loans, amounting to over \$302 million, in thirteen countries, as compared with \$178.6 million for the whole of the previous year. It was equally gratifying to note that progress had been made in the raising of new funds and the extension of the Bank's activities to include new projects.

25. Norway had obtained a \$25 million loan from the Bank which, he hoped, marked the start of fruitful co-operation. The loan would go a long way towards settling balance of payments deficits arising from Norway's large investment programme, particularly in shipping. Norway was traditionally dependent on capital imports for the development of its large natural resources. It had received great assistance from the United States for post-war reconstruction, for which it was most grateful, but a much larger investment programme would be necessary if the country's resources were to be harnessed for the general benefit of the world economy.

26. During the post-war period his government had made every effort to increase capital investment by restricting consumption and encouraging savings, but there was a limit to what could be done in that way, because the country's leading industries included

electro-chemical and electro-metallurgical industries, for which large capital investments were necessary.

27. He hoped that greater attention would be given in future to the diversification of labour and trade in an expanding economy. The loan from the Bank was being used to implement that policy and to promote rapid economic progress and full employment.

28. Sir Douglas COPLAND (Australia) said that the Bank was still in its infancy and had had to devise new borrowing and lending techniques and a new central and peripheral administration. Hence, to have made loans amounting to nearly \$2,000 million already was a distinct achievement. He welcomed the President's statement that the rate of lending was increasing and that the Bank was obtaining its funds on an ever-widening base. It was unfair to say that the Directors of the Bank had their minds set on profit. They naturally had to proceed with caution. Their aim was to encourage sound economic development and to bring together the developed and the under-developed countries in the common task.

29. Australia had liabilities in loans amounting to \$204 million. The most recent loan of \$54 million had been granted only a month previously. As the President of the Bank had said, the loans to Australia illustrated three aspects of the long-term development for which the Bank had been designed and which it wished to promote: namely, improved transport, agricultural development through the purchase of better equipment, and the development of electric power. It might seem that in borrowing at the rate of approximately \$50 million *per annum* over the last four years Australia had been receiving more than its fair share of the Bank's funds. Australia had a very high rate of economic development and would like to borrow more abroad and to increase its rate of immigration and consequently of development. Compared with the \$150 million *per annum* it had borrowed in the mid-1920's, when the dollar had been worth more and the rate of population expansion and development had been less, its present rate of borrowing did not seem disproportionately high.

30. The President of the Bank had felt that both the under-developed and the highly industrialized countries tended to approach the central problems of the relationship between borrower and lender, the accelerated development of the under-developed countries and the expansion of the world economy in general, in the light of certain ideas which were out of date in the post-war world. Adjustment to modern conditions was necessary on both sides. The Australian delegation fully endorsed those remarks.

31. Mr. KOS (Yugoslavia) found it particularly satisfactory to note that the Bank was directing its activities more and more towards the economic development of under-developed countries in conformity with General Assembly resolution 520 C (VI).

32. The fact that the membership of the Bank had increased to 55, that the subscribed capital amounted to more than \$9,000 million and that the Bank had made 102 loans totalling over \$1,892 million in 33 countries, was sufficient to indicate that the Bank was one of the main instruments of international finance. In the financial year ending 30 June 1953 the Bank had distributed twice as many loans for economic development projects as for reconstruction projects. Among development loans, loans for the expansion of

electric power took first place, immediately followed by loans for transport and agriculture.

33. In discussing the problem of long-term international financing of basic enterprises for general economic development his delegation had always asserted that one of the main causes of the crisis in international financing was the inadequate financing of general economic projects and public utilities. The Bank had endeavoured to meet that deficiency to a certain extent. That was in fact the most important aspect of its work.

34. The rapid increase in the Bank's supplemental reserve and special reserve fund was very satisfactory. The increase was primarily due to the fact that the Bank's income from previous loans increased from year to year and that its activities had been so sound that it had not been necessary to spend the reserves provided for by the Bretton Woods Agreement. Optimism with regard to the Bank's future activities was therefore justified.

35. The Yugoslav delegation was particularly interested in the possibility of increasing the Bank's lending. The Bank's extraordinarily successful action in borrowing on the private money market was particularly noteworthy. Still greater possibilities existed, however, and the Bank should be given further encouragement in that connexion. The discussion in the Economic Committee on the economic development of the underdeveloped countries had clearly shown that the real crisis in international financing was in portfolio investment or international lending. That was a gap which must be filled by the Bank.

36. During the past year the percentage of loans granted outside the United States had progressively increased, together with the percentage of disbursements in other than United States currencies. The development of the Bank's activities in that direction were particularly useful from the point of view of promoting multilateral trade, although that in itself was not the Bank's function. The Bank's activities were an important contribution to economic development and should be continued.

37. Mr. ABELIN (France) noted that according to the Bank's report E/2511 and Add.1, as amplified by its President's statement at the 775th meeting—which contained sound observations both on the industrial Powers and on the underdeveloped countries—the Bank had increased its activity both as a borrower and as a lender. The correlation between those two aspects of its activity was commendable. During the past year there had been a better distribution of the Bank's resources. It was encouraging to see from the report that there was an increasing need for currencies other than the dollar and the Swiss franc, and particularly for European currencies. That showed that European production was increasing and that Europe was in a better position to meet the demands of the world market than it had been in the immediate post-war period. Dollar loans could be used to buy goods and capital equipment in countries with non-dollar currencies. The Bank could thus promote the better distribution of dollar resources and he was glad to note that it was playing a very important role in that connexion.

38. The machinery for economic development was steadily improving. At the national level, planning organizations had been established in a number of countries. The Bank itself was perfecting its own machinery, *inter alia* through the system of special

representatives, who had a very useful, though delicate, part to play.

39. Attention should be drawn to the two sides of the Bank's work, for it was concerned both with economic development and with technical assistance. In the matter of economic development, it financed, or should finance, co-ordinated national development plans. Its loans served a dual purpose: in addition to the direct financing of economic development, they contributed indirectly to encouraging the mobilization of large national financial resources. It would be interesting to have further information on that aspect of the Bank's work and on the mobilization of national capital raised through foreign currency loans.

40. He recalled that reference had frequently been made in the course of discussion to the problem of defining the criteria to be used in determining credit-worthiness for the purpose of obtaining loans from the Bank. The point to be decided was how far a public international establishment could use the same criteria as private establishments. The experience of France, where credit had been nationalized after the war, had shown that the bankers must still act with the same caution as before in lending and borrowing money; they therefore tended to conform to classical banking methods.

41. A distinction was to be made between short-term, profit-earning projects and long-term programmes which offered no immediate return. The Council might well urge the Bank, as an international agency, to bear in mind the importance, for the purpose of accelerating economic development, of carrying out programmes which were not immediately profitable. Nevertheless, in general it was to be noted that the Bank was fulfilling its obligations in the financing of co-ordinated national development plans.

42. Some reservations appeared to be called for, however, on activities at the international level. For instance, the President had referred to a loan which had been granted to a Latin-American country for reforestation. A further loan was being considered for a pulp mill. When the project was completed, that country would cease to be an importer of paper pulp and would become an exporter. Obviously no one would maintain that any country should have an absolute monopoly of any industry or development, but certain sectors could more suitably be developed in certain countries. An international body like the Bank should pay particular attention to the international division of labour.

43. With regard to the other side of its work, technical assistance, the bank had great experience and even a privileged position in matters of technical assistance. Whereas the other agencies giving technical assistance worked on a piecemeal basis, largely as the result of rules such as that of the automatic dividing up of funds among various agencies—a rule which should be revised, as the French delegation had pointed out in a recent memorandum (E/TAC/32 and Add.1)—the technical assistance given by the Bank had a certain continuity: in Ceylon, for example, the Bank had begun by providing technical assistance, and it was now negotiating a loan to carry out the technical assistance plans. Some countries might have thought that there was a slight tendency for the Bank to consider itself entirely independent in matters of technical assistance and to maintain a distantly benevolent attitude to other technical assistance programmes, but

the Council should bear in mind the many difficulties inherent in co-ordinating technical assistance provided by the United Nations, or the specialized agencies or as a result of such schemes as the Colombo Plan, with technical assistance made available by the Bank.

44. In conclusion, he said that it was encouraging to note that interest in economic development and technical assistance was becoming more general. Thus a major country which for years had bitterly criticized technical assistance, was now prepared to contribute generously to the United Nations Technical Assistance Programme. Much however remained to be done, and the United Nations should give the Bank every support.

45. Mr. AVILES MOSQUERA (Ecuador) agreed with the opinion expressed in the Bank's report (E/2511 and Add.1) that the resources of most under-developed areas were adequate, if effectively used, to support a substantially higher level of production and income. The President of the Bank had pointed out that national policy must be based not on altruistic considerations, but on national self-interest. Nevertheless, at least in the early stages, without the assistance of outside agencies, such as the international finance corporation, and the investment of private capital, the process of development must necessarily be slow. In fact there was a vicious circle: domestic resources must be used to achieve a higher level of development, but without a higher level of development those resources were insufficient. The support of international bodies was therefore essential.

46. Ecuador attributed a less preponderant role to foreign private capital, which naturally sought areas of expansion and activities likely to yield quick returns. In the initial stages of development of the now highly industrialized countries, private foreign capital had played a very important part, but in that respect history was unlikely to repeat itself.

47. The Bank's report drew attention to the importance of programming as a means of obtaining a better direction and balance of investment. That was the view of the Government of Ecuador, and it had set up a planning committee with wide terms of reference to co-ordinate and direct the activities of the various bodies concerned with economic development. Officials of the Bank had visited Ecuador in connexion with those activities, and the Bank had granted Ecuador a first loan of \$8.5 million, designed to finance, in part, highway development plans which were being financed, in part, by public funds also. That loan would make possible the exploitation of extensive areas on the Pacific coast of South America. He felt sure that further loans would be granted to Ecuador as the study of the country's natural resources progressed and development programmes were outlined. He hoped that the Bank's rather slower system of granting loans could be accelerated and unnecessary regulations eliminated.

48. Up to the present there had been a tendency to give preference to loans for reconstruction of war-damaged economies, but it was to be hoped that the volume of loans to under-developed countries would be greater in the future.

49. He noted with interest the Bank's activities in acquiring funds in private capital markets for investment and long-term programmes. That was a very effective way of directing foreign capital towards development programmes.

50. He also considered it worthwhile to continue examining the possibility of establishing an international finance corporation to be affiliated with the Bank.

51. Mr. TAFAZZAL ALI (Pakistan), welcoming Mr. Black, said that the report of the International Bank contained valuable material on economic problems and on the progress made by that great institution in the fulfilment of its task. Again, survey missions sent out by the Bank had played a significant role in drawing the attention of Governments to the need to fix priorities among different projects. Pakistan appreciated the assistance it had received from the Bank and was grateful to it for having appointed a representative at Karachi to facilitate its lending programme. He appreciated what Mr. Black had said in complimenting Pakistan on its efforts to increase the use of its resources, which, as he put it, had been marked with such success.

52. He had noted with satisfaction the desire of all the Governments represented on the Council to further practical policies which would enable the under-developed countries to acquire economic stability and strength, which they could not do from their own limited financial resources without inflicting undue hardship on the people. The Bank's role was to bridge the gap between domestic requirements for economic development and the domestic resources available for such development.

53. He could not, however, entirely agree with Mr. Black that there was an unfortunate tendency to over-emphasize the financial aspects of development and that the one real solution was for the advanced countries to make available large amounts of capital for development purposes. There were undoubtedly factors other than lack of capital which obstructed development, but they were being quickly removed.

54. The Bank had carried out a useful programme, but its operations had so far satisfied only a part of the vast developmental requirements that existed. The loans given to the under-developed countries had not been quite commensurate with their needs. Out of the total loans granted by the International Bank, nearly 52 per cent had gone to Europe, 24 per cent to South America, 18 per cent to Asia, and only 3 per cent to the Middle East. The heavy percentage for Europe was due to large "reconstruction loans" made in 1947 and 1948.

55. If the loans made by the Bank were considered from the point of view of the national income and population figures of the member countries concerned, it would be seen that the Bank's operations had been very small as compared to the needs of development, particularly of under-developed countries in Asia and the Middle East. Furthermore, the availability of savings for net investment in Europe as a percentage of national income was much larger than it was in either Asia or the Middle East. It would therefore appear that the Bank had not played a very effective part in the development of under-developed countries by making available adequate investment capital, which those countries could not generate by their indigenous savings. He urged the Bank to liberalize its attitude in granting loans to the under-developed countries of the Middle East and South East Asia.

56. Since the total reserves of the Bank had now risen to \$113.7 million, as might be seen from the Bank's

eight annual report (E/2511 and Add.1), he felt that the Bank might consider the discontinuance or reduction of the one per cent commission charged under article IV, section 4, of the Bank's Articles of Agreement, although any such consideration of the question would be two years ahead of the time prescribed under the Agreement.

57. The countries of Western Europe had now recovered from the dislocation caused by the last war and their supply position had considerably improved. That improvement had increasingly directed procurement by the Bank's borrowers to European markets and had emphasized the need for European currencies in the Bank's lending operations. At present the total available 18 per cent capital subscription of all the European members of the Bank was only \$63 million, which formed only 9 per cent of their total 18 per cent subscription. Unless the European countries released their currencies, the Bank could only finance expenditure in their territories either by acquiring the European currencies by purchase against United States dollars or by making payments direct to the European suppliers in dollars. In such cases, however, the Bank imposed an obligation on the borrower to service the loan in dollars. But it would be difficult for the under-developed countries, which were already suffering from a dollar shortage, to assume dollar liability for non-dollar expenditure.

58. Further, in granting loans the Bank made a separate assessment of the dollar credit-worthiness of a country. The assumption of dollar liability for non-dollar expenditure therefore restricted the amount of loan that a country could obtain from the Bank. To avoid such a situation, the members, particularly the Western European countries, should be requested to make liberal releases of their 18 per cent capital subscription. In cases when members refused to release their 18 per cent subscription, the borrower assumed dollar liability for non-dollar expenditure under the Bank's existing procedure. It was therefore essential that that procedure should be revised so that the under-developed countries might be able as far as possible to avoid such situations.

59. In that connexion, two suggestions made earlier by Syria and Belgium were worth considering: first, that in such cases, under-developed borrowing countries which suffered from dollar shortage should be allowed to make purchases in Western European countries by payments in the European currencies (instead of in dollars), out of their own resources, to retain dollars provided by the Bank under the loan, and to spend them in any way they chose. Secondly, a dollar loan might be made to an under-developed country, provided the country undertook to convert the equivalent amount back into dollars when the time came to repay the loan. The advantages of such an arrangement were obvious. The borrower would receive a dollar loan without increasing its dollar commitment for the time being, and the European country concerned would benefit because its commitment to convert its currency into dollars would be offset by an immediate receipt of dollars and a stimulus to business.

60. He noted from Mr. Black's speech that a certain progress had been made in the further releases by member countries of their 18 per cent local currency subscription to the Bank's capital. Total releases had increased from \$710 million at the beginning of 1953

to \$757 million at the present time, and in addition, the equivalent of about \$436 million had been released subject to various conditions or limitations on its use. While appreciating the progress made, he felt that there was considerable scope for more liberal releases.

61. It had been the Bank's policy to give preference to the financing of public utilities for which foreign capital was not forthcoming, or to those which were expected to bring about an increase in foreign exchange earnings or a savings in foreign payments. The Bank had also been reluctant to finance industrial projects which could be better left to private enterprise, although it had relaxed its policy in certain cases. Nevertheless, it was important to appreciate the peculiar difficulties that existed in under-developed countries in obtaining the necessary finance for industrial development. The Bank should allow more liberal financing of industrial projects in under-developed countries.

62. The Bank and the Fund had not allowed very liberal financing of non-self-liquidating projects, although there had been evidence that they were not altogether averse to the financing of such projects. In view of the inadequate financial resources in under-developed countries, the Bank and the Fund should increasingly finance non-self-liquidating projects which would contribute to the economic stability of the country concerned. The proposals for the setting up of a special United Nations fund for the purpose of financing non-self-liquidating projects would take some time to materialize, and until then the Bank and the Fund should assume that important role.

63. In assessing the credit-worthiness of under-developed countries, the Bank should not be influenced by temporary recessions. During the fourteenth session of the Economic and Social Council (637th meeting), the chairman of the Pakistan delegation had urged that when assessing a country's credit-worthiness for the purpose of granting loans during depression periods, the Bank should take into account that country's normal credit-worthiness, disregarding any temporary disequilibrium in its balance of payments caused by the depression. That important proposal had been well received, and the Council had adopted resolution 427 (XIV) in consequence.

64. In view of the Bank's international and co-operative character, it was desirable that the geographical representation of its staff should be less uneven than at present.

65. There was need for quick disposal of all loan applications. The loans were guaranteed by governments, and no government would guarantee a loan unless it was perfectly satisfied of its usefulness. A meticulous examination involving long delays was not therefore necessary.

66. He urged the Bank to expedite the submission of proposals regarding the establishment of an international finance corporation at an early date.

67. He appreciated the difficulties with which the Bank had to contend. The adoption of the suggestions he had made would not, however, involve any dislocation either in its institutional framework or in its day-to-day activities. The Bank had already done much; it could do much more to combat poverty in the under-developed regions.

The meeting rose at 1.10 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Netherlands, Philippines.

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

The observer for the League of Arab States.

Report of the International Bank for Reconstruction and Development (E/2511 and Add.1) (concluded)

[Agenda item 5]

Mr. KAMAT (India) congratulated the International Bank for Reconstruction and Development on its achievements. Its membership had grown from one to fifty-four during 1952-1953 and two other countries had joined it since the end of the year. Loans made by the Bank had risen to a total of \$1,892 million. Disbursements totalling \$1,261 million accounted for 70 per cent of the loans made. The Bank's reserves, including the special reserve, had accumulated to the level of \$113 million. The Bank's lendable resources had been increasing from year to year and there was now a greater choice of currencies available for its transactions. It had made considerable progress in enlarging the market for its securities. Many of its former subscribers had been successfully persuaded to use part of their 18 per cent local currency subscription for lending operations. There had been no defaults on the part of its borrowers, either in repayment of the principal or in the payment of interest charges. That was an impressive record of sound business administration.

The Bank deserved to be congratulated also on its contribution to the economic development of the underdeveloped countries. Two-thirds of the development

loans hitherto made by the Bank (not including the reconstruction loans made to Western European countries during the first year of the Bank's operations) had been directed to the underdeveloped countries. The Bank had also been assisting its borrowers with technical advice and practical suggestions for the efficient execution of the projects financed from its loans. Its survey missions had also been performing useful work in that field. The comprehensive surveys made by the Bank were of great value to the underdeveloped countries which had to appraise their resources to determine major production goals and to provide themselves with basic data for decisions on the magnitude of investment and the choice and timing of individual projects. The suggestions made in chapter I of the Bank's report (E/2511) concerning the constitution of national planning boards demonstrated the Bank's realistic approach to the problems of the underdeveloped countries.

3. The people of the underdeveloped countries were impatiently awaiting an improvement in their standard of living. The countries concerned were doing their utmost in that direction, but their resources were limited. Considerable opportunities were therefore open to institutions such as the International Bank, to contribute to the acceleration of development programmes.

4. With that end in view, the Bank should seek greater flexibility in its policies and procedures. During the past two years there had been a substantial increase in the Bank's lending rates. The additional burden thus laid on borrowing countries might make it necessary for them to abandon certain projects which had become economically unremunerative. The borrowing countries would therefore no doubt note and welcome the statement of Mr. Black, President of the Bank (775th meeting) concerning the reduction in interest rates. But the Bank, which had accumulated substantial reserves, should consider the possibility of a further reduction. By lowering its margins, it would certainly stimulate a greater turnover in its business.

5. The Bank's loans usually covered only the direct foreign costs of the projects financed. But in its loans to Belgium and Italy, the Bank had taken into account the indirect foreign exchange costs of the development programmes in the Belgian Congo and southern Italy. In the underdeveloped countries, where labour was abundant in proportion to resources, development programmes involved heavy internal costs. The basic problem of those countries was the employment of their large manpower. Further, in some of those countries, some part of the machinery and plant required for projects could readily be found locally. Direct foreign exchange costs were therefore often small. The same did not apply to indirect costs. A wider extension of the technique adopted by the Bank in its loans to Belgium and Italy should therefore be of considerable interest to the underdeveloped countries.

6. There was yet another way in which the Bank could usefully extend its operations. Many underdeveloped countries often found it necessary for prag-

matic rather than dogmatic reasons, to establish State-owned undertakings in basic industries. Some of those industries required large capital which domestic private enterprise was often unable to furnish. Investments of that type did not appear to be of interest to foreign investors. If it financed such enterprises, the Bank would be helping to speed up the economic development of the under-developed countries.

7. With regard to the investment of foreign capital in under-developed countries, the reports on that subject made ample reference to the efforts made and the assurances given by the Government of India to attract foreign capital. New industries had been initiated by foreign private capital in India, but there was not yet enough incentive for investment in the under-developed countries by foreign private investors who preferred to invest in more highly developed countries where yields were greater. Some means must therefore be found to stimulate the flow of foreign capital to the under-developed countries which stood in greatest need of it. Such a means might be found in the establishment of an international finance corporation, on which the Bank was to present a report to the Council at its next session. Such a corporation would serve as an adjunct to the Bank, and it was a pity that the capital-exporting countries had shown no great enthusiasm for it. His delegation urged the Council and the International Bank to continue their active interest in that project, so that there might be no further delay in its implementation.

8. He was happy to note the essential unity of purpose in the objectives of the Bank and those of the under-developed countries. Although the Bank had to work within the limitations of its Articles of Agreement, considerable progress had been achieved by the development of more flexible policies and educative processes. It had one apparently inexhaustible resource, namely its ability to explore and develop its policies and procedures in order to expand the quantum of its contribution to the under-developed countries in their tasks of development. He appealed for a continued use of that most valuable resource.

9. Mr. EL-TANAMLI (Egypt) thanked Mr. Black for his clear and encouraging statement before the Council at its 775th meeting and congratulated the authors of the Bank's eighth annual report (E/2511 and Add.1).

10. The volume of loans made by the Bank was steadily increasing. Since 1 July of the previous year, the Bank had granted 24 loans, totalling \$302 million, to 13 countries, thus raising the total amount of loans granted since the initiation of its operation to \$1,892 million. The rate of disbursements was also increasing. The Bank had also been able to raise large sums by the sale of obligations. It had also obtained resources by the sale of securities from its portfolio. Its position on the United States and European markets was becoming stronger, and the international character of both its lending and its borrowing operations was being accentuated. It would also be noted that as a result of further releases from the subscriptions paid in by members in their own currencies, its resources of non-dollar funds had increased during the past financial year. The fact that its bonds were at a premium on the United States market was evidence of the Bank's success.

11. His delegation had, however, a number of comments to make on the subject of the Bank's lending

policy. Although the under-developed countries were occupying an increasingly important place in the Bank's lending operations, many of them still believed that their share of the loans made by the Bank was inadequate. It was also desirable that the Bank should make its methods more flexible and its procedure more speedy. It was true that requests for loans were sometimes made in connexion with projects which required thorough examination, but it was necessary that decisions concerning economic development projects should be taken promptly in the interests both of the Bank and of borrowing countries.

12. It was also desirable that the Bank should grant a larger number of general loans not connected with specific projects.

13. He also thought that the Bank's loans should not be limited to the capital needed to finance the purchase of foreign equipment or the execution of projects.

14. Lastly, the report showed that an increasing proportion of the Bank's loans was being spent outside the United States. That development was the result of changes in the world economic situation and in the Bank's policy. In order to facilitate purchases in non-dollar currencies, hard currency countries must agree to the unconditional release of a generous portion of their 18 per cent local currency subscriptions. Such a step would not have an inflationary effect on their economy because of the relatively small sums involved.

15. Chapter I of the report (E/2511) rightly emphasized the close connexion between economic development and civilization. The authors of the report seemed to believe, however, that the under-developed countries must necessarily pass through the same stages of development as the advanced countries. It was true that economic development was only possible in a country which had already attained a certain level of civilization and in which ideas and institutions were favourable to economic initiative and productive activity. He believed that those conditions existed in most of the under-developed countries. It should not be forgotten that as a result of the advances in the means of communication and of spreading knowledge, the world was developing much more rapidly than in the eighteenth and nineteenth centuries.

16. Reference should also be made to the importance of certain non-economic factors which had a decisive influence on the development of the under-developed countries. As the President of the Bank had said at the 775th meeting, the new nations of Asia were anxious to show that their independence could contribute to the improvement of living conditions. The President of the Bank had pointed out that for the peoples of Asia or Africa, independence was the first step towards economic development and the achievement of a higher civilization. Moreover, it was time that economic development ceased to be a subject of academic debate and that the industrialized countries, in their own interests, really came to grips with the problem.

17. It would, however, be unfair to criticize only the industrialized countries. The under-developed countries also bore their share of responsibility for the situation. Although they realized that their development must be achieved largely through their own efforts and sacrifices, they still hoped that the principles of economic co-operation proclaimed in the United Nations Charter would one day find practical expression in a policy of mutual economic assistance.

His delegation appreciated the great services rendered by the Bank in the field of technical assistance. The reports prepared by the survey missions at the request of some Governments and the Bank's training programmes were of great assistance to the under-developed countries.

Lastly, the Bank had said that it was continuing examination of the proposal to set up an international finance corporation. He hoped that the corporation would be established in the near future.

Mr. CAFIERO (Argentina) had listened with interest to the comments made on the Bank's eighth annual report.

The work of reconstruction having been completed, the Bank must now concentrate on the development of under-developed countries. Their development was necessary because the future of the industrialized countries also depended on it. Obviously, as had been said on many occasions, the development of the under-developed countries was primarily the responsibility of the countries concerned; however, many of those countries needed to have recourse to financial assistance in order to accelerate their development. In that respect the Bank had an important role to play.

As an indication of the magnitude of the problem mentioned that the report *Measures for the Economic Development of Under-Developed Countries* (E/1986) had stated in 1951 that the Bank should set itself a lending target of not less than \$1,000 million a year, and that was still true. The report *Methods of Financing Economic Development in Under-Developed Countries* (E/1333/Rev.1) had stated in 1949 that capital amounting to approximately \$67,000 million would be required for the development of the under-developed countries.

In 1944, however, the total of investments and long-term loans had been reduced to \$24,000 million, as was pointed out in the Secretary-General's report, *The International Flow of Private Capital 1946-1952* (E/2531), private investment had declined considerably during that period and had been concentrated almost exclusively in the extractive industries, particularly oil. The report also stated that the net flow of private long-term capital in the same period had been \$11,000 million, or a yearly average of \$1,500 million, of which over 50 per cent had gone to industrialized countries or countries in an advanced stage of development.

Under its Articles of Agreement, the Bank was to promote private foreign investment and if necessary supplement it by providing finance for productive purposes. Unfortunately, there was no Bank report that described the steps it had taken to promote private investment.

According to the report, the net total of the loans made by the Bank from the beginning of its operations to the end of the fiscal year 1953 was \$1,502 million. Of that total, \$497 million had been lent for the reconstruction of war-devastated countries. Of the total, however, \$938 million, or 62 per cent, had gone to the highly industrialized countries or to countries at an advanced stage of development. Even if loans up to February 1954 were considered, the percentage was 62 per cent. In addition, \$398 million not yet disbursed should be deducted from the total of \$1,502 million and the actual total of loans made by the Bank over the eight-year period was \$1,104 million, an average of

\$138 a million a year, a figure below the \$1,000 million target which the Bank had set itself in 1951. That showed that the rate of lending operations should be increased.

26. It should not be forgotten that the vulnerability of the under-developed countries to fluctuations in international trade was due to their inadequate economic development and that their vulnerability could be reduced by the diversification of their economy and by raising the standard of living of their inhabitants. To accomplish that purpose, lending operations must be intensified to enable the under-developed countries to develop their industries and mechanize their agriculture.

27. As had already been pointed out, the percentage of loans granted to the under-developed countries was, however, low. Less importance might be attached to that percentage if the total lent by the Bank since its establishment had been higher than the actual figure of 16 per cent of the authorized capital of \$10,000 million. It should not be forgotten that during the period 1 July 1945-30 June 1953, the Export-Import Bank had been able to make loans totalling \$5,038 million, although for a different kind of financing.

28. His delegation thought it would be useful if the Bank prepared an estimate of the capital requirements of the under-developed countries and a table showing the investments by regions and broad categories which the Bank deemed necessary. Any material on the subject would be very useful in determining the magnitude of the Bank's responsibilities.

29. It was clear from the Secretary-General's report *The International Flow of Private Capital 1946-1952* (E/2531) that foreign investments, no matter how large, would never be adequate to finance the entire economic development of the under-developed countries which would inevitably have to make use of domestic capital. As his delegation had pointed out at the 762nd meeting, however, the deterioration in the terms of trade and its repercussions on the real income of the under-developed countries were among the principal obstacles to the financing of economic development. The Bank's Articles of Agreement did not omit that important aspect of the problem. Article I, paragraph iii, stated that one of the purposes of the Bank should be to promote the "balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment . . ."

30. The International Monetary Fund's report (E/2496 and Add.1) showed that the countries most in need of foreign capital were those with the largest deficits in their balance of payments, and in some cases their budgets. While such deficits could represent an obstacle to private foreign investment at a given moment, it should be realized that the Bank should take a more flexible view of them and that the deficits must be eliminated, not by international investment, but by the establishment of equitable terms of trade. It would have been helpful if the Council had had the Bank's observations on the subject before it when it had studied the report of the group of experts entitled *Commodity Trade and Economic Development* (E/2519).

31. With regard to chapter I of the Bank's report (E/2511), *Investment Programming in Under-developed Countries*, his delegation shared the Bank's view that the resources of most under-developed areas were

adequate, if effectively used, to support a substantially higher level of production and income. It also agreed with the Bank that the capital placed at the disposal of the under-developed countries could not, by itself, be expected to remove some of the most important obstacles to economic growth.

32. His delegation was surprised to see, however, that among the obstacles to the movement of capital, the Bank mentioned only those which seemed to result from the attitude of the under-developed countries themselves. Nothing was said of external obstacles originating in the highly industrialized countries, namely, economic instability and its consequences—controls, inconvertibility, deterioration of the terms of trade, etc., for which the under-developed countries were not responsible.

33. His delegation particularly deplored the contents of the fourth paragraph of chapter I of the report, in which it was stated that the obstacles to greater economic development included the lack of traditions of political responsibility, the weakness of economic initiative, low standards of education and insufficient understanding of the fact that economic progress required patience and self-denial, and that the consequences might be lack of confidence between a government and its people, frequent changes in government policy and personnel, unsound economic and financial policies dictated by political pressures, a reluctance of important groups to accept necessary economic and social changes, waste of public funds on non-productive activities and weak administration in government and business. His delegation regretted the inclusion of such controversial ideas about the under-developed countries. An international body should be extremely cautious in making observations on matters relating essentially to the internal affairs of States. There was scarcely a country in the world which had not, at some time in its history, experienced the situation described in that paragraph. Any attempt to discover the factors and forces which gave or might give rise to such a situation would involve the investigation of very delicate matters.

34. Furthermore, the documentary material before the Council showed that the volume of long-term lending had reached \$41,600 million in 1914, \$47,600 million in 1929, and \$52,828 million in 1938, and that it had then begun to fall. It might be asked whether the so-called obstacles pointed out by the Bank had existed only since that date. The Secretary-General's report on *The International Flow of Private Capital 1946-1952* (E/2531) showed that, when circumstances were favourable, private investors did not hesitate to invest in any part of the world.

35. Like the Bank, the Argentine delegation recognized the extreme importance of government policy in the under-developed countries. The level of government spending, the tax structure, tariff and monetary policies, among other things, influenced the total volume of investment, the sources from which it came, and the purposes to which it was put. Experience showed that in many cases the free movement of capital had been detrimental to consumer, semi-processing and manufacturing industries in the under-developed countries by contributing to the development of primary industries to supply the manufacturing industries of the advanced countries. If left to private initiative, foreign investment tended to diminish in times of depression and to increase in times of prosperity. The under-developed countries were therefore anxious to

retain an adequate margin of control over the investments made in their territories.

36. His delegation also recognized the necessity, mentioned by the Bank in its report, for the governments of under-developed countries to prepare broad development programmes which set out major goals in production and investment, and which provided a guide to government decisions on policy, on approximate magnitudes of public investment in different sectors of the economy, and on the choice and timing of individual projects.

37. His delegation would be glad to know the Bank's opinion as to the possibility of considering the complete financing of general development programmes. The governments would be able to use the capital in accordance with the priorities imposed by development needs. The existence of a general programme would provide the most effective safeguard against all risks. The Bank could also give valuable assistance to governments by helping them to prepare general development and investment programmes and by drawing the attention of private capital to possible fields of investment.

38. With regard to sales of bonds, his delegation had noted that during the last financial year the Bank had sold new bond issues whose principal amounted to \$71.6 million, and that direct obligations outstanding at the end of the year had been \$556.4 million. In view of the fact that, despite the difficulties involved, further progress had been made in expanding the market for the Bank's obligations in the United States and that an encouraging expansion of the market outside that country had taken place during the year, it could be hoped that future reports on the international finance corporation to be established under the Bank's auspices would also be more encouraging. The corporation would render great service to governments, for it would enable them to grant loans to private enterprises without government guarantees and invest in ordinary shares together with private investors, and governments would thus avoid burdening their balances of payments with excessively heavy fixed charges if their economic situation did not develop satisfactorily.

39. His delegation also hoped that in its future reports the Bank would present more encouraging conclusions with regard to the study of the guarantees it required before granting loans.

40. Recalling that, at the 775th meeting, the President of the Bank had stated that in the nationalistic world of today, national policy must in the long run be based not on altruistic considerations, but on national self-interest, he remarked that the moral obligation to help others must be based, not on charitable sentiment, but on the principle of international justice. If modern civilization was to survive, justice must in the end triumph over selfishness.

41. Like the President of the Bank, he thought that the industrialized countries underestimated the importance of the economic development of the under-developed countries. The question seemed to have become a subject reserved for men of good will. The time had come for the industrialized countries to understand what the essence of the problem actually was. While it was true, as Mr. Black had said, that the idea of the economic development of the under-developed countries was becoming increasingly widely accepted, much remained to be done, and his delegation hoped that in

future policy the Bank would succeed in putting its president's ideas into practice.

Lastly, as the representative of Turkey had said at the 778th meeting, it was important that the specialized agencies, of which the Bank was one, should pay the greatest attention to the decisions of the Economic and Social Council and the General Assembly and should bear them in mind in their daily work. There is no doubt that it was for the United Nations, in accordance with Article 58 of the Charter, to arrange the co-ordination of the policies and activities of specialized agencies.

Mr. BLACK (President of the International Bank for Reconstruction and Development) said he greatly appreciated the kind words which the members of the Council had addressed to him, and he thanked them for their expression of confidence in the Bank. He had always attached the greatest importance to his consultations with the Council, and he assured the members of the Council that he and his colleagues would read carefully the records of the present discussions and would take due account of the various opinions expressed.

Some of the questions at present under consideration had arisen at earlier discussions, and the Bank had dealt with them in detail in its previous reports, particularly in its fifth annual report (E/1873). Nevertheless, he would like to make some explanatory remarks and answer a number of questions that had been asked.

Some members of the Council had criticized the Bank for not granting enough loans, and especially for reserving too large a proportion of the loans intended for the highly industrialized countries. He readily admitted—as he had done, incidentally, on several occasions—that the Bank could not satisfy the development needs of the world by its loans. It was also true that the less developed a country was, the more difficult it was for the Bank to grant it a loan, owing to the low level of domestic savings and other factors which limited its capacity to absorb foreign capital. On the other hand, it was in such countries that the Bank's loans produced the greatest effect and provided a powerful stimulus to development.

Generally speaking, he thought that the Bank had no cause to apologize for its record of development financing. The first four loans it had advanced, in 1947, had amounted to a total of \$500 million and had been granted to European countries for reconstruction. Since then it had lent \$1,400 million, of which \$1,100 million, or about 80 per cent, had been for extra-European development projects. Of the balance of 300 million advanced for projects carried out in Europe, about half had gone to the less developed parts of the continent, namely, Turkey, Yugoslavia and southern Italy. In granting such loans, the Bank did not apply a quota system based on the extent of participation in its capital or on geographical distribution. Loans went to member countries which, in the Bank's opinion, were capable of repaying them.

During the general debate it had been asked whether, in deciding which projects to finance, the Bank took into account the international division of labour. The answer was in the affirmative. The Bank had fully examined the projects submitted to it: it tried to determine whether they really deserved priority of investment in view of the nature of the resources of the

country concerned. The Bank also compared them with similar projects undertaken in other countries.

48. A good many speakers had emphasized the necessity of co-ordinating technical and financial assistance: that was an important problem but also a very complex one. The Bank was co-operating closely with the specialized agencies, such as the Food and Agriculture Organization of the United Nations, the World Health Organization and the United Nations Educational, Scientific and Cultural Organization. In addition, it sent study missions to various countries; for example, the Bank and FAO had joined in sending missions to Chile and Uruguay to advise them on developing the agricultural sectors of their economies. Uruguay was already formulating a pilot project, based on the mission's report, which was likely to be assisted by a Bank loan.

49. Several references had been made to "self-liquidating" projects. He thought there was much confusion as to the meaning of that phrase; usually the expression referred to remunerative undertakings. If that was what was meant, he wished to point out that from the Bank's point of view that consideration was not of primary importance; an undertaking might make considerable profits in local currency, but that did not mean that the Bank could be sure of being repaid in foreign currency. The Bank was chiefly interested in sectors which were of fundamental importance for economic development, namely, transport, electrification, irrigation and land development. Those sectors generally involved extensive works yielding only a modest profit, if any. But the Bank helped to promote their execution, because it considered them essential for national development.

50. That being so, the charge that the Bank granted only commercial loans and acted solely from motives of profit was quite unfounded; most of the loans, he repeated, went to works of public importance. The list of the projects which the Bank had helped to subsidize constituted the best refutation of such criticism.

51. Of course, the Bank did not engage in deficit operations; he was proud of that fact. The Bank had been set up neither for political nor for profit-making ends; it had been established for the sole purpose of helping its member States by making sound loans. The fact that in so doing it was able to make the capital entrusted to it bear fruit was a cause for satisfaction, not criticism.

52. The Bank was criticized for imposing very strict terms on borrowing countries; it had even been said that countries with an unfavourable balance of payments were refused loans. That was not true. The Bank recognized that countries in process of development needed foreign capital, and in fact most of the countries to which it granted loans ran a balance of payments deficit. The only condition the Bank insisted on was not that the balance of payments should be favourable at the time of consideration of the application but rather that the country's balance of payments prospects should be sufficiently favourable to make it probable that the loan would be repaid. In other words, the Bank examined the policy of the government concerned, and its decision to grant or refuse the loan was based on its conclusions.

53. As for the Bank's rate of interest, that was determined by the rate it had to pay for its own borrowing. He had already told the Council that the Bank's bonds

were being more and more favourably received and he hoped to be able in the future to borrow on even better terms. If those hopes were realized, the rate of interest on the Bank's loans would be lowered accordingly.

54. Reference had also been made to the question of the Bank's reserves. It should be noted in that connexion that under article IV, section 5 (a) of its Articles of Agreement the Bank was bound during the first ten years of its operations to levy a commission of 1 per cent on outstanding loans; that was a statutory obligation which it could not evade.

55. The Bank was quite willing to grant loans in United States dollars rather than in other currencies whenever the borrowing country could service additional dollar debts; it recognized that such loans helped to counteract the dollar shortage. But in certain cases the Bank was afraid of aggravating the dollar deficit of the borrowing countries; it was for that reason that the Bank believed it essential to have other foreign currencies available for its loans.

56. The Bank readily recognized how important it was to introduce as much flexibility as possible into its lending operations, and was constantly trying to find new means to achieve that result. However, the degree of liberality it could show in that respect was limited by the requirement that it had to be satisfied that there were reasonable prospects that the loan would be repaid.

57. The Bank was also criticized for its occasional slowness in granting loans. The Bank was always desirous of expediting the formalities which preceded the granting of a loan, but it took great care to determine the soundness of a project before approving it, for it did not wish to associate itself with an undertaking which was likely to fail. Such assurances of success were also important for the member State, which, it must not be forgotten, covered part of the expense in local currency and which, in any event, was responsible for the repayment of the Bank's loan. In many cases, too, delays were due to factors within the control of the borrowing country rather than the Bank.

58. He again thanked the members of the Council for the welcome they had given him. He invited them to visit the Bank headquarters in Washington, where they could learn more about the Bank's operations; their suggestions and criticisms would always be gladly received.

59. Mr. NUÑEZ PORTUONDO (Cuba) formally proposed that the Council should take note of the report of the International Bank for Reconstruction and Development for 1952-1953.

60. Mr. HOTCHKIS (United States of America) supported the proposal. Mr. Black and his colleagues deserved the Council's sincere gratitude for their excellent report and for having been good enough to give two whole days to the Council's discussions.

61. Mr. ADIL (Pakistan) concurred.

62. Mr. SARPER (Turkey) wished to thank the President of the Bank particularly for his co-operation in accepting the Turkish delegation's request that consideration of the Bank's report should be postponed.

63. Mr. CAFIERO (Argentina) having suggested that the statement of the President of the Bank should be reproduced *in extenso* in the summary record of the meeting, an exchange of views followed between

Mr. SARPER (Turkey), Mr. EL-TANAMI (Egypt), Mr. ADIL (Pakistan), Mr. LOOMES (Australia) and Mr. ABÉLIN (France), on the question whether it would not also be necessary in that case to reproduce *in extenso* the statements of all the members of the Council who had taken part in the debate.

64. The PRESIDENT, having pointed out that all members taking part in the meeting could submit corrections to the Secretariat within forty-eight hours of receiving the summary record, advised members of the Council not to modify the existing procedure for the drawing up of summary records, which was governed by rule 43 of the rules of procedure.

It was so decided.

65. The PRESIDENT requested the Council to vote on the Cuban proposal that the Council should take note of the report of the International Bank for Reconstruction and Development for 1952-1953 (E/251 and Add.1).

The proposal was adopted by 15 votes to none, with abstentions.

Question of admission to membership in the regional economic commissions of States not members of the United Nations (E/2458, E/2553, E/L.591, E/L.592, E/L.596, E/L.597)

[Agenda item 8]

66. Mr. ADIL (Pakistan) said that his delegation took pleasure in associating itself with the delegation of France and the United States in submitting a draft resolution (E/L.591) under which the Council recognized Cambodia, Ceylon, the Republic of Korea, Japan, Laos, Nepal and Viet-Nam as full members of the Economic Commission for Asia and the Far East (ECAFE). Pakistan had voted in the General Assembly for the admission of those countries to the United Nations. He felt that the admission of those countries to ECAFE would be very useful not only from the point of view of ECAFE, but also of those individual countries.

67. Mr. ABÉLIN (France) pointed out that ECAFE was for the second time submitting to the Council a request, supported by a large majority of its members, that certain of its associate members which were responsible for their own international relations should be granted full membership. That request was motivated by ECAFE's desire to ensure that countries which had given it their constant and constructive co-operation should be more closely associated in its work.

68. Admission would put an end to the illogical policy of denying to the countries concerned, some of which were members of an international organization such as the Food and Agriculture Organization (FAO) and, as such, took part in deliberations of world-wide nature, the right to take full part in the discussion of the same questions when they were taken up at the regional level.

69. In associating itself with other delegations submitting draft resolution E/L.591, his delegation had wished to give effect to ECAFE's desire that States to which it had already paid a tribute in the past, by electing their representatives chairmen or vice-chairmen of its permanent or subsidiary organs or deciding to hold various of its meetings in their territory, should co-operate in its work without any restriction whatsoever.

His delegation considered that it was incumbent on the Council, now that its competence had been clearly defined by the Secretary-General's memorandum (E/2458), to grant full membership with voting rights to the seven countries in question, particularly ECAFE, the body most closely concerned in the matter, was urging it to do so, and since the General Assembly had already determined that the countries in question were eligible for membership in the United Nations.

Mr. HOTCHKIS (United States of America), supporting the statements of the Pakistan and French representatives, said that the United States would warmly welcome the seven countries in question to membership in ECAFE.

Mr. OZGUREL (Turkey) observed that while membership in a regional economic commission constituted a privilege, it also imposed duties and responsibilities. In the case in point, the Council had the assurance that the States concerned satisfied the necessary conditions, because the General Assembly was prepared to grant them membership. In view of those circumstances his delegation would give its full support to the joint draft resolution (E/L.591).

At the present time only States Members of the United Nations could be members of the regional commissions with voting rights. The sponsors of the draft resolution considered that that condition imposed an arbitrary limitation on the structure of the regional commissions, and that on the contrary it was the best interest of those bodies that their membership should be based on the principle of universality. Furthermore, ECAFE had at its tenth session urged the Council to admit to membership those associate members which were responsible for their own international relations. The seven countries nominated conformed to that definition; moreover, the General Assembly had recognized that they satisfied the necessary conditions for membership in the United Nations; such membership had been denied them only by veto.

Mr. PSCOLKA (Czechoslovakia) observed that the Secretary-General, in his memorandum to the Council (E/2458) had arrived at the conclusion that the Council had authority to grant full membership with voting rights in the regional economic commissions to States which were not members of the United Nations. The United States delegation jointly with certain other delegations had submitted two draft resolutions on the basis of that memorandum, one of which related to ECAFE (E/L.591) and the other to the Economic Commission for Europe (ECE) (E/L.592).

With regard to the latter, the United States had sponsored a draft resolution recommending admission to membership in ECE of Austria, Finland, Ireland, Italy and Portugal, while no mention whatever was made of the other States which were taking part in ECE's work in an advisory capacity and which had wisely expressed their desire for full membership with voting rights.

The United States draft resolution could only be regarded as another manifestation of the policy of discrimination and favouritism that had brought to the fore the issue of the admission of new members to the United Nations into a blind alley. The familiar practice of advocating the admission of certain States because of their social structure and their economic and political

system enjoyed approval, and of barring other States even though they fulfilled all the conditions laid down by the Charter, was contrary both to the principle of universality and to the principles underlying the United Nations itself. That policy could only be viewed as a continuation of the "cold war", which had been condemned by public opinion, but which was again being pursued even in the Council in order to frustrate efforts to strengthen international economic co-operation. That policy was inadmissible in the case of the regional economic commissions, which had to deal with the problems of a certain region, for it was inconceivable that the term "region" should be interpreted to cover only States with a similar social system.

77. His delegation had absolutely no objections to the admission of Austria, Finland, Ireland, Italy and Portugal to full membership in ECE; but naturally, as it firmly upheld the principle of universality, it must demand similar treatment for all the other European States which were currently taking part in the Commission's work in an advisory capacity. It was therefore submitting a draft resolution (E/L.597) to that effect. The Czechoslovak delegation hoped that that draft resolution, which was based on the principle of universality and was designed solely to strengthen and develop international economic co-operation, in accordance with the chief task laid upon the Council by the Charter, would be favourably received by the Council.

78. As to ECAFE, his delegation had already had occasion (777th meeting), in the course of the discussion of item 6 of the agenda, "Annual report of the Economic Commission for Asia and the Far East", to draw the Council's attention to the unfortunate effects of the exclusion of the People's Republic of China. The draft resolution (E/L.591) was unacceptable because it completely disregarded the rights of one of the leading countries of Asia and the Far East—the People's Republic of China. His delegation had no objection to the admission to membership in the Commission, with voting rights, of such States as Ceylon, Japan and Nepal; but it nevertheless considered that the legitimate rights of the People's Republic of China should first be recognized.

79. The Council's procedure must be consistent. It could not recommend the admission to the regional economic commissions of certain States and at the same time exclude others which were just as fully entitled to membership. Such a procedure, if it were followed, could only impede the successful work of the commissions. It would be extremely regrettable if the Council were to take up that course of discrimination and favouritism, which was diametrically opposed to the principles of the United Nations and the tasks enjoined upon it by the Charter.

80. Mr. ENGEN (Norway) noted that the Council had been asked to take the same decision with regard to two regional commissions, ECAFE and ECE. But the Council's position with respect to each of those commissions was quite different. In the case of ECAFE, the Council had before it a request from the Commission itself, which, after lengthy deliberation, was urging the Council to grant full membership to those countries that had been participating in its work only as associate members. The Council therefore had every justification for complying with that request.

81. ECE, on the other hand, had not consulted the Council on the matter, and it therefore seemed wise

not to take a hasty decision. Nevertheless, it was not the absence of any request on the part of ECE that had prompted Norway to submit a draft resolution (E/L.596). It had decided to ask the Council not to consider for the time being the question of admission to membership in the ECE of States not members of the United Nations because ECE, after passing through a critical and difficult period and suffering the effects of certain international events, at last appeared to be approaching the position of being able to devote itself to more constructive work in an atmosphere free of tension. That being the case, it would be inadvisable to take any step at all that might disturb the Commission's work, and any decision to alter its membership would be precisely such a step.

82. For those reasons, his delegation had been instructed to submit its draft resolution in conformity with rule 50 of the rules of procedure.

83. Mr. RIVAS (Venezuela) observed that the Norwegian draft resolution was not, strictly speaking, a

motion for the adjournment of the debate within the meaning of rule 50, but a motion requiring that a decision should be taken on the substance of the proposal, thereby making it a previous question under rule 66 of the rules of procedure.

84. Mr. NUÑEZ PORTUONDO (Cuba), Mr. ENGEN (Norway), Mr. KOS (Yugoslavia), Mr. TSAI RAPKIN (Union of Soviet Socialist Republics) and Mr. LOOMES (Australia) took part in a brief discussion on that procedural point.

85. The PRESIDENT said that the general debate was not closed, that members could submit their observations on the four draft resolutions before the Council at the following meeting, and that when the vote was taken the Council would treat the Norwegian draft resolution as a previous question and would vote on it first.

It was so decided.

The meeting rose at 6 p.m.



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President: Mr. Juan I. COOKE (Argentina)

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Monetary Fund.

Question of admission to membership in the regional economic commissions of States not members of the United Nations (E/2458, E/2553, E/L.591, E/L.592, E/L.596, E/L.597, E/L.598) (continued)

[Agenda item 8]

Mr. NUÑEZ PORTUONDO (Cuba) said that Cuba had always been of the opinion that the unanimity rule did not apply to the admission of new members. His Government had thoroughly studied the question and had come to the conclusion that the right of veto applied only in such questions as the maintenance of peace, the pacific settlement of disputes, threats to the peace, breaches of peace and acts of aggression. An application for membership could therefore be approved by a majority, without the necessity for the concurring votes of the permanent members of the Security Council.

In the case in point the Cuban delegation would support the admission of Japan, Laos and Viet-Nam.

The General Assembly had expressed the view that the countries which had applied for admission to the Economic Commission for Asia and the Far East (ECAFE) fulfilled the conditions for membership laid down in Article 4 of the Charter. In 1952 in the Security Council 10 votes had been cast in favour of their admission, only the Union of Soviet Socialist Republics having voted against. With regard to Nepal, in September 1949 the members of the Security Council had voted for its admission and two members, the USSR and the Ukrainian Soviet Socialist Republic, had opposed it. In the case of the Republic of Korea, in April 1949 there had been nine votes in favour and two against, the USSR and the

Ukrainian Soviet Socialist Republic. A vote had been taken three times in 1948 and 1949 on the question of the admission of Ceylon, and again the result had been nine in favour and two against, the USSR and the Ukrainian Soviet Socialist Republic.

4. Among the States proposed for admission to the Economic Commission for Europe (ECE), the admission of Finland had been voted on twice, with nine votes in favour, and two against, each time, the contrary votes having been cast the first time by the USSR and Poland, and the second time by the USSR and the Ukrainian Soviet Socialist Republic. The admission of Austria had been supported by nine members and opposed by the USSR and the Ukrainian Soviet Socialist Republic. The admission of Italy had been voted on no less than five times between August 1947 and February 1952, with ten votes in favour and the USSR opposing. There had been three votes on the subject of Portugal's admission, two in 1947 and one in 1949, the result each time being nine in favour and the USSR and the Ukrainian Soviet Socialist Republic opposing. Ireland's application had been considered, together with that of Portugal, with the same result: nine votes in favour and contrary votes by the USSR and the Ukrainian Soviet Socialist Republic.

5. The only reason why the USSR had opposed the admission of those States to the United Nations had been that its Government did not maintain diplomatic relations with them. At a later date the USSR had announced both in the Security Council and in the General Assembly that it would be willing to vote for their admission on condition that a number of other States should be admitted *en bloc*, although they had not received the seven affirmative votes in the Security Council required under Article 27 of the Charter. The matter had been referred to the International Court, which had expressed the view¹ that the Charter did not permit a Member to make its affirmative vote dependent on the admission of other States which had not obtained the necessary number of votes.

6. There could be no doubt that the countries which had applied for admission to ECAFE complied with the requirements of Article 4 of the Charter, and having received the necessary majority in the Security Council, were eligible for admission not only to that organ but to the United Nations itself.

7. He would be unable to vote for the Norwegian draft resolution (E/L.596), since he thought that in the best interests of the United Nations the matter should be settled at the present session.

8. He would vote for the joint draft resolution submitted by France, Pakistan and the United States (E/L.591), and also for the joint draft resolution submitted by Belgium and the United States (E/L.592).

9. He would be unable to support the Czechoslovak draft resolution (E/L.597).

¹ International Court of Justice, *Reports of Judgments, Advisory Opinions and Orders*, Advisory Opinion of 28 May 1948.

10. Mr. DE WINTER (Belgium) agreed with the view expressed earlier in the debate that the Council could not apply different principles to the admission of new members to different regional commissions. The Belgian delegation had not joined in sponsoring draft resolution E/L.591 because Belgium was not directly concerned with Asia and the Far East, but it entirely agreed with the principles underlying that draft resolution and would vote in favour of it.

11. The two draft resolutions E/L.591 and E/L.592 were based on the same principles and differed only in the geographical scope of their application and because there were differences in the rules of procedure of the two regional commissions. In both cases the States concerned fulfilled the requisite conditions for membership.

12. In reply to the Czechoslovak representative's remarks at the 779th meeting, he pointed out that the Belgian delegation had consistently opposed the principle of mass admission. Each case should be judged on its merits and in the light of the advantages to be derived from the co-operation of the country in question with the United Nations and its subsidiary bodies.

13. He would be unable to vote for the Norwegian draft resolution (E/L.596).

14. Mr. LOOMES (Australia) said that the Australian delegation entirely subscribed to the conclusion in the Secretary-General's memorandum (E/2458) that the Council had authority by virtue of Article 68 of the Charter to grant full membership in the regional commissions to States which were not members of the United Nations.

15. The Australian delegation also endorsed the Secretariat's view that the Council was not legally required to apply the criteria of Article 4 to the admission of non-member States to the regional economic commissions. Nevertheless, as the memorandum went on to say, there was nothing in the Charter to prohibit the Council from taking into account factors such as those mentioned in Article 4 in deciding upon the question of membership in the regional commissions. The test of eligibility for admission to full membership in the regional economic commissions could therefore be based on a number of factors, one of which was eligibility for admission to the United Nations.

16. The draft resolutions before the Council implied that the majority vote in the General Assembly was a factor; that was correct only to the extent that it was one of the factors to be taken into account, but it was not the sole determining factor, and eligibility for admission to membership in the regional commissions could in certain cases be independent of it.

17. As far as the admission of new members to ECAFE was concerned, the Council had before it definite recommendations by ECAFE that it should admit to membership those associate members which were responsible for their own international relations and had applied for membership. There was no doubt that the States mentioned in draft resolution E/L.591 were entitled to full membership in the Commission.

18. In particular, he would stress the claims of Ceylon, which was a full member of the British Commonwealth of Nations and with which Australia maintained close and friendly relations. Ceylon had already shown itself ready and willing to co-operate in the work of ECAFE. It was most unfortunate that, owing to circumstances of which all members of the Council were

aware, Ceylon had been prevented from playing its part as a full Member of the United Nations; it should at least be granted full membership in ECAFE.

19. The Australian delegation felt that somewhat different considerations applied to ECE. He had been impressed by the Norwegian representative's cogent remarks, which he felt should be given full consideration.

20. Mr. KOS (Yugoslavia) said that his delegation's position was based on the principle of universality. On the basis of that principle, it considered that all the countries which participated in the work of ECE and which were genuinely independent should be admitted to full membership. The question was primarily political rather than economic, and he would therefore support the Norwegian proposal (E/L.596) that the question of admission to ECE be deferred. There were signs of an improvement in the atmosphere and of willingness to co-operate in the economic field; to force upon the members of ECE a decision for which they had not asked might have an unfortunate effect.

21. With regard to ECAFE, he would support the applications for membership of Ceylon, Japan and Nepal, all of which met the required criteria and would be able to give valuable co-operation to the Commission.

22. On the other hand, he doubted the wisdom of admitting Cambodia, Laos and Viet-Nam, since there was not sufficient proof that they fulfilled the required standard of independence. It would seem illogical to agree to their admission to the commission on the ground that they were responsible for their international relations, when at the same time responsible political persons in those countries were demanding independence from France. A decision should therefore be deferred until their status had become clearer.

23. With regard to the Republic of Korea, its Government did not really represent the whole of Korea and to admit it to membership now could only create further difficulties.

24. In view of the above reasons he would be unable to support the admission of those four countries to ECAFE.

25. Mr. SAKSENA (India) said that he had been glad to hear from the Executive Secretary of ECAFE a statement of the Commission's objectives (776th meeting), but felt that those who had listened to him must have been saddened by his concluding remarks in which he had referred to lack of resources and pleaded for the establishment of institutions capable of making adequate financial resources available to that large and important area for development purposes.

26. The countries in the region had been endeavouring to utilize their meagre resources to improve living conditions in the area. India had given technical assistance and provided facilities for training in its institutions to technicians from the area.

27. The Indian delegation's view was that, apart from such help as they could get, the countries of Asia should engage in a co-operative effort to help each other and should utilize the forum provided by ECAFE to consider their needs and devise measures to satisfy them. In order to be an effective medium, that forum should include all the States in Asia which had full control over their own destinies. The Indian delegation regretted that even today ECAFE included a representative of the Government of China, a country which could play a decisive role in the economic r

bilitation of the area. ECAFE could not be said to truly representative of the region so long as China was not a member.

With regard to the admission of other Asian countries to membership in ECAFE, India felt that they should all be enabled to play their respective parts in the great enterprise of economic development, subject to the one qualification that they should be fully sovereign States. That was essential because in the organizations established by the United Nations the voice of the people should be heard and not the voices of subordinate governments which were not based on the people's will.

With reference to the specific issue, the Council had previously decided that it was not competent to admit non-members of the United Nations as full members of the regional commissions. At the fifteenth session (701st meeting), the United States representative had quoted the Secretariat's opinion to prove that the Council was competent, and had stated that it had rejected a similar proposal the previous year in relation to ECE, not because it was not competent, but because Finland, Italy and Switzerland had been lumped together with a number of other States which did not fulfil the requirements of Article 4 of the Charter. That contention had introduced a further complicating factor. Eventually, consideration of the issue had been postponed to the sixteenth session, and the Council had asked for a legal study of the question. That legal study appeared in document E/2458, and its conclusion was that the Council was competent to grant full membership with voting rights in its commissions to States which were not members of the United Nations.

The Indian delegation was not entirely satisfied with the interpretation given and felt that the first step should be to consider it and decide whether or not it was acceptable. Assuming that the interpretation was accepted, the Council should then proceed to consider resolution 12(X) adopted by ECAFE on 18 February 1954 (para. 218 of E/2553), with the terms of which India was in full agreement. The resolution clearly did not imply that all the States which were associate members were entitled, regardless of their political status, to be admitted as full members. The resolution imposed on the Council the obligation to choose from among the candidates for membership only the countries that satisfied the criterion it had specifically prescribed.

No differences of opinion had been expressed with regard to Ceylon, Japan and Nepal; the Indian delegation, in accordance with the views it had expressed, had therefore no objection to their admission.

With regard to the other four States—the three States of Indo-China and the Republic of Korea—the doubt continued to exist. The question when the former would assume independent status was still subject of negotiation, and the Council must decide whether it was prepared to consider that they were responsible for their foreign relations, in the terms of ECAFE resolution 12(X). That was a political question which it would be inappropriate for the Council to decide. It should be the responsibility of the Security Council and the General Assembly, and the Economic and Social Council should defer consideration of the question until a decision had been reached, or until the ambiguity in regard to the status of those States had been cleared up, whichever was earlier. The Indian

delegation had submitted a draft resolution embodying that proposal (E/L.598).

33. It seemed clear from the Secretary-General's memorandum (E/2458) that the Council was under no obligation to apply the criteria of Article 4 of the Charter to the cases under consideration. Whether it should do so or not was a different matter. As long as the Council had taken no decision, it was open to any delegation to insist that those criteria should be met. India was formally opposed to the application of any criteria which would bar admission to membership of countries on the ground that they adhered to the communist or any other ideology. The United Nations as a world forum should make room for all countries, regardless of their political beliefs and in accordance with the principle of universality. On that ground the Indian delegation would oppose draft resolution E/L.592, not from any sentiment of unfriendliness towards the countries it named, but because it could see no sufficient reason why they should be singled out for preferential treatment, without even the excuse that the action had been initiated by ECE. As the Norwegian representative had pointed out at the 779th meeting, by adopting that draft resolution the Council would disturb the harmony which had recently characterized the proceedings of ECE.

34. The Indian delegation would therefore support the Norwegian draft resolution (E/L.596).

35. With regard to the second paragraph of draft resolution E/L.591, he pointed out that a mere declaration of eligibility by the General Assembly was meaningless in terms of the Charter, which required that the question should first be dealt with by the Security Council. As the Security Council had failed to endorse the General Assembly's view, it remained inoperative and should not be quoted as a justification for a move to secure the admission of these States to the regional commissions.

36. Moreover, the General Assembly had merely expressed the view, for the consideration of the Security Council, that certain States were peace-loving within the meaning of Article 4, which Article, according to the Secretary-General, was not pertinent to the matter of admission to the regional commissions. The second paragraph of the draft resolution had thus no bearing on the question and merely confused the issue.

37. In taking its stand India was actuated by no unfriendly sentiments for the countries concerned. On the contrary, it hoped that all countries in Europe which desired to be members of ECE would soon be admitted to full membership, and that the improvement in the status of the three States of Indo-China would remove the last barrier to their admission as full members of ECAFE.

38. Mr. TSARAPKIN (Union of Soviet Socialist Republics) stated that the discussion in the Council had followed the familiar pattern of previous discussions in the General Assembly and in Security Council on the admission of new members to the United Nations.

39. There were two ways of approaching that question and the related question of membership in the regional economic commission. One was illustrated by the Czechoslovak draft resolution (E/L.597), the effect of which would be to give equal opportunities for full membership to all States which participated in the work of the Economic Commission for Europe. The other approach was exemplified by the draft resolution submitted by Belgium and the United States (E/L.592). It was well

known that the United States was opposed to the development of trade relations between European countries and stood for discrimination against the peoples' democracies, while protecting its own favourites.

40. Draft resolution E/L.592 proposed that paragraph 7 of the terms of reference of ECE should be amended so as to include Austria, Finland, Ireland, Italy and Portugal as members of the Commission. Other European countries, such as Albania, Bulgaria, Hungary and Romania, had taken an active part in the work of ECE, yet the United States had not called for their admission. That was an extension of the cold war into the field of European trade in pursuance of the United States policy of subordinating the European economy to its own ends. The United States had set up the Organisation for European Economic Cooperation under the Marshall Plan in order to advance its designs of gaining control of European trade. It had therefore viewed the setting up of ECE, a truly European body, with anxiety, and had constantly endeavoured to restrict ECE's activities. That was why the United States wished to impose on ECE a membership in keeping with its own wishes.

41. He regretted that the Belgian representative had seen fit to associate his delegation with such a draft resolution. The Belgian representative had stressed the importance of admitting Austria, Finland, Ireland, Italy and Portugal. What did he think about the importance of admitting Albania, Bulgaria, Hungary and Romania? The inclusion of Portugal and Ireland among the countries to which membership was to be extended was difficult to understand. Ireland had not even applied for membership and had never been actively associated with the work of ECE, whereas the Balkan States to which he had referred had always taken an active part in the Commission's work.

42. The argument that the General Assembly had determined that certain States were eligible for membership in the United Nations was specious. States could only be regarded as eligible for membership if the General Assembly and the Security Council had concurred on the desirability of admitting them. Figures purporting to show how many affirmative votes any country's application for membership had received were meaningless. A simple addition of population figures would show that the majority of the people not represented in the United Nations were citizens of those countries to which admission had been denied.

43. It was well known that some representatives in the Security Council and in the Economic and Social Council waited to see how the United States would vote before casting their own votes. It was regrettable that political considerations should have delayed the admission to membership in the United Nations of the fourteen States whose applications were supported by the Soviet Union, but it would be even more regrettable if that particular manifestation of the cold war were to invade the Economic and Social Council. The United Nations was not an association of countries thinking entirely like the United States; membership was open to all nations which accepted the principles of the Charter.

44. His delegation, while not supporting the draft resolution submitted by France, Pakistan and the United States (E/L.591), had no objection in principle to the admission to ECAFE of Ceylon, Japan and Nepal, provided that the legitimate rights of the People's Republic of China—a nation of some 500 million people, with

inexhaustible economic resources—were first restored including full rights to membership in ECAFE, and provided also that Albania, Bulgaria, Hungary and Romania were allowed full membership in ECE together with other countries, such as Switzerland, which desired to participate.

45. The Norwegian draft resolution (E/L.596) would have the effect of granting full membership in ECAFE to the countries specified in draft resolution E/L.591 while postponing action on a similar issue raised in the case of ECE and forming the subject of draft resolution E/L.592. He could see no reason for such discrimination. So far as ECE was concerned, his delegation would support the Czechoslovak draft resolution (E/L.597), which had the merit of being objective and impartial.

46. Mr. TAFAZZAL ALI (Pakistan) stressed his delegation's belief in the principle of universality of membership in the United Nations, irrespective of political creeds. He believed that the same principle should apply to the membership of regional economic commissions.

47. His delegation would therefore support the draft resolution submitted by Belgium and the United States (E/L.592), but he wished to make it clear that, if other representatives had proposed other countries for full membership in ECE, his delegation would have considered such proposals sympathetically.

48. He would also support the Czechoslovak draft resolution (E/L.597) as this would indicate that his delegation wished to act with complete impartiality.

49. The Indian representative had pointed out that approval by the General Assembly of certain candidates for admission to the United Nations had no legal force. That might be true, but the expression of such a view by the General Assembly had an undoubted moral force. By accepting the draft resolutions, he considered that the Council would advance the principles which the United Nations was pledged to maintain.

50. Mr. HSIA (China) noted that some representatives had deplored the fact that communist-dominated mainland China was not a member of ECAFE. There had been talk of the "restoration" of China's rights. He could not understand why that question had been raised in the Council, since it already had been settled by ECAFE itself.

51. He had noted with some surprise the Indian representative's observations, which seemed to be a variance with India's ancient culture and high moral principles. He was surprised that India should extol the virtues of realism and preach counsels of expediency. A realist was a defeatist, and if realism were to be accepted as a guiding principle in international affairs it would be necessary to rewrite the Charter. In the fight against evil, so many other things besides realism had to be considered.

52. His delegation was fully prepared to support the draft resolution submitted by France, Pakistan and the United States (E/L.591); he thought that it satisfied the legitimate demands of countries which desired full membership in the Commission, while fulfilling the elementary requirement that applicants should be peace-loving States willing to accept the provisions of the Charter. He also accepted the Belgian-United States resolution (E/L.592) on ECE membership

ce he considered that the countries named therein would strengthen the Commission.

Mr. EL-TANAMLI (Egypt) stated that his delegation was animated by two principles: the need for universality in the United Nations and its regional economic commissions, and the desirability of voluntary acceptance by governments of membership in the regional economic Commissions, since only by the voluntary association of all sovereign States in a region could such a commission discharge its tasks satisfactorily.

Applying those principles to the draft resolution submitted by France, Pakistan and the United States (E/L.591), he agreed that Ceylon, Japan and Nepal were eligible for membership in ECAFE; but he had certain reservations regarding the Republic of Korea, Cambodia, Laos and Viet-Nam. It was true to say that, if economic co-operation was to bear fruit, the cooperating States must remain masters of their own affairs at the international as well as the national level, and international economic co-operation was realized by means of national policy. Hence the independence of States must be absolute. In the light of that consideration the Associated States of Indo-China might be regarded as unsuitable for membership.

It was equally true, however, that all peoples which did not yet enjoy complete sovereignty must be assisted to attain full independence with the utmost possible speed, and the admission of the States in question to membership in ECAFE might promote that most desirable objective, provided that they were represented by their own nationals. Consequently, his delegation would certainly have voted in the normal way for the admission of the States in question.

There were, however, certain practical objections to their admission. The situation in Indo-China was far from normal, and it would not be realistic to ignore the fact that in present circumstances the Associated States had more urgent problems to consider than the question of membership in ECAFE, so that any discussion of the matter at the present stage would be tilting at windmills.

Moreover, his delegation adhered to the general principle of universal eligibility for admission to the United Nations. Two important delegations from the region had already intimated their opposition to the admission of the Associated States to ECAFE at the present juncture, and he would therefore abstain as far as these States were concerned.

The Secretariat had replied to the legal question whether the Council could admit non-members to full membership in regional economic commissions, and his delegation was not in a position to contest the opinion of the Legal Department.

There were three proposals regarding the admission of new members to ECE. There was justice in all of them. The Norwegian draft resolution (E/L.596) was based on the principle that ECE had not asked the Council to take any action on the admission of new members; furthermore, any decision which the Council took might violate the principle of universality to which his delegation attached such great importance.

If, however, the Council did not adopt the Norwegian draft resolution, he would support the Czechoslovak draft resolution (E/L.597), which also maintained the principle of universality. Should that proposal be adopted, he would be bound to vote for the Bel-

gian-United States draft resolution (E/L.592), as he could not vote against the admission of any European country to ECE.

61. In voting thus, however, he would wish to make it clear that his delegation considered that the Eastern European countries had an equal legal right to membership of ECE.

62. Mr. GARCIA OLANO (Argentina) said that his delegation's attitude to the question of admission of new members to the United Nations was based on the strictly legal interpretation of the principles underlying the Organization, namely the sovereign powers of the General Assembly, the universality of membership, and the equality of sovereign States. He was glad to note that after years of discussion, the number of countries ready to defend the sovereign powers which Chapter IV of the Charter conferred on the General Assembly was increasing. The first paragraph of draft resolution E/L.592 and the second paragraph of E/L.591 indicated that trend.

63. His Government's attitude was even more liberal with regard to the admission of non-member States to the regional commissions. It was clear from the Secretary-General's memorandum (E/2458) that the Council was not legally required to apply the criteria of Article 4 of the Charter in such cases. Regardless of whether they were members of the United Nations or not, all States directly concerned with the activities of the regional commissions should participate as fully as possible in their work. The General Assembly itself had proclaimed the principle of universality. If that principle applied to political organs, it applied even more strongly to technical bodies.

64. Mr. ENGEN (Norway) said that his delegation would vote in favour of draft resolution E/L.591. Its vote should not be interpreted as an endorsement of the principle which the second paragraph sought to establish. The Council's right to admit non-member States to the regional commissions could not be challenged, but when the Council tried to lay down criteria for admission which had not been accepted in principle by the General Assembly and the Security Council, the organs of the United Nations primarily concerned with the admission of new members, its action bordered on being *ultra vires*. The General Assembly had recommended the admission of a number of States, but it had not yet been able to give effect to that recommendation. It was difficult to see how the Council could be in a better position than the Assembly.

65. With regard to the Associated States of Indo-China, he was not convinced that the question of whether or not they enjoyed a full measure of control over their international relations was of decisive importance. On the question of admission to the regional commissions, the Council was not bound by Article 4 of the Charter. Even if the three Associated States did not have full control over their international relations, admission to an international body such as ECAFE could be instrumental in helping them to achieve independence. He fully supported their admission.

66. Mr. ABELIN (France) noted, in reply to the Indian representative in particular, that his Government had solemnly and formally proclaimed the independence of the three Associated States of Indo-China on several occasions. In the Treaty of 22 October 1953 which specifically stated the independence of Laos, Article 3

imposed on the French Government the obligation to uphold the sovereignty and independence of Laos in all international bodies. Certain transfers of competence, mainly technical in character, had been delayed until the present and were now being negotiated with Viet-Nam only because these were special arrangements and because a war had been forced on Viet-Nam and France and was being fomented from abroad by an alien creed.

67. The Yugoslav representative had invoked certain newspaper articles in support of his arguments. He himself had a high respect for the Press, but he felt that newspaper articles were scarcely the basic political data on which the members of the Council could base their positions.

68. It should be reiterated that the General Assembly had recognized that Viet-Nam, Cambodia and Laos were eligible for membership in the United Nations, and he wished to emphasize that ECAFE had twice explicitly requested that they should be admitted to full membership in the Commission. To postpone any decision on the three States would be to hamper their exercise of the attributes of independence.

69. Mr. HOTCHKIS (United States of America) said that he felt bound to reply to certain criticism which the USSR representative had levelled at the United States and at the Council as a whole. The USSR representative had repeatedly referred to trade relations in Europe and Asia. That was not the subject under discussion. Indeed, the question of East-West trade had been specifically excluded from the agenda of the current session. The point at issue was the question of membership in the regional commissions, and that was entirely separate. East-West trade was being discussed at that moment under the auspices of ECE on a basis of perfect equality, i.e., all participating Governments including those from Eastern Europe enjoying equal rights.

70. Every country mentioned in draft resolutions E/L.591 and E/L.592 had been recognized by the General Assembly as eligible for membership in the United Nations, in terms similar to those used with regard to Italy, for example, in resolution 296 E (IV). On the other hand, no such decision had been taken with regard to Hungary, Romania, Bulgaria, Albania and Communist China.

71. As for the argument that Ireland had not asked to be admitted to full membership in ECE, the second paragraph of draft resolution E/L.592 and sub-paragraph (a) of the third paragraph of draft resolution E/L.591 made it quite clear that the resolutions would not automatically confer full membership in ECE and ECAFE on the States mentioned in them. Each country would have to apply for membership.

72. The USSR representative's contention that everyone followed the United States lead when it came to voting cast serious doubt on the independence and integrity of all the representatives in the Council. They all represented sovereign States and were responsible only to their own Governments.

73. He would vote in favour of draft resolutions E/L.591 and E/L.592 and against the draft resolutions submitted by Norway and Czechoslovakia (E/L.596 and E/L.597).

74. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that there was absolutely no justification for the United States representative's statement that

questions of European trade and East-West trade were irrelevant to the matter under discussion. The Council was discussing the admission of members to the regional commissions. That was not an academic or formal question. The purpose of admitting additional countries to full membership was to enable them to participate fully in the commissions' work. ECE's terms of reference set out in Council resolution 36 (IV), paragraph 1, clearly indicated the extensive and important economic activities in which members of ECE could participate. The economic reconstruction of Europe, raising the level of European economic activity and maintaining and strengthening the economic relations of the European countries among themselves and with other countries of the world, manifestly implied an interest in stimulating trade.

75. Draft resolution E/L.592 was clearly political and discriminatory. It ran counter to the growing tendency towards the peaceful expansion of trade and friendly economic relations among European countries. It was regrettable that the United States should take such a negative attitude towards the restoration of normal economic relations in Europe.

76. Mr. LOOMES (Australia) asked for an explanation of the phrase "till the competent organs of the United Nations have dealt with this question" in the Indian draft resolution (E/L.598). The General Assembly had already decided that Laos, Cambodia and Viet-Nam were eligible for admission to the United Nations. Hence, it was difficult to see exactly what "competent organs" the Indian representative had in mind.

77. Mr. SAKSENA (India) explained that his delegation did not feel that the criteria for membership in the regional commissions were necessarily those specified in Article 4 of the Charter, on which the General Assembly's decision had been based. The General Assembly had given no verdict on whether the three States in question enjoyed full control over their international relations. In his delegation's opinion, only States with full control over their international relations could speak with authority for the people of the countries concerned. If that criterion was not satisfied, the General Assembly's verdict, based on Article 4, was of no consequence. By "competent organs" he meant the General Assembly and the Security Council. He hoped that the discussion in the Economic and Social Council would lead the competent organs to examine the question and come to some decision. The issue was political, not economic, and the Council should not precipitately take any action which might have political consequences.

78. He requested that the Indian draft resolution (E/L.598) should be put to the vote first. It could be considered as an amendment to draft resolution E/L.591, a proposal to defer action on certain provisions of that draft resolution, or a previous motion under the second paragraph of rule 66 of the rules of procedure. In all three cases, it would take priority.

79. Mr. EL-TANAMLI (Egypt) said that he had not studied the question raised by the Indian representative. He would therefore prefer that the phrase "till the competent organs of the United Nations have dealt with this question" should be deleted. If it was maintained he would like it to be put to the vote separately.

80. Mr. TSARAPKIN (Union of Soviet Socialist Republics) supported the Indian representative's request concerning the order of voting, but asked that

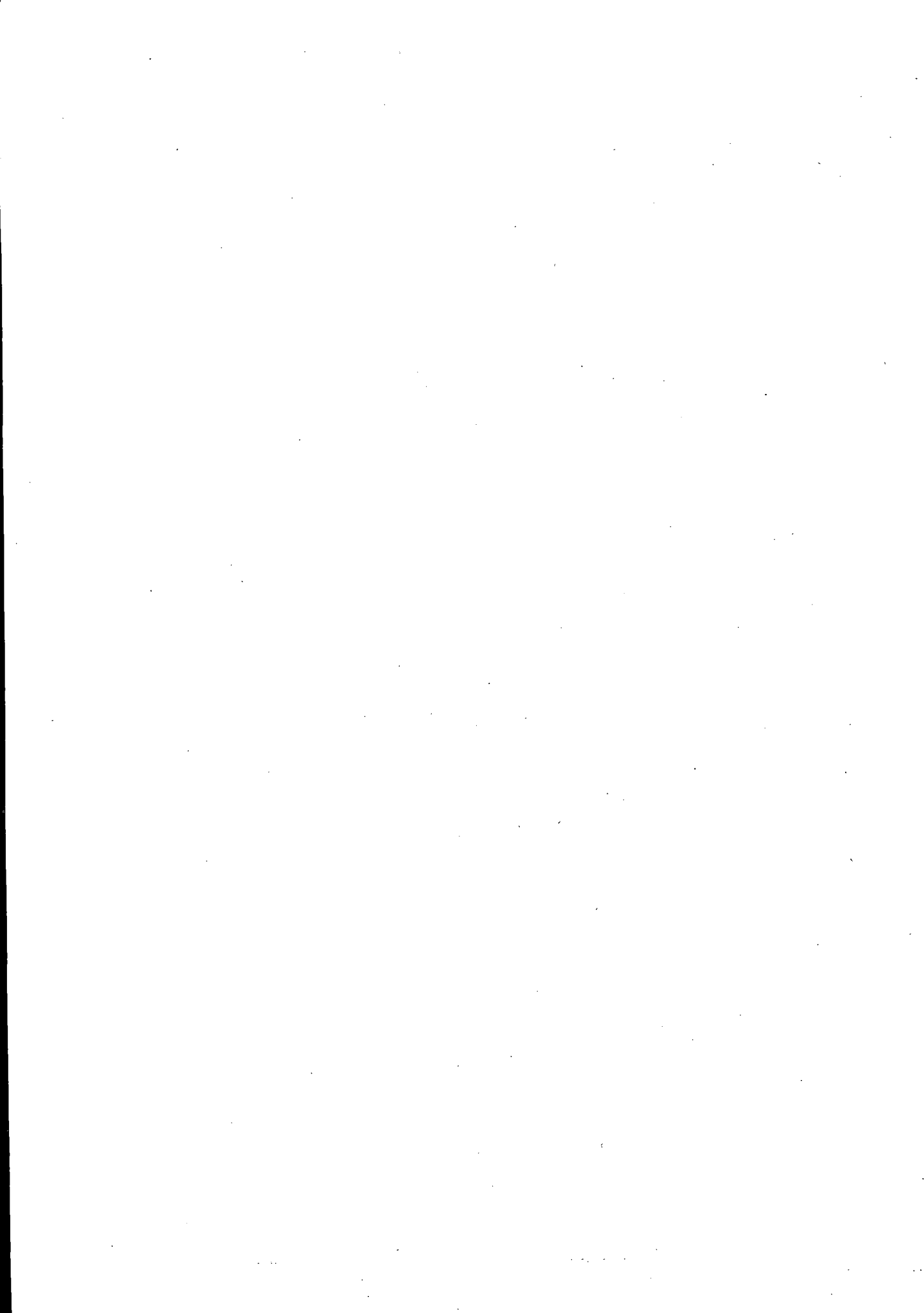
Under rule 56 of the rules of procedure no further action should be taken on the Indian draft resolution or draft resolution E/L.591 for twenty-four hours.

Mr. ABELIN (France) said that the members of the Council had probably adequately familiarized themselves with the subject in two meetings and it was therefore advisable to proceed immediately to the vote.

82. After a procedural discussion, Mr. TSARAPKIN (Union of Soviet Socialist Republics) proposed that further discussion should be postponed to the following meeting.

It was so decided.

The meeting rose at 1.10 p.m.





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Question of admission to membership in the regional economic commissions of States not members of the United Nations (E/2458, E/2553, E/L.591, E/L.592, E/L.596, E/L.597, E/L.598) (concluded)..... 171

President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, International Monetary Fund.

Question of admission to membership in the regional economic commissions of States not members of the United Nations (E/2458, E/2553, E/L.591, E/L.592, E/L.596, E/L.597, E/L.598) (concluded)

[Agenda item 8]

The PRESIDENT recalled that, according to the minutes of the work decided upon at the 780th meeting, the Council was to vote first on the Indian draft resolution (E/L.598). The Egyptian delegation had asked that it could be voted upon in parts.

Mr. SAKSENA (India) had the impression that the Egyptian delegation had made that request because he did not approve of the wording of the end of the third paragraph. If that was the case, the Indian delegation was prepared to delete the words "till the competent organs of the United Nations have dealt with this question".

Mr. EL-TANAMLI (Egypt) withdrew his request for a vote in parts.

The PRESIDENT put to the vote the Indian draft resolution (E/L.598), as revised.

The draft resolution was rejected by 13 votes to 5.

The PRESIDENT put to the vote the draft resolution submitted jointly by France, Pakistan and the United States of America (E/L.591).

Mr. KOS (Yugoslavia) asked for a separate vote on each of the countries mentioned in paragraph 2.

It was so agreed.

The provisions of the draft resolution relating to Cambodia were adopted by 13 votes to 2, with 3 abstentions.

The provisions relating to Ceylon were adopted by 15 votes to none, with 3 abstentions.

The provisions relating to Japan were adopted by 16 votes to none, with 2 abstentions.

The provisions relating to the Republic of Korea were adopted by 13 votes to 2, with 3 abstentions.

The provisions relating to Laos were adopted by 13 votes to 2, with 3 abstentions.

The provisions relating to Nepal were adopted by 16 votes to none, with 2 abstentions.

7. Mr. TSARAPKIN (Union of Soviet Socialist Republics) wished to know before the vote on the admission of Viet-Nam whether the State in question was the Viet-Nam of Bao Dai or the Viet-Nam that was fighting for its freedom.

8. The PRESIDENT observed that under rule 63 of the rules of procedure, once the voting had commenced, no representative could interrupt it except on a point of order in connexion with the actual conduct of the voting. The USSR delegation's request would have been entirely in order during the general debate, but it was no longer admissible.

9. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that if the Council had decided to vote on the draft resolution as a whole, the Soviet Union delegation would have confined itself to voting against it and then explaining its vote. However, as there was to be a separate decision on each country, his delegation wished to know, in order to be able to vote, whether the draft resolution referred to the People's Republic of Viet-Nam or to the puppet Government imposed by France.

10. Mr. HOTCHKIS (United States of America) said that the reference could only be to the State of Viet-Nam mentioned in resolution 620C(VII) adopted by the General Assembly at its seventh session.

11. Mr. LOKANATHAN (Economic Commission for Asia and the Far East) pointed out that in 1949 the Economic Commission for Asia and the Far East (ECAFE) had approved the application of the State of Viet-Nam for admission as an associate member and had rejected that of the People's Republic of Viet-Nam. Accordingly, draft resolution E/L.591 unmistakably referred to the State of Viet-Nam.

12. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that in that case he would vote against the admission of Viet-Nam.

The provisions of the draft resolution relating to Viet-Nam were adopted by 13 votes to 2, with 3 abstentions.

13. The PRESIDENT then put to the vote the draft resolution as a whole.

The draft resolution as a whole was adopted by 14 votes to 2, with 2 abstentions.

14. The PRESIDENT put to the vote the Norwegian draft resolution (E/L.596).

The draft resolution was rejected by 13 votes to 5.

15. The PRESIDENT put to the vote the draft resolution submitted by Belgium and the United States (E/L.592).

The draft resolution was adopted by 13 votes to 3, with 2 abstentions.

16. The PRESIDENT put to the vote the Czechoslovak draft resolution (E/L.597).

The draft resolution was rejected by 9 votes to 8, with 1 abstention.

17. The PRESIDENT invited members to explain their votes.

18. Mr. LOOMES (Australia) said he had voted for the Norwegian draft resolution because postponement of the question seemed to him to be the wisest solution. After it had been rejected, he had voted for the Belgian and United States draft since the countries mentioned met the requirements for membership in the Economic Commission for Europe (ECE). On the other hand, he had had to vote against the Czechoslovak draft resolution since it covered States concerning which the Australian Government would have some reservations.

19. Mr. ENGEN (Norway) explained that after his delegation's draft resolution had been rejected, he had voted for the Czechoslovak draft, since he considered it illogical to admit only the States mentioned in document E/L.592.

20. Mr. KOS (Yugoslavia) said that he had abstained from voting on the Belgian-United States draft resolution. While he had no objection to the admission of the countries it mentioned, he thought that the other countries also satisfied the requirements for membership in ECE. Accordingly, he had voted for the Czechoslovak draft resolution.

21. Mr. RIBAS (Cuba) said that he had voted against the Indian draft resolution (E/L.598) as he thought it

unfair to subject to special treatment the four countries mentioned in that document, which had been the subject of a favourable report by the Security Council. Moreover, the Council had admitted them as members of ECAFE by adopting draft resolution E/L.591.

22. Mr. EL TANAMLI (Egypt) said that although he had abstained from voting on those parts of draft resolution E/L.591 that dealt with Cambodia, Laos, the Republic of Korea and Viet-Nam, he had voted for the draft resolution as a whole because he did not wish to take a position against the admission of Ceylon, Japan and Nepal.

23. Mr. GARCIA OLANO (Argentina) took the view that the regional economic commissions should include the largest possible number of countries of the region concerned. He had accordingly voted for both the Belgian-United States draft and the Czechoslovak draft since he considered that the two texts, far from being incompatible, were mutually complementary.

24. Mr. TSARAPKIN (Union of Soviet Socialist Republics) explained that although he was not opposed to the admission of Ceylon, Nepal and Japan to ECAFE, he had abstained in the votes dealing with those three countries because the question of the representation of China was still unsettled.

25. Of the seven European members of the Council who were also members of ECE, four had voted for the Czechoslovak draft resolution, France had abstained, and the two remaining countries, Belgium and the United Kingdom, had voted against it. The rejection of the Czechoslovak proposal was a success for the United States Government, but a defeat for Europe.

26. Mr. ABELIN (France) wished to make it clear that he had refrained from replying to the Soviet Union delegation's false allegations concerning the State of Viet-Nam, out of respect for rule 63 of the rules of procedure.

The meeting rose at 3.50 p.m.



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Forced labour: reports of the *Ad Hoc* Committee on Forced Labour (E/2153, E/2276, E/2341, E/2431 and Add.1 to 8, E/L.588/Rev.1) 173

President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, World Health Organization.

Forced labour: reports of the *Ad Hoc* Committee on Forced Labour (E/2153, E/2276, E/2341, E/2431 and Add.1 to 8, E/L.588/Rev.1)

[Agenda item 14]

GENERAL DEBATE

Mr. MEADE (United Kingdom) said that the reaffirmation of faith in the dignity and worth of the human person in the United Nations Charter and the Universal Declaration of Human Rights were not merely empty phrases. They were solemn pledges, with which forced labour practices were utterly incompatible. It was therefore deeply shocking that in both the Economic and Social Council and the General Assembly, session after session, there had been charges and countercharges alleging the existence of such practices in member States.

That was the situation with which the Council had been faced at its twelfth session. In view of its particular responsibility for promoting observance of human rights it had not been able to ignore the problem. It had been essential to attempt to produce a clear and objective picture of the facts and, where charges had been levelled, to give governments the opportunity to reply.

The Council also had a special responsibility for coordinating the activities of the specialized agencies; in that case ILO was most concerned. The International Labour Organisation had been striving for twenty-five years to bring about the abolition of all forced labour practices. It had therefore been essential that the Council should co-operate with ILO.

Those were the considerations which had led to the adoption of resolution 350 (XII), in which the Council had invited the co-operation of ILO in the earliest possible establishment of an *ad hoc* committee on forced

labour. The *Ad Hoc* Committee's terms of reference were set out in paragraph 1 (a) of the resolution.

5. The Council now had before it the Committee's report (E/2431 and Add.1 to 8), which was as thorough as could be expected in view of the failure of some governments to co-operate to the same extent as others. The Committee had done its best to support its conclusions with evidence, and, where sufficient evidence was not available, it had frankly refrained from drawing conclusions. It had found that there existed in the world systems of forced labour which were employed as a means of political coercion or punishment for holding or expressing political views and which were on such a scale as to constitute an important element in the economy of a given country. That situation was a dreadful indictment of modern society and incompatible with the principles of the United Nations Charter and the Universal Declaration of Human Rights.

6. Forced labour practices were wholly condemned in the United Kingdom and were completely foreign to its way of life. The rights of the individual in democratic countries were protected by law. It was not the letter of the law which counted, but the spirit that lay behind it and the fairness and justice with which it was executed. What were required were not simply laws that had a specious appearance, but practices that were fundamentally just. It was not enough to say that forced labour was corrective or re-educational. Cramped quarters, serious under-nourishment, utterly inadequate medical care and monotonous, endless work—often beyond the limits of human endurance and in dreadful climatic conditions—constituted a poor sort of education.

7. The United Kingdom believed that its laws were just and that they were executed fairly and humanely.

8. Nevertheless, charges had been made against it concerning practices in prisons, in the colonies and in other protected territories and were dealt with in the Committee's report. His Government had considered those charges matters of the gravest importance and in every case a complete reply had been provided. The Committee had concluded that the allegations were quite unfounded.

9. From a practical point of view, it could not be claimed that either the Committee's work or the Council's debates had achieved or would achieve any substantial change in the general situation. The report had placed on record the picture of a great evil and had caused all countries to search their consciences. It might perhaps be hoped that, even where systems of forced labour continued to exist, conditions might show some slight improvement. But, without the co-operation of governments, the Council could not ensure the release of a single person from a forced labour camp. The Council should therefore acknowledge that the *Ad Hoc* Committee had done its task, and if it felt that discussion of the problem of forced labour had any useful effect, it should take steps to ensure such discussion from time to time, when necessary. Finally, it should invite

the competent agency—which was clearly ILO—to deal with the problem.

10. The International Labour Organisation had already considered the Committee's report and its Governing Body had affirmed the organization's willingness to continue and intensify its efforts towards the abolition of forced labour practices of an economic character, including practices not envisaged when existing conventions had been adopted. An appeal had already been addressed to governments which had not ratified those conventions to give prompt consideration to the possibility of doing so, and to those governments with responsibilities for Non-Self-Governing Territories to consider applying the conventions to the territories without modification, in so far as they had not already done so. Moreover, the Governing Body was to consider the possibility of further action to suppress forced labour in all its forms, either without any further recourse to or with some further limitation of the transitional exceptions allowed by the existing Forced Labour Convention (No. 29). The Council should look to ILO for practical international achievement.

11. The preamble and paragraph 1 of the draft resolution (E/L.588/Rev.1) which his delegation was co-sponsoring were self-explanatory. Paragraph 2 dealt with the work of ILO. He hoped that all governments subscribed to paragraph 3. The language in it had been taken directly from the *Ad Hoc* Committee's terms of reference. The sponsors had not thought it wise to introduce new and possibly controversial language. Paragraph 4 contained the appeal recommended by the Committee. Paragraph 5 provided for discussion of the problem of forced labour in a year's time and was intended to ensure that at that time the Council would have some fresh material on which to base its discussion. Lastly, paragraph 6 would ensure that the whole problem was considered by the General Assembly at its next session.

12. He appreciated that the Cuban representative's amendment (E/L.590) was based on his anxiety to see the Council take positive action. Undoubtedly the joint draft resolution would be found disappointing in some quarters. He hoped, however, that he had shown that any substantial practical action to eradicate the evil of forced labour had to depend upon the co-operation of governments, which was, unfortunately, not forthcoming. It would certainly be advantageous to discuss the problem from time to time and machinery must exist for receiving additional information. On the other hand, rapporteurs or *ad hoc* committees should only be appointed in special circumstances or when it was inappropriate or undesirable for the Secretariat to fulfil the function required. In the case in point the machinery provided by the Secretariat and ILO should prove adequate.

13. His delegation would therefore vote against the Cuban amendment.

14. Mr. HOTCHKIS (United States of America) said that forced labour was an anachronism in the twentieth century. In its most pervasive form it was a throwback to the slavery of the Dark Ages, employed by totalitarian governments and Communist dictators to liquidate opposition.

15. In resolution 740 (VIII) the General Assembly, roused by the findings in the *Ad Hoc* Committee's report (E/2431), had expressed its strong condemnation of forced labour as a direct contravention of the solemn obligations embodied in the United Nations Charter.

The General Assembly's action had been taken with only five negative votes, cast by the five countries representing the so-called "workers' paradises" promised by Lenin.

16. Outside the Soviet world the charges had been reviewed seriously, and governments had co-operated. It was significant that the Committee's blackest findings related to the very countries which had refused to co-operate with it in any way. An utter disregard and contempt for the standards of human dignity and freedom which the United Nations represented was clearly shown by the replies of Czechoslovakia and the USSR to the Committee's inquiries and by their continued refusal to co-operate, even after the General Assembly had requested such co-operation in resolution 740 (VIII). The delegations of the USSR, Poland and Czechoslovakia, in notifying the Secretary-General of their continued refusal to co-operate, had reiterated their charges that the report was "slandereous" and "provocative". Those replies were a brazen effort to use the technique of the "big lie" to combat a series of established facts that had shocked the civilized world.

17. The *Ad Hoc* Committee had applied, as a basic standard of justice, the principle that an accused person is innocent until proved guilty; it had applied that principle even to allegations against countries that did not accord such rights to their own citizens. It had been hampered at every turn by the refusals of the Soviet countries to co-operate. The only comments received from those countries had been those made during earlier discussions in the Council. Even taking them into account, the Committee had been forced to conclude that forced labour in its most reprehensible form was a significant part of the structure of the Soviet Union and the satellite countries. It had found that forced labour was being used as a political weapon to throttle freedom and that the majority of the forced labourers were political prisoners rather than ordinary criminals. The Committee had also found a second form of forced labour—compulsion to work for the State as the State commanded without freedom to choose a job or freedom of movement. By that means, the Soviet dictators had extracted concentrated and cheap labour which they could not otherwise obtain.

18. In the Third Committee of the General Assembly the Soviet Union representative had criticized the Committee's procedure as part of the secretive "slandereous" and "provocative" attack on the USSR.¹ He wondered whether the USSR would really like the record of the Committee's hearings made public in all its shocking details. That record would show not only forced labour but other violations of human rights and decent standards, the tragic breaking up of homes, the use of brutality and the imposition of unreasonable and arduous tasks on women and children.

19. A summary of the actual experiences of 11 former inmates of the Soviet Union forced labour camps showed that in most instances the victims were taken from their homes at night and permitted to take with them only the clothes they wore. They were subjected to lengthy and repeated interrogation, often accompanied by psychological coercion or physical violence. They were usually, though not always, subjected to some kind of rigged trial. There appeared to be no room as to whether the victim had a right to defend himself or to obtain legal defence; sometimes defence counsel

¹ See *Official Records of the General Assembly, Eighth Session, Third Committee, 535th meeting.*

ere provided, sometimes not. The forced labour camps were usually enclosed by barbed or electrified wire, guarded by watch-towers and patrolled by dogs and armed guards. In many of the camps there were women prisoners, who received treatment substantially the same that meted out to men. Food was frequently rationed according to whether the victim fulfilled his work quota. The clothing issued was inadequate. The death-rate was high. The most common causes of death were exhaustion and malnutrition, exposure to extreme climatic conditions, accidents at work and occasional epidemics. Refusal to work was severely punished. In one case, 10 prisoners had struck for work closer to their specialties, for an eight-hour day and for separation from criminals. They had starved for from fifteen to forty days. All had been shot. Solitary confinement, additional terms of imprisonment and reduced rations were other modes of punishment.

There had been rumors that improvements had been made as a result of the *Ad Hoc* Committee's work and there had been some so-called amnesties. The USSR had granted an amnesty a year before and the countries in the Soviet sphere of influence had followed it. Under all the amnesties the release of political prisoners was carefully avoided. If there had in fact been any improvement in the official use of forced labour, the world should be informed of the situation by the countries which stood accused.

In the case of Albania and Communist China, the Committee had been unable to pursue its inquiry to a conclusion, but it should be noted that it had not dismissed the allegations against those Governments as it did in the cases where it had found no evidence. Stringent censorship had been imposed to prevent the outside world from learning about the internal affairs of Albania, including forced labour conditions. Nevertheless a report printed in the Albanian newspaper *Bashkimi* on 23 May 1952, containing the speech made by Bilbilosi, Minister of Justice, in presenting a new penal code to Parliament, showed that the Hoxha régime was committed to a policy of forced labour. The testimony of 300 Albanians who had fled was typical of the doleful recited by almost all the countless men, women and children who had undergone Communist "educational" labour. It was a harrowing story of the rap on the door at midnight, the accusation and the inevitable sentence.

With regard to Communist China, an article by the Minister of Public Security, published in the *Peiping Min Jih Pao*, acknowledged that forced labour was used to liquidate and reform counter-revolutionaries and that it was of great economic as well as political significance. The article admitted that many people had been sentenced to prison terms and subjected to compulsory reform through labour. Chinese Communist ideology of forced labour went back to the very beginning of the régime, at which time Mao Tse-tung had illicitly stated that he intended to "re-educate the reactionary classes anew through work", and that, if they were unwilling to work, the people's State would compel them to work. A statement by the Prime Minister, Mr. Chou En-lai, at the third session of the National Political Consultative Conference clearly indicated that the death threat was to be used to exact forced labour to the utmost. That forced labour had indeed been used was proved by a report on the work of Kwangtung Provincial People's Government for a one-month period. That report stated that 1,571 cases of counter-revolutionary attempts had been exposed in-

volving the arrest of nearly 90,000 persons of whom 28,000 had been shot and the remainder had been sentenced to reform through hard labour. He also cited an eye-witness account of forced labour on the Yangtze River Valley Project by Brajkishore Shastri, who had visited Communist China the previous May and whose observations, which he quoted, had been set forth in *Janata*, the Praja Socialist Party weekly. He cautioned against yielding to the temptation of calling those charges old information. He pointed out that forced labour was "a monster whelped in our time", "nurtured to dragon proportions". It was a monster in the image of the Kremlin, set loose anew in each enslaved land, and awaiting licence to roam Indo-China.

23. The Council should adopt the most efficient means to present the facts of forced labour to the world. The *Ad Hoc* Committee's work had laid a solid foundation. The United States of America was prepared to support a proposal that the Committee's terms of reference should be prolonged. In his delegation's view, it was essential that there should be an expert mechanism to evaluate evidence on the existence of forced labour placed before the United Nations. At an appropriate later date the United States Government might introduce proposals to that effect. For the moment, however, the continuation of the exploration that had been begun, on the basis of the solid principles established by the Committee, could well be entrusted to the Secretary-General of the United Nations and the Director-General of the International Labour Office, acting jointly. Paragraph 5(b) of the joint draft resolution (E/L.588/Rev. 1) provided for the submission of new information, of any type whatsoever, on systems of forced labour, whether *de jure* or *de facto*. It allowed information to be submitted by responsible sources, governments of States Members, specialized agencies and non-governmental organizations in consultative status. Governments were given an opportunity to comment on information submitted. The resolution further provided for the inclusion of the information and any comments received in a report to the Council at its nineteenth session. The language of the draft resolution had been carefully chosen. It envisaged a report based on new information and would exclude a re-presentation of the material contained in the *Ad Hoc* Committee's report. The report was to be based on information and not on unsupported allegations, and it was to deal with systems of forced labour as defined and elaborated by the *Ad Hoc* Committee. The draft resolution did not envisage a report including information on a great many other matters and it did not authorize the inclusion of "slanderous and provocative" irrelevancies similar to those which the *Ad Hoc* Committee had dismissed.

24. The draft resolution also called for the co-operation of governments which had not replied to the Committee's questionnaire. That was an important step in the gathering of further information and was in accordance with General Assembly resolution 740 (VIII). Such information would also be included in the proposed report.

25. While the facts were further explored, the Council must not weaken in its condemnation of the inhuman practices which had been so forcefully brought to its attention. The draft resolution unequivocally condemned forced labour and appealed to governments to re-examine their laws and administrative practices.

26. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he intended to make a statement later on

the substance of the matter, but wished to reply at once to the United States representative's remarks.

27. Owing to United States opposition, the People's Republic of China had not yet been admitted to the United Nations, and the United States representative had taken advantage of that fact to attack that country's leader, who had delivered its people from foreign imperialist slavery and oppression.

28. The United States representative had also attacked Lenin, the organizer of the revolution and creator of the Soviet State, who had freed the Russian people from the oppression of the Czarist régime. In 1918 the United States of America and fourteen other imperialistic States had tried to strangle the young Soviet Republic and restore the régime of slavery and imperialism, but Lenin had led the workers and peasants to victory. In 1941, when the Hitlerite hordes had overrun Europe, the Soviet workers and peasants had defended not only their own freedom, but that of all the countries that had been crushed by fascism.

29. The United States representative had distorted the facts when he had stated that the collection of forgeries and fabrications known as the report of the *Ad Hoc* Committee on Forced Labour had been adopted almost unanimously by the General Assembly. In fact the resolution on the report had been adopted by only 39 votes.

30. Ever since the beginning of the current session the United States delegation had pursued a policy of obstruction. The question before the Council had been placed on the agenda at the insistence of the United States for the purpose of poisoning international relations and slandering the peoples of the USSR and the peoples' democracies, with the object of fomenting a new war. That aim would not be achieved, however, because the 800 million people of those countries were struggling for freedom, independence and peace. No anti-Soviet statements on forced labour could disguise that fact.

31. Mr. NUÑEZ PORTUONDO (Cuba) said that the Cuban delegation had already explained its ideas on the subject of forced labour during the debate in the Third Committee of the General Assembly at its eighth session² and would not expound them again.

32. Since the eighth session of the General Assembly and the publication of the *Ad Hoc* Committee's report the Cuban delegation had obtained additional information on the subject which he would communicate to the Council in support of his delegation's amendment (E/L.590) to the joint draft resolution (E/L.588/Rev.1).

33. In Lithuania regulations had recently been introduced maintaining the institution of forced labour. In accordance with those regulations an applicant for work had to submit his *curriculum vitae* and a certificate, bearing the seal of the executive committee of the Communist Party, describing his qualifications and political activities. Admission to college was subject to the same formality.

34. Young men continued to be deported from Lithuania to the Soviet Union to perform slave labour, under the guise of voluntary work. Radio Vilna had recently announced that compulsory meetings of young Lithuanians were held in the factories, at which they were compelled to enrol as "voluntary" workers to cultivate the most remote regions of the Soviet Union.

35. Mass deportations from Estonia had taken place on a number of occasions for the purpose of forced labour. In March 1954 the Soviet Union had enacted a decree providing that 100,000 young Estonians should be assigned to forced labour on uncultivated land in various remote parts of the USSR. That was a mere beginning; according to the official Communist youth publication another 60,000 would shortly follow. Radio Tallinn had broadcast information on the subject in February and March 1954.

36. In recent years Hungary had modified a number of laws so as to conceal the fact that forced labour existed in the country. Thus the new penal code omitted the penalty of forced labour established by laws enacted in 1945 and 1946, during the Soviet occupation. The change, however, was more apparent than real; there was no mention of forced labour in the penal code because, according to the Communist conception, any deprivation of liberty would naturally entail forced labour. Under Decree 320/1946 of the Council of Ministers the Minister of Justice could impose forced labour on any prisoner even if it were not provided for in his sentence. Under Decree 1950/39 any prison sentence comprised forced labour. Under the first-mentioned decree any person sentenced to deprivation of liberty was obliged to perform any kind of work assigned to him—an obvious example of forced labour. To those who wished for further information on the subject he recommended a recent study by Mr. Laszlo Vargha called *The Legal Aspect of Forced Labour in Hungary*. The Cuban delegation had also received an interesting document containing comments by jurists in exile from Czechoslovakia on the report of the *Ad Hoc* Committee. The document pointed out that the Czechoslovak Government had failed to reply to the Committee's questionaire because the Committee had affirmed that there were two classes of forced labour in Czechoslovakia: forced labour used to correct political ideas or to inculcate such ideas, and forced labour for economic purposes. In that connexion they had given some details which would interest the members of the Council.

37. A military forced labour camp at Zbuch, near Plzen, had been converted in 1953 into a re-education centre for civilian prisoners. There were about 40 prisoners there, living in four primitive wooden sheds and compelled to do heavy work in the nearby coal mines. Furthermore, a special correctional forced labour camp had been established, also in 1953, under the administration of the Ostrava-Karvina Mines, which acted in co-operation with the Ministry of National Security. The prisoners were miners guilty of absenteeism, who were sent to the camp by mere decision of the local authorities; those authorities also fixed the period of detention. There was also a new labour camp at Vetrný near Cesky Krumov, where political prisoners were employed in highly dangerous work. Cases of gas and chemical poisoning were very frequent there.

38. There were forced labour units in the army, technically known as "auxiliary battalions". They were largely composed of Roman Catholic priests who had refused to associate with the so-called "patriotic" priests who collaborated with the Communist régime.

39. In the spring of 1953 a number of doctors had been evicted from Bratislava and ordered to settle and practise in various small towns to which they were assigned. They had not been allowed to take their X-ray apparatus or medical and surgical instruments. Other cases of mass deportations had also been reported;

² *Ibid.*, 531st meeting.

the case the persons concerned had been taken to the Viet Union.

A regulation had been promulgated in May 1953 and adopted in April 1954 imposing compulsory overtime for work classified as urgent and in the public interest. That regulation applied to males from fourteen to sixty years of age and to females from fourteen to sixty years of age. According to a Government decree of May 1952, university graduates could be compelled to work on the State's economic plans for a period of three years. Originally secondary school pupils had been exempt, but later all exemptions were cancelled. Training-school graduates were also liable for forced labour.

Finally, Mr. Antonin Zapotocky, President of the Czechoslovak Republic, had said at Brno on 23 February 1954 that there was a shortage of thousands and tens of thousands of workers in the production centres. As in the past, it would be necessary to again mobilize new labour so that it might be properly distributed. The continuation and even an increase in the number of women in industry would be enforced.

With regard to Poland, there were documents, subsequent to the *Ad Hoc* Committee's report, which showed that there also, those practices were carried on. According to Polish newspapers, people were tried after they had been arrested and sent to work the next day. Mr. Korowicz, a Polish representative at the General Assembly, had told the New York Press that he had himself seen forced labour camps in Poland. In a camp at Gronowo, near Lezno, there were over 100 women doing forced labour. There was another forced labour camp at Wilkow, in the Zlotoryja district, where there were thousands of prisoners, about 1,200 of whom were former members of the Communist Party. Officials of the security police who had been subjected to the form of persecution known as "purges".

In connexion with the assertion by the USSR representative that the Soviet Union had liberated the nations of Europe from fascism, he pointed out that in 1919 a treaty had been signed between Hitlerite Germany and the USSR as a result of which Poland had been stabbed in the back. In the early part of the Second World War the USSR had been the ally of Hitlerite Germany; only later had they fought each other.

All delegations had received a statement by Mr. Antisek Polak describing the tortures inflicted on him by the Soviet authorities over a period of seven years in various forced labour camps in the USSR. Mr. Polak had been a member of a Czechoslovak unit which had fought against Hitler under Polish command. In 1939 he had been captured by Soviet troops when they had occupied the Western Ukraine by agreement with Hitler. His story should be read by all those who turned a deaf ear to accounts of what was happening behind the Iron Curtain".

The President and Secretary-General of the International Union of Peasants, which represented the former peasant and agrarian parties of Albania, Bulgaria, Romania, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland and Rumania, had stated that the most inhuman measures were practised in those countries, mainly against the rural population, who were strongly opposed to Communist political and economic policies. They had appealed to the Economic and Social Council to continue the activities of the *Ad Hoc* Committee on Forced Labour. Furthermore, a statement by the President and Secretary of the Federation of Chris-

tian Trade Unions of Central Europe affirmed that the system of forced labour was still in existence and appealed for the continuance of measures to abolish it.

46. The General Assembly at its eighth session had adopted resolution 740 (VIII), of which Cuba had been a co-sponsor, by a large majority. Yet governments which had not at that time replied to the *Ad Hoc* Committee had not done so since, and the General Assembly had requested the Council to submit to it at its ninth session a report on forced labour.

47. In his delegation's opinion the six-Power draft resolution (E/L.588/Rev.1) was not realistic. Far from diminishing, the system of forced labour continued to be applied more intensively and more cruelly in many countries. Moreover, the Secretary-General of the United Nations and the Director-General of ILO had already too many responsibilities to be able to give such a task the priority it deserved. The Cuban delegation was therefore submitting an amendment (E/L.590). In doing so it felt it was fulfilling a humanitarian duty. The argument was sometimes used that a draft resolution or an amendment ought not to be submitted because it would not receive a majority. That was not the view of the Cuban delegation. What was important was that a proposal should have a worthy purpose. To accept any other criterion would be to compromise with principle, a course which recent history had shown never produced good results.

48. Mr. BENITES VINUEZA (Ecuador) stated that the allegation by the World Federation of Trade Unions that *huasacamía*, or the obligation to perform compulsory unpaid work for a landowner, was practised in Ecuador was not relevant to the matter before the Council. There was no forced labour of any kind in Ecuador and a large body of legislation expressly forbade any restrictions on the freedom of labour. It was true that work was compulsory in Ecuador, but there was complete freedom in the choice of employment and in bargaining. Unpaid or compulsory services were prohibited, except in cases of the greatest urgency, and no one was obliged to work, except in accordance with a contract guaranteeing appropriate remuneration. The only exception to those principles was compulsory military service.

49. The institution of *huasacamía* itself was a survival of ancient customs which had persisted since colonial days. The Ecuadorian labour code provided that a peon, and his wife and children if they accompanied him, were entitled under a *huasacamía* agreement to transport, board and lodging, whilst the peon was paid the appropriate daily wage for his work. He agreed that the system might well be discontinued throughout Latin America, but it could in no way be considered as forced labour.

50. Another allegation had been made by the Presbyterian Church of the United States of America, though it was not reproduced in the *Ad Hoc* Committee's report. It was alleged that some eight million indigenous inhabitants of Ecuador were living in a state of peonage. Since the 1950 census figures gave the total population of Ecuador as about three and one-half million, he could not understand how the figure of eight million had been calculated. Nor could he understand in what way *huasacamía* could be considered as forced labour within the terms of reference of the *Ad Hoc* Committee on Forced Labour. Those terms of reference expressly referred to "corrective" labour, which could hardly be equated with the undoubted right of a State to rehabili-

tate offenders by suitable training programmes. It obviously meant forced labour as a means of coercing or punishing those who held certain political views. It was expressly stated that systems of forced labour, to be within the terms of reference of the Committee, had to be on such a scale as to constitute an important element in the economy of a given country. The allegations relating to *huasicamia* and similar practices, made by the Soviet Union, Poland and the WFTU, could not be considered as falling within those terms of reference, and had rightly been rejected by the *Ad Hoc* Committee.

51. He recalled that in paragraph 7 of its report on its second session (E/1988) the *Ad Hoc* Committee on Slavery had stated that it would not attempt to study systems of forced or "corrective" labour, since those were within the competence of the *Ad Hoc* Committee on Forced Labour. He did not see, therefore, why the latter Committee should have concerned itself with matters which fell properly under agenda item 15. Some delegations had seemed to be under the impression that the Committee should consider all forms of forced labour, including servitude. Solutions should certainly be found for all the problems arising from the existence of such systems, but it was important not to confuse terminology. The form of servitude which survived as a legacy of colonial days would be dealt with under agenda item 15. The other form, exemplified by the horrors of the concentration camp and other manifestations of the police State, was under consideration by the Council.

52. Forced labour of that kind was clearly a violation of the principles of the Charter of the United Nations and a proper matter for United Nations action, and for that reason, his delegation would support the six-Power draft resolution (E/L.588/Rev.1).

53. Mr. BORIS (France) did not think that any resolution adopted by the Council could put an end to a discussion which seemed to reflect the deepest and most fundamental cleavage in the modern world. If the dispute were eventually to be settled, it would be a sign that a community of thought had arisen under which every kind of co-operation would be possible.

54. Meanwhile, the best course was to explain and endeavour to persuade by peaceful means. In matters of that kind it was very difficult to remain dispassionate in view of the emotional significance to a post-war generation of the words "forced labour", "concentration camps" and "concentration camp practices".

55. His own delegation had always endeavoured to remain objective. In particular, it had considered whether the absolute prohibition of compulsory labour was applicable equally to a collective and to a liberal economy. There was undoubtedly, however, a concept of forced labour which was repugnant to the human conscience and which should be defined as precisely as possible.

56. At its twelfth session the Council had met that requirement by condemning the principle of any system of forced labour employed as a means of political coercion and which constituted an important element in the economy of a given country. Moreover, in accordance with the French delegation's wishes, the Council had considered that its principal task should be to examine the texts of laws and regulations of all States, and that oral testimony should be used only to confirm the analysis of such texts. Nevertheless, the *Ad Hoc* Committee's task had been extremely difficult. Its members had

worked honestly and conscientiously and had endeavoured to make their findings as nearly universal as possible. They might not have been able to do that if they had not interpreted their terms of reference very widely by considering not only those systems which were employed as means of political coercion, but also those which constituted an important element in the economy of a country and not insisting that their competence began only when both conditions were fulfilled. By acting thus, they had placed themselves beyond any reproach of having criticized only one system or one group of countries.

57. The human conscience was opposed to any system in which political coercion was allied with economic exploitation. The report left no doubt that such systems existed in a number of countries, which appeared to have shown their embarrassment by failing to reply to the Committee's questionnaire and letter. That being so, he wondered whether the Council whilst unreservedly censuring such practices, even if in terms which could only partially reflect the strength of its views, could do more than appeal to such governments to re-examine their laws and administrative practices. Such a review would represent the most striking contribution which they could make to the cause of understanding between nations and universal peace.

58. With regard to systems of forced labour as instruments of political coercion, but without the aggravating circumstances of economic exploitation, his delegation considered that the Committee had done well to obtain the facts in such cases. The coercive measure need not necessarily be forced labour. There was no great difference between inflicting a long term of imprisonment on a man guilty of ideological opposition to the political system of depriving him of liberty by forcing him to work. When membership of a group with an ideology opposed to that of the government or the majority meant transportation to a labour camp or imprisonment, the "cold war" would have been won by the enemies of freedom, which would be eclipsed.

59. The Committee had pointed out that systems of forced labour imposed only for economic purposes constituted an infringement of the Universal Declaration of Human Rights and also a grave threat to fundamental human rights themselves. It might be said that it was in the interests of peoples themselves that there should be strict discipline, including even the obligation to work. That question did arise in under-developed countries and represented a problem for their governments.

60. France had decided in favour of freedom in the territories which it administered, because it considered that the moral force of such a decision would help to teach the populations that voluntary labour would give them the benefit of a better life and full respect for human dignity. It had ratified international Convention No. 29 concerning Forced or Compulsory Labour in its overseas territories. Any infringement of the principles of the Convention was punishable under the penal code. Article 2 of the Act of 15 December 1952 instituting labour code in overseas territories absolutely prohibited forced or compulsory labour.

61. His Government was well aware of the resistance which that legislation might call forth in certain quarters, and the disturbing effect which it might have on sensitive economies. It had accepted the fact that those problems would arise and had considered that it would be able to deal with them. In his Government's view, the guaranteeing of full freedom of labour was an intrinsic

rt of its duty to educate and civilize and to bring
oples which for many years had been backward to a
lization of their human rights and duties.

In view of that position he considered that inter-
national organizations, particularly ILO, should con-
tinue to study the problems of compulsory labour, and
the recruitment and deployment of manpower in sover-
eign States. The return of former members to ILO
would be a favourable circumstance.

Reviewing the history of the Council's discussions
on forced labour, he recalled that in order to meet the
universal pressure of world opinion, the Council had
initiated a discussion which had aroused much attention.
The discussion had not been enough; action had been
called for. It was against that background that the *Ad
hoc* Committee had carried out its task. Forty-eight
States had replied to the questionnaire, but 32 had not.
24 countries to which the Committee had notified
delegations made against them, 14 had either submitted
a reply or had even refused to take note of the docu-
ments. Those figures emphasized the difficulties which
the Committee had met even when it had had a solid
basis for its inquiry. In the case of Albania and the
People's Republic of China even that basis had been
absent.

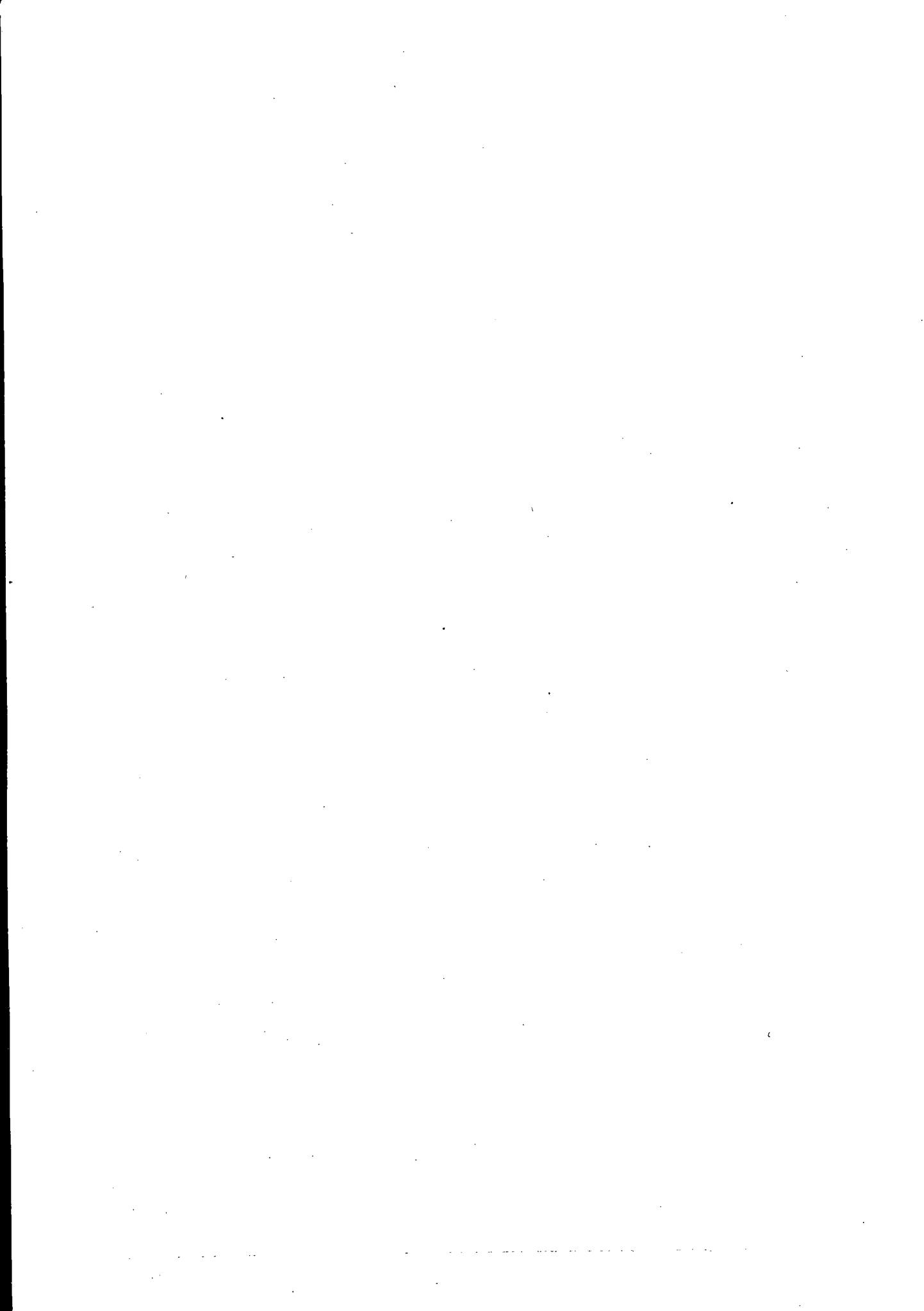
Even so, the Committee's report contained conclu-
sions whose authority was strengthened by their moder-

ation and marked a further step in an advance, which
could not fail to be slow and arduous, towards justice
and freedom.

65. The draft resolution (E/L.588/Rev.1), which was
co-sponsored by France, condemned the principle of
systems of forced labour and carried an appeal to gov-
ernments. Nevertheless, the final word would not have
been said in a discussion of that kind and the draft
resolution therefore requested the Secretary-General,
and invited the Director-General of ILO, to prepare a
further report for the Council's nineteenth session.

66. He was well aware of the inadequacy of the draft
resolution. Naturally, those who suffered and those who
hoped expected more. But those who carried the re-
sponsibility for possible action knew that the most use-
ful and effective course which the United Nations could
take was to enlist the support of world opinion and so
to exert a moral pressure which alone could carry such
a cause to peaceful victory. It was permissible to think
that that moral pressure had already begun to make
itself felt. If the Council had taken the first step to
relieve the suffering of so many men and women, it
might well believe that it had not acted in vain and
would find reason to hope that it could do more in
the future.

The meeting rose at 1 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Costa Rica, Philippines.

The representative of the following specialized agency: International Labour Organisation.

Forced labour: reports of the *Ad Hoc* Committee on Forced Labour (E/2153, E/2276, E/2341, E/2431 and Add.1 to 8, E/L.588/Rev.1) (*continued*)

[Agenda item 14]

GENERAL DEBATE (*continued*)

Mr. GALVEZ (Argentina) said that his delegation had been astonished to find that Argentina and other Latin-American countries were cited in the report of the *Ad Hoc* Committee on Forced Labour (E/2431) as countries in which practices existed which might be regarded as constituting a form of forced labour. Although the Committee had acknowledged that the allegations concerning the Latin-American countries were couched in general terms and that it was consequently not possible to make a detailed study of them, the Argentine delegation could not pass them over in silence. A brief recapitulation of the laws and regulations protecting workers in Argentina would suffice to show how false those allegations were.

With regard to *acasillaje* (payment in kind) referred to in paragraph 217 (e), it should be noted that pursuant to Act No. 11,278, which explicitly prohibited that practice, Argentine employers were bound to pay their workers in legal tender. He gave the provisions of that Act in detail; it strictly regulated wages and prohibited all deductions by the employer except for social security and in certain expressly specified cases. A very strict supervision was exercised and offences were severely punished.

The "labour conditions tantamount to slavery" referred to in paragraph 217 (f) could not exist in the conditions of Argentina, since the working and living conditions of the labour employed on them were gov-

erned by a special statute, the *Estatuto del peón rural*. That statute applied to all enterprises which employed agricultural workers and operated in rural, mountainous or forested areas. The regulations covered the entire existence of agricultural workers, determining wages, housing, feeding, health standards, holidays and rest periods, medical care and discipline. The wage scale was periodically revised in relation to the cost of living. The Ministry of Labour and Welfare, either directly or through its regional branches, carried out investigations on the spot in order to see that the Statute was properly implemented.

4. The Argentine Government was particularly concerned to see that the many labour laws in effect in Argentina were respected. The State itself guaranteed the workers' rights and defended their interests. It ensured living conditions that enabled workers to live decently and to labour effectively for their country's greatness. In the Argentine Government's view, labour was not a commodity, and poverty, wherever it existed, endangered the nation's prosperity.

5. The greatness of every country had always been based on the human element. The chief concern of the State, therefore, was naturally its people. It behoved the State to raise living standards in a way compatible with human dignity, to promote economic progress, to encourage co-operatives and friendly societies and to organize vocational training. The social aims of the Argentine Government were simple: the minimum wage, State welfare work and social security, regulation of work and holidays. Everyone should be paid according to the work he performed, but should be able to lead a decent life.

6. Turning to the joint draft resolution (E/L.588/Rev.1) and the Cuban amendments (E/L.590) he said that his delegation preferred the draft resolution as it stood as it was more in keeping with the views of Argentina.

7. Mr. KOS (Yugoslavia) said that the question of forced labour had long been a subject of international concern. The League of Nations had studied it. The International Labour Organisation had adopted conventions dealing more specifically with freeing the indigenous inhabitants of colonies from exploitation. But despite the time that had elapsed, despite the adoption of the United Nations Charter and the Universal Declaration of Human Rights, the situation had not improved; on the contrary, forced labour had acquired new forms and had added new millions to the list of its victims. Those facts led his delegation to conclude that the question of forced labour should be considered within the widest possible framework.

8. The *Ad Hoc* Committee on Forced Labour had taken as the basis of its work the legislative enactments and the administrative practice of States, but had taken care to keep the governments informed of its findings and to consult them; similarly, it had transmitted to them the information it had drawn from private sources and had sought their opinion of it. In so far as it had been possible, the Committee had endeavoured to work

discreetly and to prevent the use of its activities for propaganda purposes in the interest of particular countries. Finally, although it had confirmed the existence of one form or another of forced labour in some countries (Hungary, Poland, Romania, Spain, Union of South Africa and the USSR), in its general conclusions it had refrained from expressly mentioning any other countries by name and its recommendations were not based on any political considerations. The Yugoslav delegation had wished to emphasize those positive aspects of the *Ad Hoc* Committee's work.

9. Unfortunately, however, the report had a negative aspect. Under its terms of reference (Council resolution 350 (XII)), the Committee had been authorized to take "additional evidence" into consideration if it thought fit besides the texts of laws and regulations and their application. The Yugoslav delegation felt bound to make a reservation regarding the sources from which the additional evidence had been sought. The Committee had collected information from political refugees and organizations which were overtly hostile to a given country and could not be considered objective and trustworthy informants. Evidence of that kind was not admissible in the jurisprudence of many States, and some surprise might be felt that it should have been included in a study conducted under United Nations auspices.

10. The Committee's terms of reference dealt with certain forms of forced labour, doubtless those currently most widespread, but not the only ones. The reason for that limitation of the terms of reference, which was inconsistent with contemporary conditions, could only have been political. The best proof was the fact that the Committee itself had found it impossible to accept that definition of forced labour and had itself defined two separate categories: forced labour for political purposes and forced labour for economic purposes. The Council should draw the pertinent conclusions from that move by the Committee.

11. Unfortunately, the Committee had stopped there. The weakness of its study lay clearly in the fact that it had examined the phenomenon of forced labour not qualitatively—bearing the human element in mind—but, as it were, quantitatively: it recognized the existence of political forced labour only if it amounted to a system. The Yugoslav delegation could not help thinking that the Committee had attached exaggerated importance to the word "system", and that had led it to state that it was competent only in instances in which the existence of forced labour was disclosed by statutes and regulations or by their application and to refuse to take into consideration other forms or instances of forced labour.

12. Nor could the Yugoslav delegation agree with the Committee's decision to take into consideration only instances in which forced labour was an important element in the economy of a country. If that premise were accepted, forced labour could subsist under the auspices of the United Nations itself, provided that it were not extensive; that would obviously be contrary to the basic principles enunciated in the Charter and the Universal Declaration of Human Rights and could only lead to worse disputes and make the solution of a complex problem even harder.

13. The Yugoslav delegation considered that the question of forced labour should be treated from the human angle, not from the political or economic point of view. The Committee should have covered all forms of forced labour and should have taken account of all its phe-

nomena, regardless of their extent or economic effects. To link that question with political considerations could only darken the international horizon even more. He was not intending to preach political appeasement to the extent of claiming that the United Nations should shut its eyes; but to try to exploit the matter for political or ideological purposes would inevitably mean inflicting further hardship on those whom the United Nations was seeking to protect.

14. For that reason the Yugoslav delegation had submitted its amendments (E/L.599) to the joint draft resolution (E/L.588/Rev.1): Their main purpose was to extend the condemnation of forced labour to all forms and instances of that crime.

15. The Yugoslav delegation believed that the first step that ILO should take was to revise the existing conventions so as to bring them into harmony with the principles of the United Nations Charter and the Universal Declaration of Human Rights.

16. His delegation was submitting its amendments in a sincere desire that the United Nations should approach the problem on a truly global scale in order to better man's fate throughout the world.

17. Mr. SPAEY (Belgium) felt it was unnecessary to reiterate that his Government strongly condemned methods of forced labour which were incompatible with respect for the human person, with the United Nations Charter and with the Universal Declaration of Human Rights. However, the report of the *Ad Hoc* Committee on Forced Labour and certain further facts brought up in the course of the current debate seemed to show that in many countries forced labour, employed as a means of political coercion, had become an established institution, often sanctioned by national legislation or by the decisions of the courts. It was particularly regrettable that despite the serious charges made before the Council several countries had not thought it worth their while to give a proper answer to the questionnaires circulated by the Secretary-General. They perhaps hoped thereby to persuade the world that all the charges were baseless, but silence was no answer in the face of so many facts. The Belgian delegation continued to hope that all the countries to which the questionnaire had been sent would reply and would take appropriate steps to put an end to methods which were an affront to the dignity of the human person.

18. Meanwhile so serious a question had to be thoroughly investigated and the Belgian delegation would therefore support the six-Power draft resolution (E/L.588/Rev.1). The Secretary-General and the International Labour Organisation were in a position to continue to examine the question of forced labour with the required objectivity and efficiency and to bring to light the various forms of forced labour in all parts of the world.

19. The Belgian delegation had however to make one reservation. It had on several occasions pointed out that the task of the *Ad Hoc* Committee should be limited to studying and investigating the special form of forced labour carried out in labour camps. It considered that the *Ad Hoc* Committee should not be overburdened with inquiries and studies which were already being carried out by other United Nations organs, particularly the International Labour Organisation, which was achieving most satisfactory results. The Belgian delegation would therefore abstain from voting on paragraph 1 of the operative part of the draft resolution.

D. For similar reasons, he felt that it was neither necessary nor desirable to appoint a rapporteur whose work would duplicate that of the Secretary-General and the International Labour Organisation: he would therefore be unable to support the Cuban amendments (E/L.90).

1. Mr. HSIA (China) congratulated the *Ad Hoc* Committee on its objective and well-documented report (E/2431) which revealed the existence of systems of forced labour employed as a means of political coercion for economic purposes. His delegation nevertheless regretted that the report contained no information on Communist China where probably half of the forced labourers in the world could be found. According to its report, the Committee had been unable to study the delegations relating to Albania and Communist China because documentary material relating to those countries, particularly the laws and regulations, had not been sent or submitted and could not be obtained by the Committee. The Committee's limited terms of reference, which required it to study the nature and extent of the problem of forced labour by examining the texts of laws and regulations and their application, had been one of the greatest handicaps in carrying out its function. The Council should realize that in countries under Communist control the laws and regulations, if any, were rather meaningless. They were as a rule formulated in vague terms in order to suit the purpose of arbitrary prosecution. It was often in such lawlessness that forced labour existed.

2. In order to fill in one of the gaps in the report he would present to the Council some recent information about the situation in Communist China. Forced labour as being practised not in accordance with any specific laws and regulations but through administrative practices based on: first, the "common programme"; secondly, the Statute on the Punishment of Counter-revolutionaries; and thirdly, policies advocated by the Communist leaders.

The "common programme" adopted by the People's Political Consultative Conference in September 1949 provided that the reactionary elements, feudalistic landlords and bureaucratic capitalists, after being deprived of their political rights, should be compelled to work through labour. That was a frank admission that labour was being employed as a means of political coercion. The Statute on the Punishment of Counter-revolutionaries was promulgated in February 1951. The definition of counter-revolutionaries was so arbitrary that any person considered undesirable by the Communists could be prosecuted. As to the policies advocated by the Communist leaders, he quoted a statement by Chou En-lai, the Communist Prime Minister, to the effect that some counter-revolutionaries who had been condemned to death would have their execution deferred for a period of two years during which they would do forced labour on probation.

During the eighth session of the General Assembly, the Chinese delegation had pointed out that the number of people engaged in forced labour in Communist China was over 6,000,000. According to information compiled more recently by the Chinese Federation of Labour, in five public projects alone the number of forced labourers employed was 7,150,000, and the total number of people involved in such projects was estimated at 24,000,000. Most of those labourers were working from twelve to fourteen hours a day and those labour camps were mostly known by their serial

numbers instead of by their names. The labour unions were under the control of Communist secret agents and had become an integral part of the régime. Communist China today was a vast labour camp. Forced labour was being employed not only as a means of political coercion or for economic purposes but also to build up military strength for expansionism, so that it constituted a threat to peace. It was the exploitation of the labourers that had made it possible for the Communists to engage in aggression first in Korea and then in Indo-China.

25. With regard to future work on the problem, the Chinese delegation wished to make certain suggestions. First, systems of forced labour in any of their forms should be emphatically and openly condemned by the United Nations. Secondly, governments, particularly Communist régimes, of those countries where systems of forced labour prevailed, should be requested to re-examine their laws and practices with a view to abolishing such systems. Thirdly, a standing body should be established to watch the forced labour situation in different parts of the world and to recommend measures that might be taken by the United Nations to expedite the abolition of such systems. The body might be established as a standing committee of the General Assembly; it should continue the work of the *Ad Hoc* Committee and collect additional information, especially regarding those countries which were not covered by the report, and should submit recommendations to the United Nations. It should have wider terms of reference than the existing *Ad Hoc* Committee so as to permit it to investigate not only laws and regulations but also practices of forced labour with or without legal basis. Fourthly, the co-operation of the specialized agencies and non-governmental organizations should be further strengthened. In that connexion he wished to pay a tribute to the International Labour Organisation, which had taken part in the work of the *Ad Hoc* Committee and manifested a continuing interest in the question of forced labour as shown by the decisions of its Governing Body in November 1953. He would also draw the Council's attention to the contribution made by the non-governmental organizations such as the International Confederation of Free Trade Unions, the *Nouvelles équipes internationales* and the International Commission against Concentration Camp Practices.

26. In conclusion he stressed that the problem of forced labour was of the utmost importance not only because it involved fundamental human rights and the dignity of the human person but also because it endangered peace and security among nations. Peoples all over the world were looking to the United Nations with great expectations and the Council was under an obligation to see that systems of forced labour, in any of their forms, were abolished.

27. Mr. PEREZ PEROZO (Venezuela) wished first to pay a tribute to the members of the *Ad Hoc* Committee on Forced Labour whose competence, impartiality and integrity deserved the highest praise. The work done by the *Ad Hoc* Committee was an important contribution to the struggle against the evil of forced labour and the report submitted to the Council contained invaluable evidence.

28. On a number of occasions, the Venezuelan delegation to the United Nations had already expressed its formal condemnation of forced labour, which was a practice contrary to the spirit and letter of the Charter, the Universal Declaration of Human Rights and other international instruments and one of the most infamous

attacks on the dignity of the human person. The representatives of the Union of Soviet Socialist Republics and of Poland and the representatives of the World Federation of Trade Unions had alleged at previous sessions of the Council that forced labour existed in nine countries of Latin America, including Venezuela. That was perhaps their way of replying to the similar charges made against the Soviet Union. Those criticisms had not, however, emanated from any of the nine countries concerned, most of which had not been members of the Council at that time. There had been no provocation on their part to justify the quite gratuitous attacks made against them. In its report (E/2431) the *Ad Hoc* Committee had dealt effectively with those allegations; the conclusions stated in paragraph 247 were explicit: examination did not reveal the existence in any of those nine Latin American countries of a system of forced labour within the meaning of the Committee's terms of reference.

29. So far as concerned Venezuela more particularly, he drew attention to his Government's comments (E/2431/Add.8) submitted in a note dated 25 February 1954. The *Ad Hoc* Committee, whose report had been published on 27 May 1953, had not even needed the information provided by the Venezuelan Government to realize how insubstantial were the charges made against the nine Latin-American countries. The additional information thus provided might, however, be useful to the Council and help it to decide exactly how the problem as a whole was to be studied.

30. Those who had spoken of forced labour in Latin America had, to say the least, been guilty of an anachronism; but, not satisfied with confusing different periods of history, they had indulged in abusive generalizations. First, they had ascribed to contemporaries practices belonging to a vanished past, sad remains of the colonial system in America; secondly, they had claimed to discern the features of an organized economic system in a number of isolated facts which were so rare, so contrary to the laws and customs of the States in question that they could not, when they occurred, have any influence on the country's economy.

31. The very names given to the institutions in question had an archaic flavour. The practices involved, all of which affected agricultural workers and had an obviously feudal origin, had been introduced into America by the European colonizers. They had corresponded to certain political, economic and social conditions which had since disappeared. Those conditions had included the predominance of agriculture and cattle-farming, lack of communications, the existence of latifundia and the indifference of the State to the needs of the underprivileged classes. The development of labour legislation, so advanced in the Latin-American countries, increasing industrialization, the extension of communications, the anti-illiteracy campaign and a judicious immigration policy had contributed to the disappearance of the practices in question. If there were still some remains of those institutions in certain Latin-American countries, they certainly did not amount to forced labour as understood by the Council in the terms of reference it had given the *Ad Hoc* Committees (Council resolution 350 (X11)); and the Committee had explicitly affirmed as much in its report. The real test was the attitude of the State. *Pongueaje*, *colonato* and *huasicamia* and the other practices mentioned were undoubtedly examples of wrongful exploitation of man by man; where they occurred in Latin America, they invariably violated the

laws and conflicted with the will of the State. In the case of such practices, the same was true as of other wrongs done by one person to another; the injured party could always claim the protection of the State. The kind of forced labour with which the Committee had been concerned, however, was the kind imposed by the State. In such cases, there was no higher instance to which the victim could have recourse. It was the State which refused him fair wages, denied him the right to leisure, holidays, adequate food, medical attention and social security. When countries applied so harmful a system to a large number of human beings, either in the economic interests of the State, or to eliminate political opposition, it was a tragic irony that those should be accused of forced labour on the basis of the insignificant remnants of obsolete practices.

32. The representative of the WFTU had spoken of *aparcería*, which, he had added, was called *conuco* in Venezuela. In the observations it had sent to the Secretary-General, the Venezuelan Government had explained that the practice in question had been a feature of an earlier stage in the country's agricultural development, and that in any case it had never represented a form of forced labour in the proper sense of the term. The worker had been free to seek employment wherever he liked; he had been the owner of his tools and of what he produced. One would like to be able to say the same about the people subjected to the systems which the *Ad Hoc* Committee had studied.

33. He would like to add that even if it were assumed—mistakenly—that not all the workers in Venezuela enjoyed the protection of the laws and the active care of the authorities, the prevailing shortage of farmland would be enough to prevent any kind of forced labour. Everyone knew that where manpower was immobile, the difficulty of finding employment was the reason why workers accepted unfavourable conditions of work. In Venezuela, the high wages paid in the petroleum industry had attracted the peasants to the centres where work was best paid. That process had been intensified by the industrialization of the country and the development of the building industry in towns and particularly in the capital. In view of the facilities provided by a remarkably well-organized system of communications, it was obvious that nothing would force the Venezuelan agricultural workers to endure unsatisfactory conditions of work in the rural areas if they knew they could find so many advantages elsewhere. Besides, he repeated, the question did not even arise, in view of the effective protection enjoyed by the workers in the country.

34. He reserved the right to speak later in the debate if necessary.

35. His delegation supported the moderately and objectively worded six-Power draft resolution (E/L.58 Rev.1).

36. Mr. ISA (Pakistan) thanked the members of the *Ad Hoc* Committee for their excellent report.

37. It was deplorable to find that in the twentieth century forced labour still existed in some countries, where it was used for political or economic purposes. In those countries the political opponents of the régime were in fact liable to suffer a fate worse than slavery, because the slave-owner of old had regarded his slaves as personal property and had therefore looked after their health.

8. In Pakistan, no person was liable to compulsion; the people enjoyed full freedom. No law and no administrative regulation authorized the use of forced labour as a penalty or means of correction or in any other way; and practice conformed to the law. Furthermore, the laws were enacted by freely elected representatives; there was universal suffrage and all adults, of both sexes, had the right to vote. In those circumstances, coercion was practically unthinkable.

9. Accordingly, his delegation naturally condemned all forms of forced labour. It supported the six-Power draft resolution (E/L.588/Rev.1).

10. Mr. LOOMES (Australia) said he was sorry the Council still had to discuss a matter which was a sad anachronism.

11. The *Ad Hoc* Committee of Forced Labour and its chairman, Sir Ramaswami Mudaliar, deserved to be congratulated on the conscientious and objective way in which they had carried out their important and delicate task. Their report was remarkable for its impartiality and would be of great value to the Council. It was regrettable, however, that the *Ad Hoc* Committee had not obtained all the co-operation it should have received from some countries, whose silence could be regarded as significant.

12. The information the Committee had been able to collect—and the Australian delegation regarded it as evidence, in the legal sense of the term—proved that forced labour still existed in some parts of the world. Admittedly, not all countries had the same idea of civilization, but there was one concept common to them all: that of the worth of the human person as proclaimed in the Preamble to the Charter and in the Universal Declaration of Human Rights. Those two texts should guide the policy of States and inspire not only their work—which meant their constitutions and laws—but also their acts—which meant their daily practice.

13. Acceptance of the Charter and the Universal Declaration carried with it the duty to abolish forced labour everywhere and in whatever form it arose. In that respect, ILO was doing splendid work. He referred to the decisions recently taken by the Governing Body of the International Labour Office (E/2431/Add.2) in connexion with the *Ad Hoc* Committee's report; he hoped that ILO would continue its efforts in that direction.

14. Australia would endorse whatever action the Council took, within the limits of its competence, to put an end to forced labour. It approved, in particular, of the idea of an appeal to be addressed to governments as commended by the *Ad Hoc* Committee. Indeed, the Council's work would only be successful in so far as all the governments would be prepared to give it their full support.

15. His delegation would therefore vote for the joint draft resolution (E/L.588/Rev.1), which had the same purpose as the Cuban amendments (E/L.590), but provided for a better method of work.

16. He reserved the right to speak again on the Yugoslav amendments (E/L.599) after they had been discussed further.

17. The PRESIDENT proposed that the Council should hear the representatives of non-governmental organizations who had asked to make statements under article 86 of the rules of procedure.

18. It was so decided.

48. Miss SENDER (International Confederation of Free Trade Unions) said forced labour would inevitably remain on the Council's agenda so long as the system still existed not only in the Non-Self-Governing Territories but also in sovereign countries where, as proved by many documents and other evidence, it was still more widespread.

49. The *Ad Hoc* Committee's study proved that the accusations made several years earlier had been correct and that the principles which the United Nations stood for were being violated in a number of countries. The *Ad Hoc* Committee had endeavoured to collect all the relevant documentary material and governments and other authorities had been given every possibility of replying to the accusations made against them. It was the Council's duty to study with the same objectivity the legislation and the evidence analysed in the *Ad Hoc* Committee's report.

50. The Communist leaders had made every effort to create the impression that all the accusations of forced labour brought against their governments had been inspired by hatred for their system of government. The Polish and Soviet Governments had described the allegations relating to their countries as slanders. The only way in which the USSR could convince the world that there was no forced labour in its territory would be to permit an investigation on the spot.

51. Her organization had transmitted to the *Ad Hoc* Committee documentary material which could not be disposed of by calling it slanders and lies. The value of that material consisted in the fact that it showed that the system of forced labour was introduced into every country which fell under Soviet domination. Apparently Communist governments could only stay in power by keeping the dominated peoples in constant fear of being deported.

52. In particular, the International Confederation of Free Trade Unions had received evidence from former Polish and Ukrainian political prisoners. In that way it had obtained information about the conditions prevailing in the Warsaw forced labour camp No. 1. Life in that camp was governed by extremely strict discipline. There were very high work norms and the prisoners were paid negligible wages. The ICFTU had also received the testimony of a Hungarian who had been sentenced to four years' imprisonment for having attempted to cross into Austria and had been sent to the forced labour camp at Szabadszallas. According to that witness, the prisoners had to do very heavy work for eleven hours a day. Those who did not fulfill their quota were sent back to prison. As a result of various deductions the prisoners received only a very small part of their wage. The food rations were very inadequate in view of the work which the prisoners had to perform and accommodation was very poor. That witness had also referred to the existence of several other forced labour camps.

53. She then quoted an article published by a Peking newspaper in October 1951 in which the Minister of Public Security had said that a large number of persons had been sentenced to corrective forced labour and described the aims of the system, to which he attached the greatest political and economic importance.

54. The ICFTU also had documentary material concerning a strike which had broken out in the camp of Vorkuta in the Soviet Union; she was prepared to

supply the Council with a detailed report on the occurrence.

55. The answer to those still not convinced by the evidence was that it was open to the countries accused of practising forced labour to refute the charge by authorizing the publication of precise statistics and permitting a commission appointed by ILO to carry out an inquiry on the spot.

56. The Governing Body of the International Labour Office had already taken various decisions in connexion with the report of the *Ad Hoc* Committee (E/2431/Add.2).

57. It was now for the Economic and Social Council to consider what steps should be taken to do away with all systems of forced labour. As forced labour was a means both of political coercion and of economic exploitation, the United Nations should work in close co-operation with ILO. As stated by the *Ad Hoc* Committee in its report, an earnest appeal should first be addressed to all governments concerned to re-examine their laws and administrative practices in the light of existing conditions and the increasing desire of the peoples of the world to reaffirm their faith in fundamental human rights and in the dignity and worth of the human person.

58. The problems created in the Non-Self-Governing Territories by compulsory labour recruiting, the length of contracts of employment, penalties for breaches of such contracts and other measures had formed the subject of a number of recommendations made and conventions prepared by ILO. Apparently, those problems also existed in countries which were fully self-governing. Hence, as suggested by the *Ad Hoc* Committee, international action should be taken either by framing new conventions or by amending existing conventions, so that they might be applicable to the forced labour conditions found to exist among the workers of fully self-governing countries.

59. A study of that situation should be undertaken at once and a programme worked out in which the United Nations and ILO would co-operate. Possibly such action would not be enough to eradicate forced labour, but the United Nations had other means of action, of an economic nature, which might produce better results.

60. Accordingly, either the *Ad Hoc* Committee should be asked to continue its activity or another small committee with new terms of reference should be appointed. The United Nations should not content itself with having established the existence of forced labour systems; it should endeavour to abolish all forms of forced labour. The fight for human dignity and for the basic freedoms was the duty of all free men. The longing for freedom and human dignity was so strong, even in the soul of the most exploited forced labourer, that in the end it would triumph over totalitarianism.

61. Mr. THORMANN (International Federation of Christian Trade Unions) recalled that after the Second World War with its heavy toll of life the peoples of the world had put all their faith in the international organization set up at San Francisco and in its pledge to "reaffirm faith in fundamental human rights, in the dignity and worth of the human person". Indeed, they knew instinctively that so long as man's longing for dignity, freedom, and freedom from want was not fulfilled, international agreement and co-operation would remain empty words. That explained the warm welcome given to the Universal Declaration of Human Rights at

its proclamation on 10 December 1948: the people of the world saw in it a common ideal towards which all men of goodwill should strive. The Universal Declaration of Human Rights and the United Nations Charter were the most eloquent expression ever given to the highest aspirations of all mankind.

62. It was the more deplorable, therefore, to have to note that in spite of all those solemn pledges nations had not yet given up certain practices which disregarded the most fundamental freedoms. The *Ad Hoc* Committee's inquiry unfortunately showed beyond any doubt that there were still countries which applied forced labour systems, either as a form of political coercion or punishment or for economic reasons.

63. The *Ad Hoc* Committee had produced an excellent informative and objective report. His organization endorsed the conclusions appearing in paragraphs 548 to 561 of that report, but hoped that its publication would not end the Committee's work. As it had itself pointed out, it had not always been able to obtain the information necessary for forming conclusions concerning the *de jure* and the *de facto* situation prevailing in particular countries; in any case, the situation might well alter. He supported the idea of appealing to all governments concerned to re-examine their laws and administrative practices in the light of existing conditions and the increasing desire of the peoples of the world to reaffirm faith in fundamental human rights and the dignity and worth of the human person.

64. As a trade-union organization, the Federation was particularly concerned with the system of forced labour applied for economic purposes and had carefully examined the *Ad Hoc* Committee's conclusions on that point. It supported fully the recommendation that governments which had not already done so should be invited to ratify the ILO conventions as early as possible, particularly Convention No. 29 concerning Forced or Compulsory Labour. It also shared the *Ad Hoc* Committee's view that the problems raised by compulsory labour, labour recruitment, the length of contracts of employment, the penalties for breaches of such contracts and other measures, which had been considered mainly in connexion with "indigenous" workers, should also be considered in relation to workers in self-governing countries.

65. The Federation had noted with satisfaction some recent decisions of the Governing Body of the International Labour Office, particularly its decision to place on the agenda for the 37th session of the General Conference the question of penal sanctions for breaches of contract of employment. It could be taken for granted that ILO would continue, within the limits of its competence, to press for the abolition of the objectionable institution of forced labour.

66. However, ILO would be sure of obtaining the best results through close co-operation with the United Nations, and the latter should most solemnly reaffirm how seriously it regarded the matter, for certain types of forced labour, such as forced labour as a means of political coercion, might fall outside the competence of ILO, and the United Nations would be betraying the trust placed in it by millions of people if it ignored such flagrant violations of human rights. For that reason the Council should devise a procedure to enable the United Nations to discharge its responsibilities in the matter. Such a procedure should be conceived in such a way that the United Nations and ILO could take into account not only the opinions of governments and spe-

alized agencies but also the views of accredited non-governmental organizations. No source of possible assistance should be neglected in dealing with so important a task.

7. Mr. DESSAU (World Federation of Trade Unions) said that his Federation was directly interested in the effective elimination of forced labour in all its forms, that it had taken an active part in the Council's debates on forced labour and in particular that it had applied a series of detailed reports.

8. The time had come for a general appraisal of the Council's action in the light of the report of the *Ad Hoc* Committee on Forced Labour, which had been produced on the lines laid down in resolution 350 (XII). The World Federation of Trade Unions had carefully studied the report and had also sent extracts from it to various trade-union organizations with a request for comments. The views which he was submitting were based on the replies of those organizations.

9. A first general observation was that the *Ad Hoc* Committee's conclusions bore no relation to the facts, however incomplete, given in the report. In several instances the Committee had described forced labour practices and had then immediately proceeded to conclude that forced labour did not exist in the countries or territories concerned. A number of arguments had been used to justify such contradictions; for instance, the Committee stated that the practices discovered did not play an important part in the economy of the countries concerned and that therefore there was no forced labour. It had proceeded in that way in dealing with certain facts reported in Ruandi-Urundi (paragraphs 108 to 114 of the report), Paraguay (paragraph 239), certain Latin-American countries, (paragraph 223), the Cameroons and Nigeria (paragraphs 468, 469 and 470), Nigeria separately (paragraph 487), Malaya (paragraph 478), Tanganyika (paragraph 483), Southern Rhodesia (paragraphs 489 and 490) and Kenya (paragraph 494). It was difficult to accept the Committee's refusal to recognize such forced labour practices for what they were without having made an inquiry into the actual situation.

10. In other passages in its report the Committee spoke of legislative provisions which made forced labour unlawful, but apparently it had not bothered to inquire whether the legislation cited was applied in practice or not. On the other hand, in several instances it said that provisions introducing forced labour were not applied. That being so, the report lost all claim to being an objective document. For example, the Committee mentioned legislation forbidding forced labour in New Guinea (paragraph 92 of the report), French-administered territories, Sierra Leone and Northern Rhodesia; yet the WFTU had recently received evidence proving that in some of those territories the provisions in question were not being applied properly. Accordingly, the conclusions given in the report did not agree with the facts. As the Indian representative had said at the eighth session of the General Assembly, it was not enough for forced labour to be forbidden by statute.

11. Nor had the Committee reported what were the effects of legislation instituting forced labour in various forms; instead it had simply said that, if applied, the legislation might give rise to forced labour systems. That was the attitude it had taken with regard to Nauru (paragraph 86 of the report), the Belgian Congo (para-

graphs 103 and 107), Mozambique, the Union of South Africa and Kenya (paragraph 496).

72. In some instances the Committee had noted the existence of laws and regulations instituting forced labour, but had stated that it had no evidence from which to conclude that forced labour in fact existed; examples were its comments on Ruanda-Urundi (paragraph 110 of the report) and in respect of Portuguese non-metropolitan territories (paragraph 271)—which again suggested that it had not seriously inquired into situations affecting a large body of workers.

73. Finally, the report by no means reflected the actual state of affairs in colonial territories and under-developed countries, areas in which forced labour was common practice. Some countries were not even mentioned, and in the case of others, the information given referred only to partial or secondary aspects of the matter. Generally speaking, the Committee had supplied no reliable information concerning the application of forced labour legislation, the number of workers involved, or the inhuman living conditions forced upon those unfortunates. The trade-union organizations noted, however, that forced labour existed in the colonial territories and under-developed countries, that it was perpetuated and extended in those countries by representatives of financial interests and colonialist's who were determined to exploit the workers to the utmost, and that it took various forms, including all sorts of enforced tasks, penalties, enforcement measures to secure the payment of taxes, compulsory cultivation, the employment of arbitrarily imprisoned persons and collective recruitment of migrant workers.

74. The fact that the report did not reflect the real situation was partly due to the method of inquiry which had been adopted. The Committee had contented itself with analysing documents without direct knowledge of the facts analysed. The main reason for the imperfections of the report, however, were implicit in the very nature of the Committee's terms of reference. The terms of resolution 350 (XII) had so channelled the Committee's work that an objective study could not have been expected. In fact it had been an undertaking of a disputable nature, and that had no doubt been the intention of those who had submitted the item to the Council. That was the origin of the flagrant contradictions in the report. The Committee cited a series of facts, significant though incomplete, relating to colonial territories and yet had refused to admit that forced labour existed in those countries. The Indian representative, speaking at the 531st meeting of the Third Committee of the General Assembly, had also stressed the danger of the formula adopted, saying that if the *Ad Hoc* Committee's opinion was accepted, forced labour would continue to exist in the world with United Nations sanction.

75. The WFTU, to which were affiliated the trade-union organizations of the USSR, the People's Republic of China and the peoples' democracies, and which regularly sent delegations and missions to those countries, was sufficiently aware of the state of affairs in those countries to be able to affirm that the allegations of forced labour were devoid of all foundation and nothing useful would be achieved by wasting time upon them.

76. The ideas held in the past by the majority of the Council could neither lead to positive results nor strengthen the Council's authority nor help to fight forced

labour. That fight was being continued, in spite of all obstacles, through the determination of the workers and the persevering efforts of the trade-union organizations. An example of such efforts was the adoption of the labour code in 1952 in the African Territories under French Administration, as a result of combined action by the trade unions affiliated to the WFTU and to the International Federation of Christian Trade Unions, and the leading independent trade unions. That code proclaimed the absolute prohibition of forced labour, in itself a step forward; the intention now was to go further and to secure the effective application of the principle so recognized. That example indicated the

decisive part which trade-union organizations were playing in the fight against forced labour.

77. The workers in countries where forced labour was common placed great hopes in the United Nations, and the Council would therefore enjoy the complete support of the working populations if it took effective action. In order to do so, it would have to alter its methods and revise its ideas. He hoped that the Council would take up a different attitude which would enable it, with the unreserved support of the trade-union organizations, to take effective action for the elimination of forced labour in all its forms.

The meeting rose at 5 p.m.



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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile.

The representatives of the following specialized agencies: International Labour Organisation, World Health Organization.

Forced labour: reports of the *Ad Hoc* Committee on Forced Labour (E/2153, E/2276, E/2341, E/2431 and Add.1 to 8, E/L.588/Rev.1) (*continued*)

[Agenda item 14]

GENERAL DEBATE (*continued*)

1. Mr. NOSEK (Czechoslovakia) wished to point out before speaking of the report before the Council (E/2431), that the *Ad Hoc* Committee had had neither the authority nor the competence to study the question of forced labour, for it had been composed, not of representatives of the workers, but of persons belonging to the ruling classes of the countries from which they came, who had never concerned themselves with the sufferings, interests and needs of the oppressed and exploited masses. The Committee had deliberately restricted its powers to a point where it could not show, even incidentally, any impartiality or objectivity, and had at the same time agreed to become the instrument of a campaign of slander against the USSR, Czechoslovakia and the other peoples' democracies. As a result of the Committee's refusal to consider isolated cases of forced labour imposed by individuals or organizations in violation of national law, or occasional measures adopted by a government in exceptional circumstances or for a clearly defined period, the conclusions reached could only be ridiculous, from the point of view both of the workers' interests and of the principles enunciated

in the United Nations Charter, by which the Committee's work should have been guided. Thus, the Committee had decided not to study cases of forced labour in colonial countries, whose peoples, cruelly exploited and oppressed, needed United Nations help. The Committee seemed to have only the interests of the capitalists at heart and to have completely ignored the interests of the exploited classes. An example of that was to be found in the way in which it had tried to justify by pseudo-legal arguments the forced labour of hundreds of thousands of Mexican workers employed in the United States of America.

2. The same bias was reflected in the speech of the United States representative, who had told the Council a number of fairy-tales about the alleged existence of systems of forced labour in the Soviet Union, the People's Republic of China and the peoples' democracies. Mr. Hotchkis would have been better advised to refer to the reports of the meetings of the United States Congress (No. 23 of 8 February 1954) where he could have found the text of a very eloquent statement by Mr. John F. Shelley in the House of Representatives on the deplorable condition of the Mexican agricultural workers employed in the south-western states of the United States.

3. If the *Ad Hoc* Committee had wanted to show impartiality and objectivity, it should have studied all aspects of the question instead of deliberately excluding from its survey obvious cases of forced labour such as the one to which he had just referred.

4. Ignoring the principles set forth in the United Nations Charter and the provisions of the Universal Declaration of Human Rights, the Committee had deliberately excluded from its survey not only the question of slavery but also the question of the living and working conditions of the indigenous peoples in the Non-Self-Governing Territories, as well as, generally speaking, all matters relating to problems and conditions of labour, in other words, all the most characteristic aspects of forced labour in the capitalist countries. It had interpreted in the most arbitrary fashion the already tendentious provisions of Council resolution 350 (XII) by giving the impression, in the questionnaire it had sent to all governments, that forced labour was a necessary concomitant of a planned economy. The Committee had thus succeeded in providing a free outlet for all the falsehoods and slanders aimed at the USSR, Czechoslovakia and the other peoples' democracies, where the existence of forced labour was impossible, since those countries had abolished once and for all the exploitation of man by man.

5. Judging by the questionnaire, the Committee seemed to have paid far less attention to isolated cases of forced labour and to forced labour in general in capitalist economies. Such an attitude was only to be expected from a committee on which workers were not represented and which had preferred to hear so-called experts rather than victims of forced labour themselves.

6. The Committee had gone so far as to accept the collaboration of various absolutely discredited groups

of exiles and traitors who received American funds under the Mutual Security Act and who had become the instruments of hostile campaigns directed against the USSR and the peoples' democracies. The Committee's delay in giving a hearing to the newspaperman, Mr. Stetson Kennedy, who had prepared a memorandum on forced labour in the United States and its refusal to hear American forced labourers were specific examples of the tendentious manner in which it had conducted its investigation.

7. By excluding from its terms of reference the questions of full employment, the equality of the rights of men and women, living standards, racial discrimination, the equality of all nations, whether great or small, the Committee had taken no account of the provisions of the Charter relating to the respect for human rights and for fundamental freedoms for all, without any distinction as to race, sex, language or religion.

8. The Committee had reached particularly absurd conclusions regarding the accusations made against the USSR and the peoples' democracies. For instance, as regards Czechoslovakia, the Committee had deliberately distorted the meaning of provisions of the Czechoslovakian legislation concerning the "planned placement of young people", the "placing of persons not previously employed", the utilization of "redundant or otherwise superfluous labour for the tasks of the Five-Year Plan", and "creating reserves of labour". The Committee was nevertheless obliged to note that none of those provisions expressly provided for compulsion. But as it did not want to recognize that there was no forced labour in Czechoslovakia, it alleged that a certain degree of compulsion was not impossible. The Committee seemed to forget that it had been set up to establish facts and not to inform the Council of its personal opinions supported by the statements of traitors, renegades, criminals and mercenaries employed by foreign espionage services. Paragraph 149 of the report (E/2431) showed how the *Ad Hoc* Committee, by taking parts of sentences out of their context, attempted to give a false idea of the provisions of sections 33 and 39 of the Czechoslovak Administrative Penal Code. The Czechoslovak delegation wished to emphasize that those provisions had never been used to prevent young people from freely choosing any unemployment or profession. On the contrary, they ensured harmony between the interests and wishes of young people and the interests of the economy and the economic planning of Czechoslovakia. For the Committee, the "placing of persons not previously employed" was synonymous with forced labour; on the other hand, work was said to be "free" in the capitalist countries where numerous young people, after leaving school, did not succeed in finding employment and were obliged, in order to live, to accept any employment for any wage, unless, as was the case in the United States of America, forced unemployment drove them to crime or delinquency. Similarly, the *Ad Hoc* Committee also regarded as a measure of coercion the "planned placement of young people" and other measures designed to enable young people to develop their talents and knowledge. There were in the United States and certain other capitalist countries millions of apparently "free" women who would like to find employment in order to protect their families from hunger and want but who could not do so because there was no employment. On the other hand, in Czechoslovakia women could easily find employment for which they were paid the same wages as men. The existence of crèches and kindergartens enabled them to work without having to

worry about their children and homes. He reminded the Committee that women workers in Czechoslovakia were entitled to eighteen weeks' maternity leave. The *Ad Hoc* Committee claimed that it had taken into account the spirit of the Czechoslovakian legislation, but it had disregarded its chief aim, which was the welfare of the population.

9. In 1933, capitalist and "free" Czechoslovakia—according to the Committee's criteria—had had 738,000 unemployed of whom only one-third received small unemployment benefits from the trade unions. In the Czechoslovak people's democracy there was neither unemployment nor under-employment. The number of people employed in the national economy was increasing year by year. A comparison should be made between that situation and that in the United States where there were 4 million unemployed, in addition to millions of persons only partially employed. No doubt the Committee regarded that as the very height of "freedom". In Czechoslovakia from 1949 to 1953 the average workers' wages had increased by 35 per cent and that of industrial workers by 56 per cent. However, the Czechoslovak Government had, during the past year, carried out several price cuts which had resulted in an increase in real wages. As regards the position of Czechoslovak women, he wished to point out that in 1953 the number of employed women had accounted for 35 per cent of the total number of employed.

10. Nor had the Committee given any attention to the status of Czechoslovak youth. In 1951 and 1952 800 vocational training schools had been opened in Bohemia and they were attended by over 90,000 young apprentices, who lived in modern and well-furnished hostels; they were housed, fed and clothed, had their clothes laundered free of charge, and were entitled to a cash allowance. In 1953, the Czechoslovak Government had spent 992,765,000 Czechoslovak crowns on the training of young workers. While in the United States of America and certain other capitalist countries which according to the Committee enjoyed "freedom of work" hundreds of thousands of young people tried in vain to find employment, Czechoslovakian schools for manpower reserves trained every year tens of thousands of young highly specialized workers who were certain of finding well remunerated employment; of improving their qualifications and of obtaining promotion in the trade they had chosen.

11. The steady improvement in workers' living conditions was not the exclusive privilege of Czechoslovakia. It could also be observed in all the peace-loving countries, in the Soviet Union, the People's Republic of China and all the peoples' democracies.

12. During the discussion, the People's Republic of China had been the target of unjustified and lying accusations. As the representative of the USSR had already convincingly refuted those slanders, he would confine himself to emphasizing one point, namely that the economic, social and cultural progress achieved by the People's Republic of China was clearly demonstrated by the fact that in one year the purchasing power of the Chinese worker had increased by 20 per cent; and considering that the Chinese people represented one-quarter of the world's population it had to be admitted that such an improvement could be due only to free and enthusiastic work.

13. Similarly, it was thanks to the rapid development of agriculture and the consumer-goods industry that the living standards of the peoples' democracies were rising

steadily; the price-cuts carried out in 1953 and 1954 in Poland, Hungary, Bulgaria and Czechoslovakia had resulted in a considerable increase in the real income of each family in those countries.

14. Those convincing facts were enough to show the slanderous nature of the conclusions reached by the *Ad Hoc* Committee, which had readily lent itself to a campaign of defamation of the USSR and the peoples' democracies and had not even concealed its lack of impartiality and objectivity. Subjected to the pressure of the capitalist circles of certain countries, the *Ad Hoc* Committee had refused to examine certain universally known facts, namely the forced labour, brutal exploitation and deprivation of all rights to which large sections of the working class in the United States of America and certain other capitalist countries and their colonies were subjected. In those countries workers were condemned to live in the fear of losing their employment and had to accept working conditions which were often tantamount to servitude and forced labour.

15. As regards the United States of America it was sufficient to say that one-third of the Negroes living in the southern states did not have a single representative of their race in the federal or local bodies; American Negroes lived practically under the same conditions as before the abolition of slavery. The *Ad Hoc* Committee had deliberately ignored the fact that nearly 5,500,000 persons in the United States were subjected to inhuman exploitation and practically held as slaves for debt: they were the three or four million Mexican "wet-backs" who worked under the same conditions as the slaves in the south-western plantations, the 600,000 Americans of Mexican origin and hundreds of thousands of migrant workers who were compelled partly by hunger and unemployment and partly by brutal oppression, with the complicity of the authorities, to accept conditions that amounted to servitude and forced labour.

16. Nor had the *Ad Hoc* Committee taken into account the accusations, supported by facts, which had been made concerning the methods employed in the colonial countries for obtaining manpower. All those considerations showed that the *Ad Hoc* Committee, in its work and its conclusions, had sided with those who hated and fought the peoples' democracies because they had, in their own countries, done away with the exploitation of man by man, unemployment and injustice.

17. The Czechoslovak delegation categorically rejected the conclusions of the *Ad Hoc* Committee and considered that the duty of the Economic and Social Council was to adopt a resolution stating that it had not taken note of the report of the *Ad Hoc* Committee.

18. Before concluding, he wished to make a few comments concerning the statement made by the representative of Cuba at the 782nd meeting. In his hatred for all countries in which the government was not in the hands of capitalist exploiters, the representative of Cuba had launched into a violent diatribe against the USSR and the peoples' democracies. He had, no doubt, spoken on behalf of the ruling circles of Cuba but surely not on behalf of the 500,000 Cubans who were permanently unemployed or the 500,000 sugar plantation workers who were unemployed every year from June to January.

19. The representative of Cuba had taken the trouble of telling horrifying stories about the situation in Czechoslovakia but he seemed to have forgotten the millions of Cuban workers who lived in misery and

were compelled to submit to a system of forced labour under conditions established by the capitalist employers. In order to impose their will upon the working class, the ruling circles in Cuba had not hesitated to resort to terrorist methods, as could be seen from an article published in *The New York Times* of 13 January 1954 under the title "Terror charged in Cuba". The avowed policy of the ruling circles was condemning the Cuban people to a wretched existence and to working conditions indistinguishable from forced labour. The dictatorship that had seized power replied to the legitimate protests of the people by imprisonment, torture and systematic persecution. The whole world had condemned that policy, and during its third congress in October 1953, the World Federation of Trade Unions had pointed to the sufferings of victims of oppression in Cuba and other parts of the world in its message to the workers.

20. Not wishing the world to know the working conditions imposed on the Cuban working class, the rulers of the country had in 1953 issued a decree placing severe restrictions on the dissemination and transmission of news. *The New York Times* of 22 August 1953 had delivered a strong attack against that decree, which seriously threatened the freedom of the Press. No decree could, however, prevent the truth from becoming known. On 14 February 1954, *The New York Times* had noted that democracy was in retreat in Cuba and that Batista's *coup d'état* had roused a profound feeling of national humiliation.

21. The Cuban representative's statements could do nothing to change those truths, nor could they set aside the fact that the Czechoslovak people was working to secure a prosperous and happy future in the most complete freedom and in an unprecedented environment of economic and cultural development.

22. Mr. ASIROGLU (Turkey) stated that the attitude of the Turkish delegation, which was a co-sponsor of the joint draft resolution, was based on two essential considerations, the purely humanitarian aspect of the problem and respect for the principles set forth in the United Nations Charter and the Universal Declaration of Human Rights.

23. The Commission on Human Rights had recently successfully completed the preparation of the international covenants on human rights which would be submitted to the Economic and Social Council at its eighteenth session and then to the General Assembly at its ninth session. There had been a most encouraging spirit of understanding and co-operation among all the delegations to the Commission on Human Rights. Admittedly, certain differences of opinion had arisen on some essential points, but agreement on questions of principle had been unanimous, especially with regard to the recognition of and respect for human rights. At last, the world might hope that the principles set forth in the Charter and the Universal Declaration of Human Rights would soon be put into practice. Unfortunately, the tone of certain speeches recently made in the Economic and Social Council as well as the facts revealed in the report of the *Ad Hoc* Committee on Forced Labour (E/2431) were such as to warn public opinion against hoping for too much too soon.

24. The Turkish delegation had studied the *Ad Hoc* Committee's report from a purely humanitarian point of view and considered that the Committee had fulfilled its task admirably and that there were no grounds for

doubting the impartiality of its members, whose competence and integrity were universally recognized.

25. The *Ad Hoc* Committee had first of all carried out a general inquiry, for which it had requested the assistance of governments, non-governmental organizations and private individuals. It had prepared a questionnaire for submission to all the governments, of which forty-eight had replied while thirty-three had refrained. The Committee had also consulted the governments of twenty-four countries against which charges concerning the existence of forced labour had been made, and of those fourteen had not replied.

26. The *Ad Hoc* Committee had then passed on to a very careful examination of the problem and the evidence before it. It had arrived at the conclusion that there were in the world two main systems of forced labour, one applied as a means of political coercion and the other practiced for economic purposes. It had established that the domestic legislation of certain countries enabled the authorities to resort to forced labour as a method of pressure and compulsion against citizens whose political ideas did not agree with those of the régime. There was no possible way of establishing an analogy between such a system of political re-education and the social rehabilitation of criminals. The purpose of the former system was to annihilate all opposition to the political régime while the purpose of the latter was to reinstate the criminal in society by teaching him a trade.

27. With regard to forced labour for economic purposes, the *Ad Hoc* Committee had found that in some countries large-scale public works had been and were being carried out by means of penal colonies and collective labour camps. It should be observed that that type of forced labour existed in various parts of the world in differing forms according to the countries or territories in which that new type of human slavery was practised.

28. It was intolerable that in modern times individuals should be forced to work under inhumane conditions. It should therefore be noted with satisfaction from the *Ad Hoc* Committee's report that the status of workers in some countries and territories was improving through the efforts of the International Labour Organisation. The *Ad Hoc* Committee had pointed out that the labour conventions prepared by ILO had been ratified by some of the countries in question and that a satisfactory improvement had been noted.

29. The Turkish delegation regarded the existence of forced labour in any form whatsoever as completely incompatible with the principles enunciated in the United Nations Charter. Those States which had signed the Charter had indeed undertaken to promote universal respect for human rights and freedoms for all without any distinction. In 1948 the General Assembly had solemnly proclaimed that everyone had the right to life, liberty and security of person, that no one should be held in slavery or servitude and that everyone was entitled to all the rights and freedoms set forth in the Universal Declaration of Human Rights.

30. The Turkish delegation was fully aware of the obligations which its Government had assumed by signing the United Nations Charter and the Universal Declaration of Human Rights and had deemed it its duty to be a co-sponsor of the joint draft resolution on forced labour (E/L.588/Rev.1) because it considered that that resolution would induce those responsible not only

to search their conscience but also to re-examine the laws and administrative practices in force in their countries.

31. Mr. SAKSENA (India) brought out the point that whatever opinion might be held on the validity of the conclusions reached by the *Ad Hoc* Committee on Forced Labour or the justice of their recommendations, a tribute should be paid to its three outstanding members who had brought remarkable intellectual and moral qualities to bear on a difficult and thankless task.

32. The Committee had begun by interpreting its terms of reference, not an easy task in view of the wording of resolution 350 (XII) of the Council. After a long and detailed study of the text of the draft resolution and the recorded discussions of the Economic and Social Council and the Governing Body of the International Labour Office, the Committee had decided that although its inquiry would cover both political and non-political aspects of forced labour its study would nevertheless be confined to systems of forced labour as revealed in the texts of laws and regulations or their application, when such systems existed on a wide scale. In other words the Committee had decided to consider only instances of forced labour sanctioned by law or administrative practice. Since most aspects of non-political forced labour did not come under that definition, there was inevitably a big gap in the report, which was bound to reduce the value of its conclusions.

33. Furthermore, the Indian delegation could not agree that forced labour was tolerable even when sanctioned by the law and not applied permanently, for the slightest threat to the dignity of the human person could not be tolerated without weakening the Council's position in its campaign against forced labour. The *Ad Hoc* Committee was aware of that fact, since in paragraphs 553 and 554 of its report (E/2431) it recognized the existence, in Non-Self-Governing Territories as well as in certain self-governing countries, of systems of forced labour for economic purposes, which not only subjected a fraction of the population to conditions of misery unfit for human beings but would inevitably result in a gradual deterioration of the status and dignity of free workers in those countries. The Committee's recommendations on that subject were contained in paragraph 560.

34. Owing to the Committee's interpretation of its terms of reference it had neglected certain aspects of forced labour, thereby leaving a vast field unexplored. It had alluded to certain laws and practices enforced in various parts of the world, however, and had reached the conclusion that if the enforcement of those measures was accompanied by abuse or excessive severity it would be equivalent to the general imposition of forced labour for economic purposes. In that connexion, it might be said that virtually all the countries to which the Committee had extended its inquiry had laws the enforcement of which might well result in some form of forced labour. The Committee had carefully refrained from judging the complaints it had received in that respect. In the course of the current debate, however, serious charges had been made against certain countries and it was incumbent upon their representatives to join issue on those allegations. For its part, the Indian delegation considered that it was bound to supply certain information regarding the situation in the Union of South Africa.

35. He recalled, first, the conclusions reached by the Committee regarding the Suppression of Communism

Act of 1950 (paragraphs 370 and 374) and he proceeded to read paragraphs 372, 373 and 374 of the report dealing with the economic aspect of the problem in the Union of South Africa. In the light of those considerations the South African Government's reply to the allegations made against it could hardly be regarded as satisfactory. He then read a passage from a book by Mr. E. S. Sachs entitled *The Choice before South Africa*, which contained a description of the miserable condition of the indigenous miner. Any doubt as to the objectivity of Mr. Sachs' views could be dispelled by reference to an article in *The New York Times* of 19 February 1954 entitled "Malan Drafting New Negro Curbs", concerning the new legislative measures that the Malan Cabinet intended to introduce in order to restrict the Negro population's employment opportunities, right of vote, educational opportunities, and so on. He also cited the testimony of Mahatma Gandhi's son—recently imprisoned for deliberate contravention of certain arbitrary statutes—on the terrible living conditions in South African prisons and "corrective" institutions.

36. He had felt it his duty to mention those facts because the terms in which resolution 350 (XII) was couched might give the impression that the Council's purpose in setting up the *Ad Hoc* Committee on Forced Labour had been to fan the flames of propaganda warfare rather than to relieve human suffering. The debate on 23 April (782nd and 783rd meetings) had unfortunately only confirmed that impression. The Council had heard the methods applied by certain European countries denounced in violent terms. He would not go into the substance of those allegations, but he thought it would be most regrettable if the Council should give the impression that its basic purpose was to mobilize public opinion against a given country rather than to find a means of combatting the scourge of forced labour, wherever it might occur.

37. It had not been his intention to take so much of the Council's time, but he had felt bound to draw the Council's attention to the treatment of workers in the Union of South Africa, in order to place matters in their proper perspective. Forced labour was not a monopoly of countries espousing a given ideology. The Council should not only avoid giving the impression that its action was based on political motives but should show by word and deed that it was as much concerned with the welfare of the human beings living in Africa as with that of the inmates of labour camps in Europe. No race, colour or creed was immune to suffering and all suffering deserved compassion. All acts of cruelty or oppression should be condemned with equal vigour, whatever the underlying motives. Rather than succumb to the temptation to pursue the "cold war" in the Council, the members should search their consciences.

38. The Council should study the problem from a practical point of view. Forced labour could be eliminated only if the countries concerned voluntarily collaborated to suppress it. As there was no question of resorting to war, the only means of obtaining the desired objective was to mobilize public opinion and to seek to win the goodwill of the countries in which forced labour existed in some form or other. To take a realistic view, it had to be recognized that the existence of forced labour in certain countries might well be the result of the hatred and fear engendered by the "cold war". With the relaxation of international tension that hatred and fear would be replaced by confidence and

most of the manifestations of the disease would disappear. Political forced labour was a symptom of political insecurity; consequently it would be futile to expect condemnation alone to remedy the lot of its victims, but if condemnation was called for, it should be directed at all forms of forced labour, without distinction.

39. For those reasons, his delegation could not vote in favour of paragraph 3 of the joint draft resolution (E/L.588/Rev.1). Similarly, it did not believe that the Cuban proposal (E/L.590), calling for the appointment of a special rapporteur, was likely to facilitate the solution of the problem. It would vote for the Yugoslav amendments (E/L.599).

40. In conclusion, he said India sympathized with all the men and women throughout the world who were under the yoke of servitude. The International Labour Organisation was the agency best qualified to assist those victims. It had had long experience and deserved praise for the excellent work that it had already accomplished in that sphere.

Recognition and enforcement abroad of maintenance obligations: report of the Social Committee (E/2567)

[Agenda item 17]

41. The PRESIDENT presented the report of the Social Committee on agenda item 17, concerning the recognition and enforcement abroad of maintenance obligations (E/2567). The item had been referred to the Social Committee in accordance with the decision taken by the Council at its 757th meeting.

42. He put to the vote the draft resolution recommended by the Social Committee (E/2567).

The draft resolution was adopted by 16 votes to none, with 2 abstentions.

Statelessness: (a) Draft protocol relating to the status of stateless persons; (b) Problem of statelessness: consolidated report by the Secretary-General under Council resolution 352 (XII) and memorandum by the Secretary-General on the action taken by the International Law Commission: report of the Social Committee (E/2580)

[Agenda item 16]

43. The PRESIDENT presented the report of the Social Committee on agenda item 16, concerning the question of statelessness (E/2580). The item had been referred to the Social Committee in accordance with the decision taken by the Council at its 757th meeting.

44. He put to the vote consecutively draft resolutions A and B recommended by the Committee (E/2580).

Draft resolution A was adopted by 7 votes to 2, with 9 abstentions.

Draft resolution B was adopted by 11 votes to 2, with 5 abstentions.

45. Mr. KOTSCHNIG (United States of America) explained that his delegation had abstained in the vote on draft resolution A because the measures in force in the United States of America with respect to the protection and the rights of stateless persons were much more liberal than those in the Convention Relating to the Status of Refugees and those that it was proposed

to include in the protocol relating to the status of stateless persons.

46. His delegation had also abstained in the vote on draft resolution B, as it did not accept all the principles underlying the work of the International Law Commission. His Government had stated its position on the matter in the reply that it had recently addressed to the Secretary-General.

47. Mr. GARCIA OLANO (Argentina) said that his delegation had also abstained in the vote on draft reso-

lution A for the following reasons: first, the question of statelessness did not arise in Argentina, which was a land of immigration, where aliens and stateless persons could easily acquire Argentine nationality; secondly, his delegation felt, in view of the small number of countries that had submitted replies to the Secretary-General and the negative or conditional nature of most of the replies, that the time was not yet ripe for a conference of plenipotentiaries.

The meeting rose at 12 noon.

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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Costa Rica, Dominican Republic.

The representative of the following specialized agency: International Labour Organisation.

Forced labour: reports of the *Ad Hoc* Committee on Forced Labour (E/2153, E/2276, E/2341, E/2431 and Add.1 to 8, E/L.588/Rev.1) (*continued*)

[Agenda item 14]

GENERAL DEBATE (*continued*)

Mr. NUÑEZ PORTUONDO (Cuba) recalled that the *Ad Hoc* Committee's report on forced labour (E/2431) referred to the existence of forced labour in the Soviet Union and in certain States associated with it. He himself had quoted from further documentation which had come to light since the publication of the report proving the existence of forced labour in those countries. In reply, the Czechoslovak representative had not denied the facts but had made an unwarranted attack on Cuba.

He well understood the Czechoslovak representative's position, which explained the vehemence of his statement. If the representative of Cuba made a blunder, his Government would merely dismiss him from his post, he would return to his country to resume his profession as a lawyer and there would be no further complications. However, if the representative of Czechoslovakia fell out with his Government, he would certainly meet the fate of his predecessors, Mr. Houdek, the permanent representative of his country, who had sought voluntary exile in the United States of America, and Mr. Clementis, who had been shot.

The Czechoslovak representative had alleged that there were 1 million unemployed in Cuba. But, since could be assumed that each unemployed worker had number of dependents, the unemployed and their

families would thus total 5 million. The population of Cuba was only 6 million, which left 1 million not unemployed, of whom only some 200,000 would be productive workers. It was clearly ridiculous to suppose that so few workers could have produced the quantities of sugar, tobacco and other commodities produced in Cuba in the course of a year.

4. The statement that work in the sugar industry was available only during the refining season was false. The reference in the Czechoslovak representative's statement to an accusation made at the Vienna congress of the WFTU that people died every day in Cuban concentration camps was fantastic. Not a single one of the hundreds of thousands of tourists who entered Cuba freely every year had ever seen a shred of evidence to support that statement.

5. The allegation that there was a muzzled Press in Cuba was demonstrably false. Periodicals published in Cuba could be bought freely in New York; they criticized the Government in connexion with the forthcoming electoral campaign, yet there was no ban on their publication or circulation. That accusation, like all the others made by the Czechoslovak representative, was totally false.

6. He announced that his Government was inviting the eighteen representatives of the States which were members of the Council to visit Cuba, with all expenses paid, so they could see whether it was true or false that there were concentration camps in that country. He hoped, however, that the Czechoslovak representative would issue a similar invitation so that it could be seen whether it was or was not true that there indeed were concentration camps and forced labour camps in that country.

Allegations regarding infringements of trade-union rights (E/2498, E/2529 and Add.1, E/2547)

[Agenda item 13]

7. The PRESIDENT invited the representative of the International Confederation of Free Trade Unions to address the Council.

8. Miss SENDER (International Confederation of Free Trade Unions) stated that the existence of strong and active trade unions made it much harder for any dictatorship to maintain itself in power; all totalitarian States had therefore endeavoured to suppress trade-union movements.

9. The Franco régime in Spain had abolished the trade unions and replaced them by *sindicatos* organized by the régime and controlled from the top downwards, the key personnel being chosen by the chiefs of the Falange party. That structure alone was sufficient to show that such trade unions were entirely subservient to the dictatorship. The right of workers to organize unions had never been restored in Spain and under article 222 of the Spanish penal code the creation of or affiliation with a union was punishable as sedition. Under such a system there could be no

collective bargaining, so that the government had been able to keep wages down, yet had failed to control prices. Spanish workers therefore found it essential to hold more than one job in order to live.

10. The lack of freedom in Spain had obliged the *bona fide* trade unions to operate clandestinely and there had been mass arrests of former labour leaders. An organization of exiled Spanish trade-unionists had revealed that workers had been arrested in February 1954 for assisting political prisoners, and had been tortured in an attempt to gain information. A group of twenty people had recently been tried in Vittoria on a charge of sedition and illegal association in connexion with the alleged leadership of a strike movement in the Basque country in April and May 1951. The Basque Workers Confederation had asserted that the trial had in fact been conducted by the Falange. Some of the accused had been released, but a number had been detained, among them Tomás Centeno, who had been arrested on 15 February 1954 and had died in custody on 20 February. The cause of death had been notified to his brother as internal hæmorrhage, but his body had borne injuries indicative of torture. Other members of the clandestine Spanish General Workers' Union, arrested at the same time as Centeno, were awaiting trial on a charge of distributing pamphlets received from abroad.

11. The free world should demand that Franco release all those imprisoned because of their loyalty to *bona fide* trade unions, as a first step towards the restoration of the right to strike, collective bargaining and the general civil liberties and democratic rights of the Spanish people. No aid should be given to Spain until those liberties were restored.

12. The fact that Spain was not a member of the International Labour Organisation or a Member of the United Nations could be no justification for ignoring such flagrant violations of human rights. Since the same difficulty arose with other countries, not members of ILO but Members of the United Nations, which had not replied to the questionnaire sent to them, the Council should set up a committee, in co-operation with ILO, in order to extend the law of nations to the totalitarian states.

13. The PRESIDENT invited the representative of the International Federation of Christian Trade Unions to address the Council.

14. Mr. THORMANN (International Federation of Christian Trade Unions) said that the right of man to associate freely with his fellowmen was a basic right of society itself, and of lesser societies with a more limited goal. The right to existence of those lesser societies was not conferred by the State, but was a natural right. Consequently, workers had to be free to create trade-union organizations of their choice, since such unions were essential to their welfare and to the welfare of the society of which they formed an important part. It was understood that that right included the right of workers not to join a trade-union organization. His Federation had consistently defended those principles in the International Labour Organisation and the United Nations and had openly denounced the actions of several governments which had replaced free trade unions by government-controlled puppet organizations.

15. Commendable progress had been made since the Second World War with the creation of the special

fact-finding and conciliation procedure established by ILO. However, the agenda item before the Council referred to several countries which were not members of ILO. Allegations of infringements of trade-union rights in such countries could not be transmitted to the Fact-Finding and Conciliation Commission of ILO without the consent of the governments concerned. In such cases the Council was empowered by its resolution 277 (X) to take any appropriate action to safeguard the rights relating to freedom of association involved in the case.

16. In his view, Council action under that resolution had not been as effective as that taken by ILO on complaints submitted to it. Consequently, he wished to draw the Council's attention to a suggestion previously made by his Federation that an *ad hoc* committee of the Council should be set up to examine allegations concerning infringements of trade-union rights in countries not members of ILO and to formulate recommendations for subsequent action by the Council.

17. It should be clearly understood that such examinations should be conducted in the interests of the workers concerned, with the sole aim of re-establishing trade-union rights; they should be divorced from any general political debate. He was well aware that some countries which were not members of ILO were not Members of the United Nations either. Nevertheless, there were legal precedents for the proposed action and there was the overriding consideration that the world conscience, as represented by the United Nations, could not remain indifferent to infringements of fundamental human rights.

18. His organization had repeatedly protested against the systems of trade-unionism in several of the countries specifically mentioned in connexion with the agenda item under discussion. In the case of Spain, his organization had consistently deplored the disappearance of free trade unions and the consequent withdrawal of protection from the workers. It had appealed to the head of the Spanish State, but the appeal had gone unheeded. As late as 30 March 1954, his organization had learned that a group of Basques, several of whom were members of a Christian trade-union organization affiliated with his Federation, but outlawed, together with all other free trade unions, by the Franco régime, had been imprisoned without any specific charge being made. Their sole crime had been membership in a trade-union organization not recognized by the State, and participation in a strike in Vittoria in May 1951.

19. Spain was only one of the countries which were known to infringe trade-union liberties, and none of those countries had replied to the official communication from the United Nations Secretariat. That seemed to indicate that there was an urgent need to establish the machinery to which he had referred.

20. The PRESIDENT invited the representative of the World Federation of Trade Unions to address the Council.

21. Mr. DESSAU (World Federation of Trade Unions) said that, although the question of infringements of trade-union rights was on the Council's agenda, under the existing procedure the Council could only discuss certain violations of trade-union rights in countries not members of ILO.

22. The World Federation of Trade Unions attached great importance to the documents concerning Spain

E/2498) and the Saar (E/2529 and Add.1), although they were unfortunately far from giving the Council an accurate picture of the infringements of trade-union rights since its sixteenth session.

25. The WFTU was in agreement with the conclusions in document E/2498, in which the Council was asked to take the necessary steps to protect the trade-union rights that were being systematically violated by the Spanish Government. That document confirmed various facts to which the WFTU had already drawn attention in addenda 18, 21, 30, 34, 41 and 48 to document E/2154 and in addenda 4 and 5 to document E/2333. A further complaint from the WFTU concerning Spain had recently been submitted to the Secretary-General and would be placed before the Council if, as he hoped, the question of trade-union rights was kept on the agenda of the eighteenth session.

26. The Government of the Saar, in its reply (E/2529) to the WFTU complaint, had admitted dissolving the *Industrieverband Bergbau* (Miners' Union), but it had contended that its action had been justified because certain union leaders had engaged in political activity, because the Government had promoted the setting up of a new trade union and because its actions had met with the approval of certain other trade-union organizations. In the view of the WFTU a trade-union organization could not be dissolved except at the freely expressed desire of its members and any dissolution of a trade union by a government was contrary to trade-union rights. Approval by other trade unions and the pretext that trade-union leaders had engaged in political activities did not justify government intervention. If trade-union organizations really wished to ensure better living and working conditions for their members—which was their basic and permanent function—they were not only entitled but obliged to try to influence government policy.

27. Contrary to that principle, ILO and particularly the Committee on Freedom of Association of its Governing Body, rejected most complaints of infringements of trade-union rights submitted to the United Nations and forwarded to ILO, on the grounds that political and not trade-union activities were involved. While the WFTU had no objection to the complaint concerning the Saar being transmitted to ILO, it feared that nothing useful would come of it if ILO

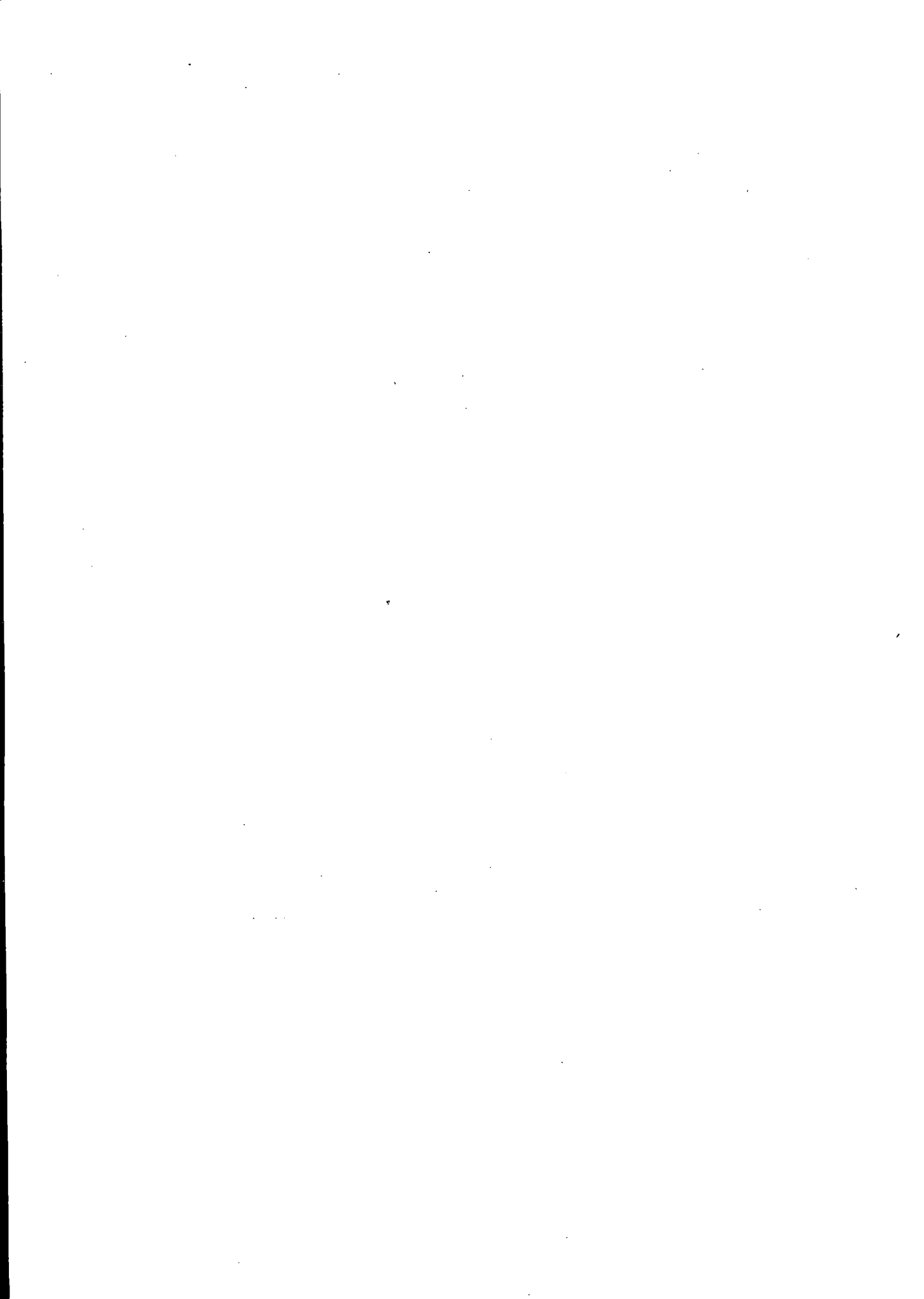
maintained its attitude. In any case, all the parties concerned should be guaranteed a hearing.

26. The Council did not seem to be fully aware of the consequences of resolution 277 (X) and the other resolutions in which it had transferred most of its powers in trade-union matters to ILO, thereby giving ILO virtually exclusive competence in a question which should be dealt with jointly by ILO and the United Nations under the auspices of the Economic and Social Council.

27. International action had not prevented infringements of trade-union rights from multiplying in a number of countries. It was because of that situation that the Third World Trade Union Congress had decided to strengthen the position of workers and of their organizations in that respect and, *inter alia*, to prepare a charter of trade-union rights of workers to determine the objectives to be sought by every country in guaranteeing the free exercise of the right of association. It was regrettable that, whereas the United Nations had achieved so much in repressing discrimination and ensuring the protection of women's rights, for example, it had made little progress in regard to trade-union rights. The WFTU was not alone in holding that view. The existing procedure had been seriously criticized at the Council's fifteenth and sixteenth sessions and at the last two meetings of the Governing Body of the International Labour Office. Certain representatives had pointed out that the negative results of that procedure were undermining the authority of ILO. If the Council did not take steps to improve the procedure, its authority might be similarly shaken.

28. The Council should therefore request the Secretary-General to prepare a study on the actions of the United Nations and ILO on trade-union rights, including a historical survey of the action taken on various complaints of infringements of trade-union rights, including complaints transmitted to ILO, and an analysis of the legislation adopted in the various countries since Council resolution 277 (X). The study should be prepared by the Secretariat of the United Nations in collaboration with the international trade-union organizations with consultative status in category A. The study might lead to more positive action to implement General Assembly resolution 128 (II) and Council resolution 194 (VIII).

The meeting rose at 4.20 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Costa Rica, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization.

Forced labour: reports of the *Ad Hoc* Committee on Forced Labour (E/2153, E/2276, E/2341, E/2431 and Add.1 to 8, E/L.588/Rev.1) (*continued*)

[Agenda item 14]

GENERAL DEBATE (*continued*)

Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that the campaign for which the question of forced labour had been made a pretext was part of the psychological warfare conducted by the United States of America: it was not by chance that the report which the representative of the United States had described as impartial, original and scientifically accurate reproduced whole chapters of a pamphlet on forced labour in the Soviet Union published in 1952 by the State Department. In the circumstances it was not surprising that the report of the *Ad Hoc* Committee on Forced Labour (E/2431) was full of lies and slanderous statements regarding the USSR and the peoples' democracies.

Nor was it surprising that it was the United States delegation that had taken the initiative in submitting the question and the report to the Council for consideration. The purpose of that manoeuvre was threefold. In the first place, it was an attempt to distract the Council's attention from economic issues which were assuming paramount importance at the current time, in particular the question of the expansion of international trade and the elimination of obstacles to the development of commercial relations between the various countries, a question of great concern to the countries of Europe, Asia, Africa and Latin America. The United States,

which was responsible for all the measures designed to destroy vital and traditional commercial ties, was seeking to evade the growing pressure of those countries which were anxious that such obstacles should be removed. Secondly, by using the opportunity to make slanderous attacks on the USSR, United States ruling circles hoped to halt the progress made towards a reduction in international tension and to prevent the Council from concentrating its efforts on the solution of such problems as the establishment of economic and cultural co-operation between countries, whatever their economic and political structure. Finally, it sought to divert the attention of the working classes of the capitalist countries, and of the United States of America in particular, from the steady deterioration in their material conditions and the fall in standards of living caused by the armaments race, higher taxes, rising unemployment and the destruction of commercial ties throughout the world.

3. The membership of the *Ad Hoc* Committee was sufficient in itself to show why the Committee had not done its work impartially since to do so it would have had to study working conditions throughout the world and, consequently, in the capitalist countries, and to give particular attention to the situation in the United States of America where the workers were being ruthlessly exploited by the capitalist monopolies. In fact, the members of the *Ad Hoc* Committee, which the United States had sought to use as an instrument in the "cold war" that was all the more convenient because it was used under cover of the United Nations, were persons who knew nothing about labour problems, the working classes and the working-class movement. The only experience which the Chairman of the *Ad Hoc* Committee had had in that field had been in 1947 when he had had two trade-union leaders imprisoned and his action had led to a three-week protest strike in which millions of workers had taken part. It was obvious that the members of the Committee had been selected in such a way as to ensure that it would be capable of giving currency to any slanders whatsoever concerning the USSR and the peoples' democracies, whilst turning a blind eye to facts which proved that forced labour was widespread in the United States.

4. The United States representative had given a few striking examples of the so-called information as a result of which forced labour had been placed on the Council's agenda. He had repeated mere rumours and cited statements by former convicts or United States agents who had fled from Albania. It was obvious that such individuals were prepared to spread any kind of slander about the USSR or the peoples' democracies. It was, however, on testimony of that kind that the *Ad Hoc* Committee's report was based.

5. A few examples were sufficient to illustrate the degree of bias shown by the *Ad Hoc* Committee in drawing up its report (E/2431). In paragraph 433 of the report reference was made to article 37 of the Labour Code of the RSFSR. Under that article workers could be transferred from one undertaking to another for a

period not exceeding one month if industrial conditions rendered it necessary; in such cases they continued to receive their former wages. However, in the version given in the report only the words "if industrial conditions rendered it necessary" had been translated exactly. The rest of article 37 was given in a free translation according to which workers could be transferred "compulsorily"—the Labour Code contained no such provision—and persons refusing to be transferred could be prosecuted for a breach of labour discipline, which was untrue. If such a refusal was in fact regarded as a breach of labour discipline, it did not result in criminal proceedings or penalties.

6. Under the Act of 27 June 1936 a pregnant woman could ask to be transferred to less tiring work while retaining her former wage. Yet on page 528 the authors of the report alleged that women workers could be transferred without their consent to another job as a result of pregnancy. What was more, the report attributed that statement to a Soviet publication on labour legislation which of course said nothing of the kind. Only a person with blind hatred of the Soviet Union and a vivid imagination could regard that guarantee, which was an expression of the Soviet States' desire to protect the mother and child, as a form of compulsion.

7. It was stated on page 452 that legislation dated 20 December 1938 had introduced work books in which breaches of labour discipline committed by the holder were inscribed; the statement was absolutely untrue. In fact, under that law, only rewards and commendations earned by the worker were entered in the work book and no entries were made regarding breaches of discipline. He repeated the protest made by his delegation at the eighth session of the General Assembly against the fact that the authors of the report attempted to give the impression that their findings were based on Soviet texts and publications, which they deliberately distorted, by replacing certain words by others, by mutilating quotations and by taking provisions out of their context.

8. The protest addressed to the members of the Council on 1 March 1954 by the eminent scholar, Mr. Stetson Kennedy, clearly showed that the *Ad Hoc* Committee's report had been prepared on the instructions of the State Department with the object of stirring up international hatred, and was based on lies that could have no place in an objective report on conditions of employment in the various countries. In that communication Mr. Stetson Kennedy protested officially against the deliberately distorted information given in the *Ad Hoc* Committee's report. He pointed out that the *Ad Hoc* Committee had not seen fit to consider the numerous facts in the memorandum entitled *Forced Labor in the United States of America* which he had submitted to the Committee, in the statement he had made before the Committee and in the supplementary documents he had submitted. Mr. Stetson Kennedy stated that the *Ad Hoc* Committee had from the start shown more interest in individual cases than in the fate of the 5 million victims of forced labour in the United States, that it had been ready to accept legislation prohibiting forced labour at its face value although it had been proved that the legislation was not being obeyed, and that it had sought to ignore the abuses to which the enforcement of the legislation on conscription, immigration and employment gave rise. The Committee had decided to hold private meetings and had

stated that the report would indicate the precise documentary and other evidence upon which its conclusion had been based; Mr. Stetson Kennedy accused the Committee of having failed to keep its word. The Committee had not included in its report any of the points made in Mr. Stetson Kennedy's statement before the Committee or in the documents he had submitted to it. In the rare instances in which the Committee had referred to his statement, it had ignored a great many very serious allegations or had presented them in such a way as to give the impression that they were not worthy of consideration.

9. In the case of certain other countries, on the other hand, it had found room in its report for very full documentation and testimony without regard to the fact that it was out of date, incomplete and totally unfounded. By treating Mr. Stetson Kennedy's allegations in that way, the Committee had obviously saved the United States Government the trouble of having to reply to them. The Committee had had sufficient official documents in its possession to satisfy itself that forced labour existed both *de jure* and *de facto* in the United States, but it had chosen to ignore them, and to confine itself to the consideration of legislation which was of only theoretical value. Mr. Stetson Kennedy was asking the Council to request the Committee to hand over its complete files, including its correspondence with the United States Government, in order to determine the extent to which the discriminatory attitude it had adopted towards the documents submitted might have been due to an understanding with the State Department.

10. He also protested against the conclusions stated by the Committee in paragraphs 520 and 528 of its report and asked the Council to examine the evidence he had personally submitted to the Committee and the ample documentation on the matter available in public libraries. In connexion with paragraph 528, he pointed out that the *Ad Hoc* Committee had glossed over certain passages of the report of the President's Commission on Migratory Labor. The Commission had stated, for instance, that in order to ensure that the "wet-back" would stay as long as his services were required, all or part of his wages was withheld and matters were so arranged that he was in debt to the store operated by his employer, which, the Commission had stressed, in effect resulted in a state of peonage. The Commission had also stated that at one time the immigration and naturalization departments had been subjected to pressure to persuade them to instruct local officials not to deport workers until the end of the harvest.

11. Similarly, with regard to the imposition of forced labour on individuals coming from other countries (paragraph 529 of the report), the use of vagrancy laws to force certain individuals to work (paragraph 542) and the allegations that the military conscription law was used to force Negroes into servitude (paragraph 545), the Committee stated that no precise allegation had been made, that it had no information, and that the Government concerned knew of no instance in which the provision in question had been illegally used. However, Mr. Stetson Kennedy had supplied the *Ad Hoc* Committee with ample evidence regarding those allegations drawn from official documents, such as the report of the President's Commission, or from Press files. Mr. Stetson Kennedy expressed doubt as to the integrity of the members of the *Ad Hoc* Committee and pointed out in particular that, in dealing

with such countries as the United States of America, the United Kingdom, France and Spain, the Committee used such formulas as "these laws . . . could be employed to form the basis of a system of forced labour . . ." (paragraph 542) but in dealing with certain other countries, such as the USSR, it had stated its findings in a much more categorical fashion. Mr. Stetson Kennedy considered that the *Ad Hoc* Committee's methods were unacceptable since, while alleging that in the USSR freedom of employment was subject to restrictions likely to lead to a system of forced labour, it rejected the conclusive facts indicating a negation of freedom of employment in the United States. For the Council's information, Mr. Stetson Kennedy had attached to his letter the memoranda he had submitted to the *Ad Hoc* Committee and the text of his statement before the Committee. In conclusion, Mr. Stetson Kennedy had stated that he was under the surveillance of the Federal Bureau of Investigation, although the United States Government had promised to co-operate with the Committee, and emphasized that he considered it his duty to lay the true facts before the Council because the *Ad Hoc* Committee had done its best to hide them.

2. In view of the importance of the question before the Council, the USSR delegation considered that Mr. Stetson Kennedy's protest and all the documents he had submitted to the *Ad Hoc* Committee should be issued as official Council documents. It was important that members of the Council should study them very closely before voting on a draft resolution and the discussion might usefully be adjourned for some days to enable them to do so.

3. The United States representative had made slanderous attacks on the USSR in order to hide from the public the fact that human rights, fundamental freedoms and the principles enunciated in the United Nations Charter were daily being trampled underfoot in the United States of America and that the United States delegation was doing everything in its power to prevent the drafting of the international covenants on human rights, which the United States would refuse to ratify. Furthermore, the former Secretary of Labor, Mr. Martin P. Durkin, had stated, when submitting his resignation, that American workers were unable to exercise their civil and political rights, which was a serious threat to democracy. The United States Government had also refused to ratify the Genocide Convention. It felt free to accuse other members of the United Nations of violating human rights but was itself refusing to enter into commitments to defend those rights. Thus, the United States Government had voted against the proposals submitted by the USSR to prohibit every type of discrimination, to include in the covenants a clause providing that the right to work was guaranteed by the State to secure for women the same employment opportunities as were enjoyed by men, to guarantee them equal pay for equal work, to prevent exploitation of child labour by providing for the prosecution of offenders, to guarantee the right to strike, to prohibit fascist organizations and to secure the equality of all before the law. Those few instances were sufficient to make plain the motives by which the United States was really guided.

4. All the USSR proposals on human rights, to which the United States representatives had so strenuously objected, in fact merely reaffirmed the provisions of chapters X and XI of the USSR Constitution, which

secured the enjoyment of those rights to tens of millions of Soviet citizens. It was well known that the exploitation of man by man had long since been eliminated in the Soviet Union.

15. The basic economic law of the Union of Soviet Socialist Republics was to satisfy the material and cultural needs of society to the maximum by continuously increasing socialist production and by technical improvement. The well-being and development of socialist society and the steady raising of the workers' standard of living were based on the free labour and creative efforts of the workers, the collective farm workers and the representatives of the Soviet *élite*. Under the USSR Constitution the right to work was ensured by the socialist organization of the national economy, the steady growth of the productive forces and the elimination of the possibility of economic crises; manual and office workers in the USSR had no reason to fear unemployment, poverty and economic insecurity.

16. Comparison of the State budgets of the United States of America and of the USSR showed that the Soviet Union allocated only 17.8 per cent of its budget to military expenditure, which was being steadily reduced, while the United States was allocating 87 per cent of its total budget to military expenditure. Appropriations for social services represented 26.3 per cent of the Soviet budget and only 3.7 per cent of the United States budget. Medical care was provided free for manual and office workers in the Soviet Union, while in the United States workers were obliged to devote a very large part of their income to that purpose.

17. The authors of the report had tried to whitewash the capitalist countries by proving that forced labour did not exist in them while slandering the Soviet Union and the peoples' democracies. They had been careful not to examine working conditions in the United States of America, the United Kingdom and many other countries. The three-member Committee had deliberately hidden from the United Nations the existence of forced labour and slavery in the British colonies. While slandering the German Democratic Republic, the members of the Committee had completely ignored the appalling working conditions existing in Western Germany and Italy. The Committee had refrained from making a detailed analysis of the statements on forced labour in the United States and the restrictions imposed on labour unions by the Taft-Hartley Act and had made no effort to inquire into the forced labour which that Act had in reality made into a legitimate practice. It had merely stated that such matters were outside its terms of reference. It had completely ignored such matters as the exploitation of child labour, wage discrimination against women, racial discrimination against the Negro population in the United States, and the forced labour of Mexicans and other foreign workers, particularly displaced persons. The authors of the report had not even hesitated to state that it had not been proved that Negroes in the United States were subject to racial discrimination or forced labour (paragraphs 519 and 520 of the report).

18. Whenever concrete evidence had been brought to its notice, as for example of the placing of convicts at the disposal of private enterprises in the State of Arkansas, the Committee had merely said that such practices did not play a significant part in the economy of the country (paragraph 535). It had made similar statements with regard to peonage, servitude for

debt and other forms of forced labour in the United States. Yet, the existence of forced labour was the result of an economic system in which the worker owned none of the means of production, was entirely dependent on the owner of those means and had no right to the product of his own work. It followed that forced labour existed wherever the land, the mills, factories, mines, banks, railways and all the other means of production belonged to a small number of private persons. In those countries millions of manual and clerical workers had to work not for themselves but for a handful of millionaires and multi-millionaires. They had no chance of choosing work they liked or of working for their own account. Owing to the intolerable economic conditions which characterized that economic system, the workers were forced to accept any employment at whatever pay was offered, which was tantamount to accepting forced labour. Forced labour also existed wherever the living standards of the working masses were systematically lowered through increases in the price of essential foods, rising taxes and rents, rising unemployment, inflation, lower salaries and other means, wherever social insurance was non-existent and workers could not, in practice, rest and take care of themselves. In all those countries the manual and clerical workers were living under the constant threat of losing their jobs and often had to accept ridiculously low wages, intolerable working conditions and unscrupulous exploitation. Forced labour existed in countries where by virtue of the legislation in force the manual and clerical workers could not exercise their political, economic and social rights and were directly dependent on employers who brought pressure to bear on them in every way. Any labour which workers were forced to perform under conditions not far removed from serfdom was forced labour. It was well known that such conditions existed in many countries, particularly in the Colonial and Non-Self-Governing Territories.

19. There was no doubt that forced labour was particularly in evidence in the United States of America, the greatest capitalist country in the world. The economic conditions of American workers had steadily worsened as a result of the concentration of capital in the hands of capitalists, whose policy tended to militarize the economy. Prices, taxes, rents and the cost of public utility services were continually increasing in that country. At the same time wages were frozen and could not catch up with the rise in the cost of living. Despite that, as Mr. Herman Eberharter, Representative for the State of Pennsylvania, had pointed out, the workers had to bear the cost of the "cold war", which already amounted to 50,000 million dollars a year. Mr. Tsarapkin then quoted American Press reports to the effect that there were at the moment four million unemployed and more than eight and one-half million workers on part-time in the United States, and that the figures of unemployed might well reach seven million.

20. Statistics of industrial accidents in the United States of America also supplied interesting information about the hardships of American workers. A resolution adopted by the Congress of Industrial Organizations indicated that the increase in the number of fatal accidents was due to the intensification of work which had followed the outbreak of the Korean War. The Bureau of Labor of the United States Department of Labor had reported that in 1952 more than two million

industrial accidents, 15,000 of them fatal, had occurred in the United States, whilst 84,000 workers had been permanently disabled and 1,500 completely incapacitated for work. Accidents had become especially frequent in the United States mining industry; Mr. Tsarapkin quoted figures published in the *United Mine Workers' Journal*.

21. American legislation particularly the Taft-Hartley Act, tended to perpetuate such labour conditions in the United States. The *Ad Hoc* Committee on Forced Labour had refused to discuss the law, maintaining that it had nothing to do with forced labour. Yet the experience gained in recent years had shown that that Act was directed against the workers and was in reality a punitive law designed to perpetuate forced labour in the United States. Even the most reactionary American trade-union leaders had admitted that fact. After quoting statements by the late Mr. William Green, until his death President of the American Federation of Labor, and by Congressman Robert C. Byrd criticizing the Taft-Hartley Act, Mr. Tsarapkin pointed out that it was not the only one of its kind and was closely linked to anti-labour legislation, such as the Smith Act and the Walter-McCarran Act, which deprived the workers of the most elementary political rights. It was common knowledge that the enactment of the Taft-Hartley Act had encouraged the state administrations to enact similar laws, many of which were more brutal than the federal law. Recent developments showed, however that the United States Government was in no way disposed to repeal or even to amend what American politicians themselves had described as punitive and slavery legislation.

22. Accordingly it was not surprising that such so-called labour legislation should lead to discrimination on the grounds of race, sex and nationality. Fifteen million Negroes in the United States were subjected to the most flagrant discrimination and were in fact living in a state of servitude. They were considered as an inferior race and their chances of obtaining employment were extremely limited.

23. The United States Government had itself admitted that Negroes were liable to unscrupulous exploitation. In that connexion he quoted from a report of the Senate Sub-Committee concerned with labour relations, which had brought out the fact that Negroes had a higher mortality and a shorter expectation of life than Whites. The number of unemployed amongst Negroes was 50 per cent greater than amongst Whites; their annual income was also lower than that of the Whites and the gap was widening. In 1953 in the State of Alabama a farm had even been discovered where corporal punishment was inflicted on Negro workers.

24. In 1951, the Workers Defence League had defined seven types of forced labour in the United States of America: (1) peonage, or servitude for debt and even slavery pure and simple; (2) exploitation of immigrant labour by means of contracts signed in advance and exploitation of illegal immigrants, such as the Mexican agricultural workers; (3) exploitation of convict labour; (4) exploitation of persons detained in mental clinics; (5) wartime exploitation of aliens, citizens of Japanese origin and conscientious objectors; (6) exploitation of certain Indian tribes; and (7) compulsory work under judicial decisions forbidding strikes.

25. The legislation enacted in the United States in 1953 to provide for the admission of 240,000 European refugees was sufficient proof of the existence of forced contracts.

26. The American Press was publishing daily reports of Mexican forced labour in the United States. According to *The New York Times* of 18 August 1953 the United States Attorney General, Mr. Herbert Brownell, had said that the exploitation of Mexican agricultural workers in California offered many opportunities to racketeers, dope traffickers and other lawless elements and that there was concern for the high rate of tuberculosis amongst those workers. Those using the "wet-backs" would not only pay lower wages but evaded requirements for medical examination. Mr. Brownell had further noted that no country was doing enough to put an end to that situation.

27. United States monopolies moreover were taking advantage of the exploitation of more than a million Mexican workers to put pressure on American labour and reduce wages. The trade-union organizations of the United States were therefore protesting against the recruitment of Mexican agricultural workers. A delegation of the AF of L and the CIO had been to see Mr. Brownell to protest against the agreement relating to the employment of migrant workers entered into between the United States of America and Mexico and had pointed out that it offered little hope of solving the economic and social problems resulting from the legal immigration of Mexican workers. In their opinion it would merely give the colour of legality to that immigration, and by allowing United States farmers to exploit such labour cheaply, would depress the wages of American workers in the regions where Mexicans were employed.

28. That was the existing situation in the United States of America. The same conditions could be found in many other capitalist countries including the United Kingdom, Australia and the colonial and Non-Self-governing Territories. What he had said about conditions in the capitalist countries on the one hand and the Soviet Union on the other clearly showed that the rapporteur and the other members of the Committee had distorted the available facts and made slanderous statements.

29. During the current session of the Economic and Social Council the United States had prevented the Council from studying questions relating to the development of international trade relations, which would certainly help to reduce political tension. But that was precisely what United States reactionary circles feared. The United States delegation had therefore obliged the Economic and Social Council to study the question of forced labour, and in so doing had undoubtedly meant to poison international relations and foster hatred between nations. The reactionary policy of the United States was designed to disrupt economic and trade relations throughout the world, to intensify the racial psychosis, to prevent States from putting their relations on a normal footing and to prepare for a new world war by operations from which the American interests would derive immense profits. In that completely abnormal economic and political situation the United States was hoping to tighten its grip on the economic and political life of a large number of countries in Europe and Asia.

30. The USSR delegation considered that the Economic and Social Council should not allow itself to be deflected from its basic task, which was to promote the economic, social and cultural progress of nations and peaceful international co-operation. That was why his delegation would vote against any draft resolution the object of which was to express approval of the work and report of the *Ad Hoc* Committee on Forced Labour.

31. Mr. NOSEK (Czechoslovakia) felt bound to reply to the statement made at the 785th meeting by the Cuban representative, which had demonstrated that all that representative's assertions were merely a tissue of lies and slander.

32. Ever since he had taken his seat on the Council in 1952 the Cuban representative had taken advantage of the debate on the world economic situation to insult and slander the USSR, Poland and Czechoslovakia. Now, he was again trying to poison the atmosphere of the Council's deliberations by speeches in the same vein, the only difference being that his attacks on Czechoslovakia had become even more hysterical in their violence. He (Mr. Nosek) would not go into the substance of those statements, since all the Council members had no doubt already formed an opinion regarding them.

33. The Cuban representative had asserted that his position was different from Mr. Nosek's. That was undeniable, but the difference was not the one mentioned. It lay in the fact that the Cuban representative was obliged to follow the instructions of a single person, whereas Mr. Nosek had the great honour of speaking in the name of the Czechoslovak Government, which was truly representative; the Cuban representative obeyed the orders of a dictator, whereas Mr. Nosek transmitted to the Council the wishes and opinions of an entire people.

34. He would also ignore the personal insults addressed to him by the Cuban representative; he would merely state that whenever the Cuban representative attacked or slandered Czechoslovakia he would be answered accordingly.

35. Mr. HOTCHKIS (United States of America) wished to comment on and correct certain statements made by the USSR representative. The Council had just heard a long series of slanderous attacks unsubstantiated by any precise fact.

36. The USSR representative had said first of all, that the selection of the members of the *Ad Hoc* Committee had been based on the consideration that they would serve the designs of certain countries and produce a report unfavourable to the USSR and the satellites. In fact, however, the *Ad Hoc* Committee had been composed of three eminent jurists—an Indian, a Norwegian and a Peruvian—whose impartiality and objectivity were beyond question. They had taken pains to establish the facts and to base their conclusions solely on irrefutable evidence.

37. Then, after noting that Mr. Hotchkis at the beginning of his statement had asked why the Council should study the question of forced labour, the USSR representative had answered the question in his own personal way. Actually, Mr. Hotchkis had answered his question himself by stating that the Council should study frankly and objectively all the facts that were

brought to its knowledge and draw the inevitable conclusions.

38. Throughout his statement the USSR representative had merely cited allegations made by Mr. Stetson Kennedy, who he had been informed was a United States citizen and might be a Communist. It might well be asked whether in certain States a man who had made such allegations against his own country would be able to live in peace or, indeed, whether he would still be alive. The *Ad Hoc* Committee had carefully studied Mr. Kennedy's allegations but had rejected them because they had not been supported by the evidence.

39. The USSR representative had spoken at length of the Mexican "wet-backs". He (Mr. Hotchkis) was well informed on that question himself for his home was only about 150 miles from the Mexican frontier. The work of "wet-backs" was the opposite of forced labour; they were workers who did everything possible to enter the United States, and did so illegally in order to earn higher wages there than in their own country for their agricultural labour, which they performed of their own free will. As some of them swam a river in order to enter the United States, they received the name "wet-backs". On 10 March 1954 the Mexican and United States Governments had reached an agreement relating to the legal entry of Mexican workers. He strongly recommended that anyone who claimed that the Mexican workers were victims of exploitation of any kind should read the treaty.

40. Even the "wet-backs" were as free in their employment and in all other respects as the citizens of the United States of America. Nothing was done to hold them in the United States and they were free to return to Mexico whenever they wished. As to their wages, the USSR representative had mentioned a ridiculous figure; it was obvious that neither the workers concerned nor the Mexican Government would agree to such a wage.

41. The USSR representative had also claimed that the United States delegation had voted against the right to strike. He did not know of any body in which it could have voted as alleged. The right to strike was recognized and exercised in the United States. In that connexion it would be interesting to compare the number of strikes in the USSR and in the United States, where workers were free.

42. The USSR representative had cited a statement by Mr. Martin P. Durkin, former Secretary of Labor, purportedly to the effect that the workers of the United States were deprived of their civil and political rights. That interpretation of Mr. Durkin's statements was completely misleading. A report of the statement in question had appeared in the *American Federationist*, which was available in the United Nations library. Mr. Durkin had in fact said that it was regrettable that the United States voters did not fully exercise their right to vote—a matter of particular concern to trade unions since according to experience the trade unions were the first victims of any weakening of democracy, as events in Hitler Germany, Fascist Italy and the Soviet Union had shown. To be objective, the USSR representative should have read all of the relevant portion of Mr. Durkin's statement.

43. The USSR representative had made a large number of unfounded accusations against the United

States, but had carefully refrained from trying to deny the existence of forced labour in the Soviet Union. Likewise, the Czechoslovak representative had not denied its existence in his country. They could hardly have denied it, since forced labour was an established institution under the legislation of both States. From its study of USSR legislation, the *Ad Hoc* Committee had reached the conclusion that forced labour was used as a means of political coercion against persons holding or expressing certain opinions. If the Soviet régime was perfect, as its representatives claimed, and liberty in all spheres a reality, as they affirmed, it was hard to understand why the USSR prohibited its nationals from leaving the country and why it imposed such restrictions on foreigners who wished to visit it.

44. In conclusion, he would ask the USSR representative three questions: whether the USSR had voted against the General Assembly resolution (resolution 740 (VIII)) condemning forced labour; whether it had replied to the *Ad Hoc* Committee's questionnaire and whether it had examined the allegations concerning it made before the *Ad Hoc* Committee, which had been communicated to the USSR Government. With regard to the last question, he drew attention to the letter that the Permanent Representative of the USSR had addressed to the *Ad Hoc* Committee stating that the USSR delegation was returning, unexamined, the documents transmitted by the *Ad Hoc* Committee since they contained slanderous fabrications concerning the USSR. He asked how one could express an opinion on the contents of a document that one had not studied.

45. Mr. NUÑEZ PORTUONDO (Cuba) said that he had neither slandered nor insulted Czechoslovakia; he had merely amplified the *Ad Hoc* Committee's conclusions by listing the concentration camps in that country.

46. While not intending to indulge in personal recriminations, he wished to say that he spoke in the name of the Cuban people, who were free to leave their island or return to it; their movements were not watched by armed soldiers and they did not risk death if they tried to seek a better life elsewhere.

47. If the Czechoslovak representative's assertions had strengthened his position with his Government, Mr. Nuñez Portuondo was very glad; nevertheless, he wished to recall that in spite of their attitudes Mr. Houdek and Mr. Clementis were no longer representatives of Czechoslovakia at the United Nations.

48. Mr. MEADE (United Kingdom) said that the shocking irrelevancies of the representative of the USSR exceeded anything he had ever heard from a delegation which was well practised in the art of irrelevancy. It was significant also that the USSR representative had made not the slightest effort to reply to the criticisms levelled against his country in the *Ad Hoc* Committee's report (E/2431). The smoke screen of charges made against the United States and the emotional use of such words as "lies" and "slanders" failed to relieve the anxiety of those who subscribed to the humanitarian principles on which the *Ad Hoc* Committee's conclusions were founded.

49. It could not be repeated too often that the Members of the United Nations ought faithfully to respect the principle of co-operation. When the United Kingdom had been accused of tolerating forced labour in the territories under its administration, it had cc

operated with the *Ad Hoc* Committee and had been able to satisfy it that those charges were without foundation. He asked why the Soviet Union could not respond likewise to the charges made against it. Its silence was only too eloquent.

50. He also wished to comment on the statement made by the Indian representative at the 784th meeting. In general, that representative was to be congratulated on the moderate tone of his remarks, but it was to be regretted that he had thought fit to echo the charges which had been made against the Union of South Africa and which the *Ad Hoc* Committee had dealt with. Indeed, he had added fresh allegations.

1. He thought that the Indian representative's attitude was unfortunate, for one thing because the Union of South Africa was not represented on the Economic and Social Council, and for another because he had perhaps dismissed too lightly the careful and quite detailed reply of the Union Government on the subject of the *Ad Hoc* Committee's conclusions. He (Mr. Leade) was not in a position to make any comment on the criticisms made about the Union of South Africa but, judging from the observations of the Union Government, he felt that the *Ad Hoc* Committee's conclusions were perhaps not wholly justified. In any case, the Union Government deserved praise for having taken the trouble to write a serious reply to the *Ad Hoc* Committee's critical observations; the same could not be said of all governments which had been criticized.

2. Mr. TSARAPKIN (Union of Soviet Socialist Republics) felt obliged to reply to the representatives of the United States of America and the United Kingdom. The United Kingdom representative had said that the impartiality and objectivity of the *Ad Hoc* Committee were without question. But the members of the committee had been appointed by Mr. Trygve Lie, who had improperly acted as Secretary-General of the United Nations. Mr. Lie had been hostile to the Soviet Union and it was that spirit which had prompted him to his appointment of the members of the *Ad Hoc* Committee. The Indian delegation had stated in the Third Committee that Sir Ramaswami Mudaliar had been appointed in his personal capacity and was not to be considered as a representative of the Government of India.

The United States representative had said that Mr. Stetson Kennedy was a Communist, the implication being presumably that Mr. Kennedy's allegations were worthless. That was the sort of reply Senator McCarthy might make, and in any case quite untrue if Mr. Kennedy was not a Communist.

According to the United States representative, the *Ad Hoc* Committee had declared that the documents submitted by Mr. Kennedy were not worthy of consideration. The Committee had said as much and Mr. Kennedy had vigorously protested against that statement. Mr. Tsarapkin had requested the publication of the documents submitted by Mr. Kennedy in order that the Council might form its own considered opinion.

The United States representative's observations on the subject of the Mexican "wet-backs" had not

altered the facts: the "wet-backs" were mercilessly exploited; anybody who wished for proof had only to read American newspapers. The USSR representative asked why, if it was true, that the "wet-backs" were paid proper wages, the American workers' unions had asked Mr. Brownell to intervene to stop the unfair competition from the "wet-backs". The fact that Mexicans wanted to work in the United States, in the hope of getting higher pay than in their own country, did not mean that they were not pitilessly exploited in the United States. The President's Commission on Migratory Labor had stated that employers held back part of the pay of the "wet-backs" so as to force them to stay on the job.

56. The United States representative had suggested that the number of strikes in the United States and in the Soviet Union should be compared. But the situation in the two countries was entirely different: it was natural that there should be no strikes in the USSR because the Government was in the hands of the workers and peasants and working conditions were determined by the council of the unions; in the United States of America on the other hand strikes were frequent because wages were low and the standard of living of the working classes was steadily deteriorating.

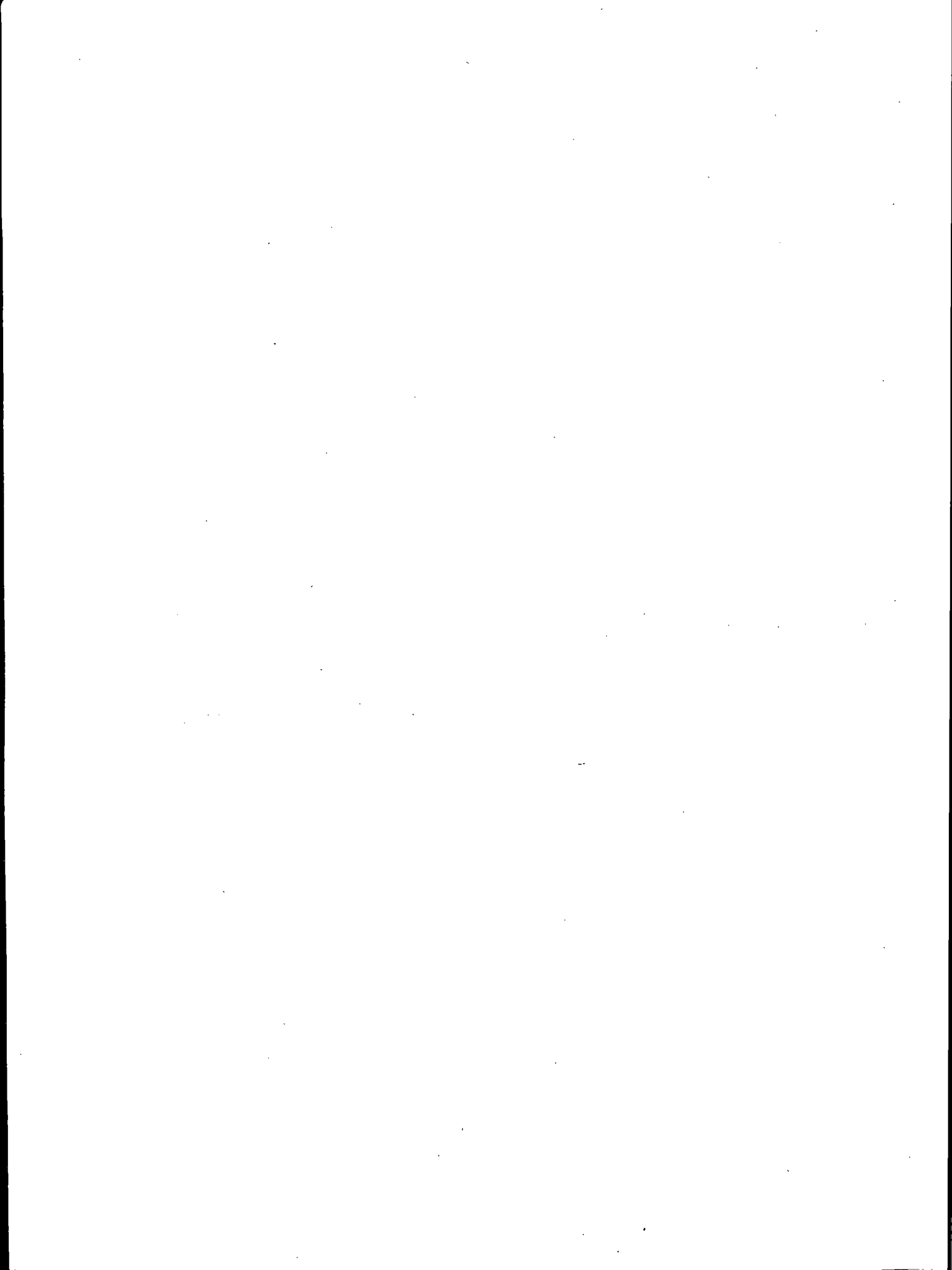
57. The United States representative had not been able to deny the statements of Mr. Durkin because he (Mr. Tsarapkin) had quoted textual extracts. In fact nobody any longer believed or could believe in the "iron curtain" myth: a large number of foreigners visited the Soviet Union every year for conferences or business or simply as tourists; as for leaving the Soviet Union, it was clear that no one thought of emigrating; on the contrary, the number of applications for admission increased every day.

58. In reply to a question from the United States representative, he said that the United States delegation had voted against the right to strike at the meeting of the Commission on Human Rights held on 26 March 1949.

59. The United Kingdom representative for his part had declared that the USSR delegation's silence on the subject of the existence of forced labour in the Soviet Union was eloquent. He would recall that he had denied all the charges levelled against his country and explained that the idea of forced labour was inconceivable in the Soviet Union. He did not see how else he could have replied to the gross slanders and lies, which deceived no one.

60. In 1917 before the October Revolution Russia had been one of the most backward countries in the world; in 1921 after three years of world war, three years of civil war and a famine in the Volga basin, the country had been virtually in ruins. Thanks to the Soviet régime, however, it had recovered rapidly: it was already the second country in the world in industrial production and it would soon rank first in spite of the sufferings and havoc wrought by the Second World War. He asked how there could be any question of forced labour in the face of such results, which were only made possible by the free and enthusiastic endeavour of a people master of its own destiny.

The meeting rose at 1.15 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Dominican Republic, Iraq, Netherlands, Philippines.

The representative of the following specialized agency: International Labour Organisation.

Forced labour: reports of the *Ad Hoc* Committee on Forced Labour (E/2153, E/2276, E/2341, E/2431 and Add.1 to 8, E/L.588/Rev.1) (concluded)

[Agenda item 14]

GENERAL DEBATE (concluded)

Mr. LOOMES (Australia) said that in attempting to answer the well-founded allegations that had been made concerning the existence of forced labour in his country the USSR representative had tried to use the *quoque* argument. He had made general assertions concerning alleged forced labour in Australia and in New Guinea, a Trust Territory under Australian administration; he had even referred to slave labour in New Guinea.

The allegation that there was forced labour in New Guinea had been thoroughly investigated by the *Ad Hoc* Committee on Forced Labour, with the assistance of the Government of Australia. The Australian Government had naturally been prepared to co-operate in the investigation of even such a preposterous allegation as that, since no country that conformed to recognized principles of justice would have anything to fear from an investigation of the kind. It was perhaps hardly necessary to say that both allegations were completely unfounded. Forced labour could not exist in Australia or any territory under its administration; it was repugnant to the Australian way of life and thought.

Mr. HOTCHKIS (United States of America) observed that in his statement at the previous meeting the USSR representative had accused him of saying that the *Ad Hoc* Committee consisted of representatives of the Governments of India, Norway and Peru. What he had actually said was that it consisted of eminent jurists who happened to be citizens of those countries.

The USSR representative had also affirmed that Stetson Kennedy, his sole source of information

about the United States, was not a Communist but a scholar. Mr. Hotchkis was not in a position to make any definitive comment on the personal status of Mr. Kennedy, and he wanted to withdraw any such statement he might have made. The important fact was that the *Ad Hoc* Committee had dismissed his charges.

5. He had himself said at the previous meeting that, so far as he knew, strikes were unknown in the USSR. He had since been informed by a member of his own delegation that in 1953 workers in some of the forced labour camps in that country had gone on strike for better working conditions. They had all been shot.

6. With reference to the "wet-backs", a group of Mexican nationals who entered the United States of America without visas, the *Ad Hoc* Committee had examined the matter thoroughly and had come to the conclusion that there was no question of forced labour in that connexion.

7. As all the members of the Council knew, anyone was free to travel about the United States without restriction; it would therefore be impossible to hide the existence of concentration camps or forced labour.

8. The USSR representative had referred to several members of the United States Cabinet, and particularly to Mr. Charles Wilson, Secretary of Defense. The United States representative had emphasized that Mr. Wilson had resigned from General Motors, sold his interests and gone to Washington in order to serve his country.

9. The report of the *Ad Hoc* Committee (E/2431) was a terrible indictment of a pernicious system that was still in force in certain countries, including the countries behind the "iron curtain".

10. Mr. SAKSENA (India) said that at the previous meeting the USSR representative had cast certain reflections upon the members of the *Ad Hoc* Committee, and especially on its Chairman. The Indian delegation had no objection to any delegation's disputing the Committee's findings and recommendations, but deprecated attacks on the personal integrity and good faith of its members. The members had been selected for their personal qualifications, and their conclusions did not represent their Government's views.

11. At the same meeting the United Kingdom representative had taken exception to Mr. Saksena's allusion to conditions prevailing in South Africa on the ground that South Africa was not represented on the Council and had therefore been unable to reply. He appealed to the President to rule whether he had been guilty of any impropriety. He had never understood that only countries represented on the Council could be commented on there.

12. The PRESIDENT considered that the Indian representative had been perfectly within his rights in dealing with the question as he had done.

13. Mr. TSARAPKIN (Union of Soviet Socialist Republics) noted that the United States representative now appeared less certain about Mr. Stetson Kennedy,

who had supplied the *Ad Hoc* Committee with information about forced labour in the United States of America. As he had already said, Mr. Kennedy's memorandum ought to be circulated as a United Nations document for the information of members of the Council.

14. The United States representative had been unable to disprove the USSR representative's statement that there was large-scale forced labour in the United States as a result of the country's economic system.

15. In reply to the Indian representative, he said he regretted having been compelled to impugn Sir Ramaswami Mudaliar's integrity, but the authors of a report which was a tissue of fabrications and forgeries could not claim to be acting honestly and in good faith.

16. In reply to the Australian representative he said that the facts to which he had referred had been taken from an Australian publication.

DRAFT RESOLUTION SUBMITTED BY ECUADOR, FRANCE, NORWAY, TURKEY, UNITED KINGDOM AND UNITED STATES (E/L.588/Rev.1)

17. Mr. DE WINTER (Belgium) wished to explain the vote his delegation would cast.

18. It would ask for a separate vote on paragraph 1 of the operative part of the joint draft resolution (E/L.588/Rev.1), commending the *Ad Hoc* Committee for its work, and would abstain in the vote on that paragraph, for reasons already given.

19. It would vote for the joint draft resolution as a whole because, inadequate though it might be, it did condemn systems of forced labour; in the hope that it would have a certain moral force; and because it referred the question to the International Labour Organisation, which was the appropriate body to deal with it.

20. It would vote against the Cuban amendment (E/L.590), since it considered that the appointment of a rapporteur would give rise to the same confusion into which the *Ad Hoc* Committee had fallen.

21. It would also be unable to vote for the Yugoslav amendments (E/L.599); in its opinion the first two amendments added nothing useful to the joint draft resolution and the fourth detracted from its value.

22. During the debate some delegations had alluded to forms of forced labour that were not covered by the *Ad Hoc* Committee's terms of reference. The Governing Body of the International Labour Office, at its 123rd session, had made proposals for their suppression. The Belgian delegation was in favour of those proposals; it considered that those forms of forced labour should be abolished all over the world. It was true that some forms of forced labour still existed in lands which were at the dawn of civilization, and not only in colonial territories. The existence of such practices could be justified only during a transitional period and if they were in the best interests of the people concerned; they should be progressively eliminated until they had entirely disappeared.

23. Subject to those considerations, the Belgian delegation would vote for the joint draft resolution as it stood.

24. Mr. MEADE (United Kingdom) said that his delegation would be unable to vote for the Yugoslav amendments. The declaration it was proposed to insert between paragraphs 3 and 4 of the joint draft resolution went beyond the boundaries of the subject and some of

the phrasing went beyond what governments could reasonably be expected to accept. He could not support the proposal to delete paragraph 5 (b). The rest of the Yugoslav amendments were consequential to those two and he would therefore have to vote against all of them.

25. Mr. KOS (Yugoslavia), replying to criticisms of the amendments proposed by his delegation (E/L.599), said that the shortcomings of the existing definition of forced labour were recognized. It was discriminatory because it covered the forced labour of even a few persons if it was for political or correctional purposes but not if it was for economic purposes. Moreover, it was very difficult, if not impossible, to establish whether forced labour was "on such a scale as to constitute an important element in the economy of a given country" (Council resolution 350 (XII), para. 1 (a)).

26. Another reason for the Yugoslav amendments was that forced labour should be treated as such regardless of whether it was practised for political or economic reasons, on a large or small scale, prescribed by law or maintained by custom. If that approach were not adopted, forced labour would continue in the world with the sanction of the United Nations. Moreover, that sanction might apply to some aspects of slavery which would not be covered by the proposed new slavery convention because they were on the borderline between slavery and forced labour.

27. In that connexion, it was significant that the United Kingdom delegation's reply to the United Nations with regard to the desirability of a supplementary convention on slavery (E/2540/Add.4) recognized the existence of forced labour outside the narrow definition given in the draft resolution before the Council. That was precisely the reason why the Yugoslav delegation had submitted its amendments; it feared that those aspects of forced labour might be excluded both from the convention on slavery and from the Council's resolution on forced labour, although they were recognized as such.

28. His delegation was strongly in favour of deleting paragraph 5 (b). In principle it had no objection to governments making such communications, but it was emphatically opposed to giving equal rights in the matter to non-governmental organizations. At the previous session the Council had discussed the possibility of granting non-governmental organizations and individuals the right to submit such communications and the idea had been vigorously opposed by the United Kingdom and United States delegations, both sponsors of the draft resolution before the Council.

29. The Yugoslav delegation had no doubt of the sincerity and good faith of the majority of non-governmental organizations, which gave valuable collaboration to the United Nations in many fields, but it could not be denied that some of them existed only to stir up international hatred and prevent the establishment of friendly relations among nations. If the draft resolution were adopted, there would be an increasing number of communications full of unverifiable accusations. It was useless to add that the communications would be considered together with comments submitted by the governments concerned, since few governments would trouble to defend themselves against accusations by obscure organizations with no substantial backing.

30. The use of United Nations documents to disseminate unsupported accusations against various countries would do more harm to the dignity and prestige of the

United Nations than good to the victims of the system of forced labour.

Furthermore, it was not clear whether the Secretary-General would be expected to investigate the allegations or merely to reproduce the communications. He might be exposed to unnecessary attacks which could only damage the United Nations, which should enjoy a reputation for objectivity and impartiality.

The non-governmental organizations had not been mentioned in Economic and Social Council resolution 50 (XII), under which the *Ad Hoc* Committee had been established.

Lastly, Economic and Social Council resolution 75 (V) prescribed the procedure with regard to complaints concerning human rights, so that, even if paragraph 5 (b) were adopted, the Secretary-General would not be empowered to use the communications otherwise than as laid down in that resolution. If the intention was to change that procedure, the fact should be clearly stated; otherwise a dangerous precedent would be created.

Mr. HOTCHKIS (United States of America) said his delegation was not against the Cuban proposal in principle, but did not think the appointment of a rapporteur was necessary at the current stage. The work to be done during the next eight or ten months could be done by the Secretary-General and the Director-General of the International Labour Office. Furthermore it would be difficult to find anyone willing to brave the ruthless attacks to which a rapporteur would be exposed. He would therefore abstain on the Cuban amendments.

He reserved the right to propose the re-establishment of an *ad hoc* committee if and when it seemed desirable, either in the Council or the General Assembly.

He would be unable to vote for the Yugoslav amendments (E/L.599). The language of the first was vague that it could even be interpreted as prohibiting ordinary prison labour of criminals sentenced under due process of law. The second and third added little to the original draft resolution, and he was strongly opposed to the deletion of paragraph 5 (b).

He hoped the Council would adopt the joint draft resolution (E/L.588/Rev.1) as it stood.

Mr. BENITES VINUEZA (Ecuador) said he would be unable to support the Cuban amendment (E/L.590), since his delegation considered that in international matters it was better that responsibility should be laid upon a body than upon an individual.

Referring to the Yugoslav amendments (E/L.599), he said that all the Council could do for the time being was to discuss the item on its agenda, which was a particular type of forced labour, namely, correctional forced labour imposed for political reasons. With regard to the first amendment, he could not see how forced labour could be prescribed by a private measure.

There seemed to be some confusion in the Yugoslav amendments between the ideas of forced labour, slavery and servitude, which were in reality quite different things. Servitude was a remnant of feudalism, forced labour was coercive action imposed by the State, and slavery was the exercise of property rights over human beings. Furthermore the amendment referred to article 8 of the draft covenant on civil and political rights; thus it was based on a covenant which had not yet come into force.

There was a confusion of ideas also in the phrase "forced or compulsory labour". There was compulsory labour in Ecuador; it was a civic duty to which all were subject, but they chose the kind of work they would do. There was however, no forced labour in that country.

For all those reasons he would be obliged to vote against the Yugoslav amendments.

Mr. BORIS (France) said that the French delegation had already explained why it would be unable to support the Cuban amendments (E/L.590).

The Yugoslav amendments (E/L.599) were an attempt to introduce a new definition of forced labour, the adoption of which would be tantamount to changing the field of discussion and action in which the Council was called upon to operate. The Council had adopted the definition of forced labour embodied in resolution 350 (XII) after full reflection and discussion and the *Ad Hoc* Committee had done its work on the basis of that criterion. He would therefore vote against the Yugoslav amendments.

The PRESIDENT put the Cuban amendments (E/L.590) to the vote.

The amendments were rejected by 13 votes to 2, with 2 abstentions.

The PRESIDENT put the Yugoslav amendments (E/L.599) to the vote.

The amendments were rejected by 13 votes to 1, with 3 abstentions.

The PRESIDENT put to the vote paragraph 1 of the operative part of the joint draft resolution (E/L.588/Rev.1).

The paragraph was adopted by 11 votes to 2, with 5 abstentions.

The PRESIDENT put to the vote the joint draft resolution (E/L.588/Rev.1) as a whole.

The draft resolution as a whole was adopted by 13 votes to 2, with 3 abstentions.

Mr. AZMI (Egypt) said that he had abstained in the vote and had refrained from taking part in the debate because the discussion of the item had been vitiated by political discord and the Egyptian delegation felt that questions affecting human rights should be removed from the political arena.

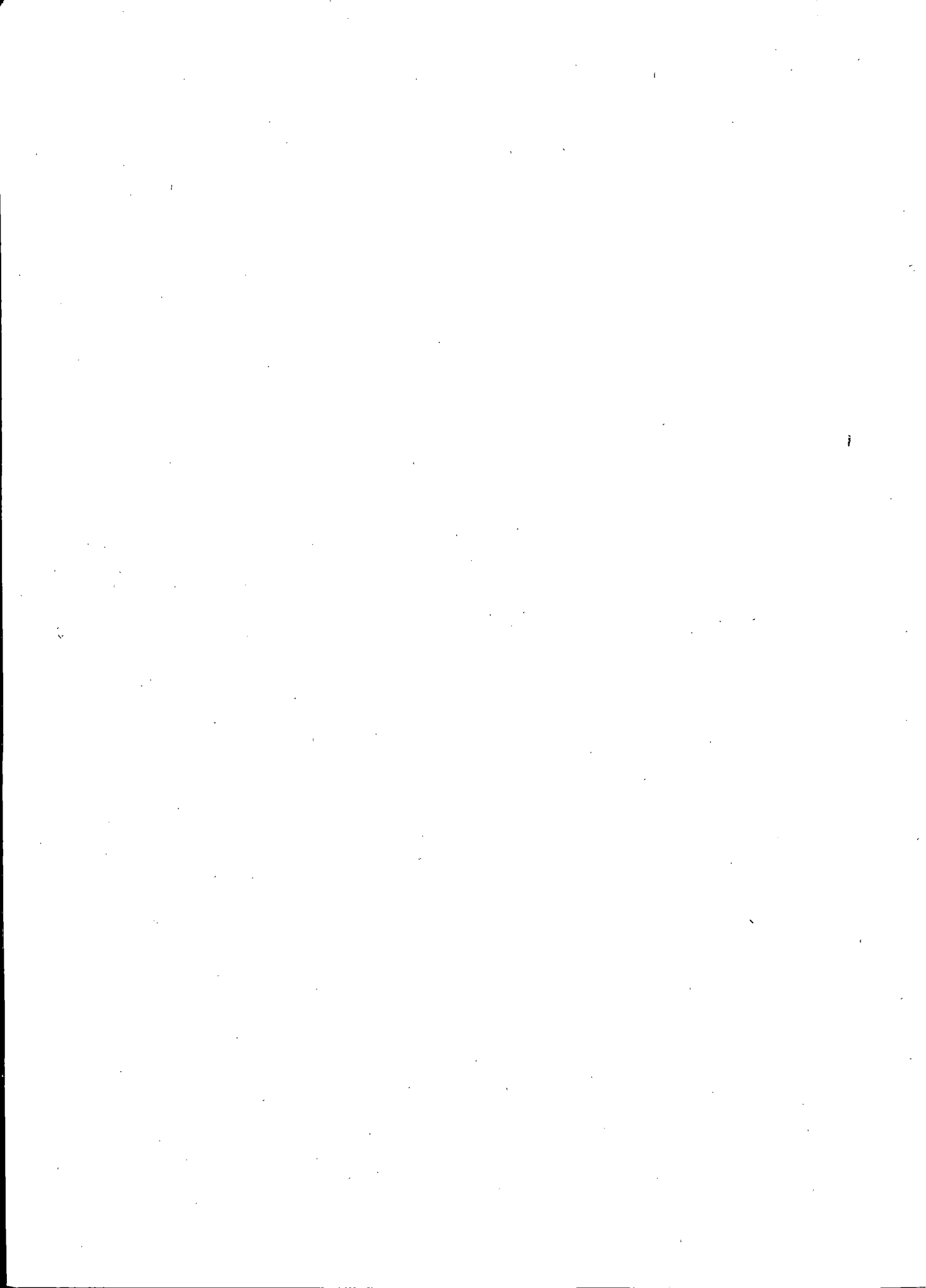
Mr. PEREZ PEROZO (Venezuela) said that he had been unable to support the Cuban amendments (E/L.590) because, like the representative of Ecuador, he was opposed in principle to the appointment of a rapporteur when international functions were to be exercised. The responsibility was too great to be placed on the shoulders of a single individual.

He had voted for the joint draft resolution (E/L.588/Rev.1) because it appeared to him moderate and well thought out.

He had voted against the Yugoslav amendments (E/L.599).

Mr. SAKSENA (India) said that he had abstained in the vote, first, because he did not think the *Ad Hoc* Committee's investigation had gone far enough in dealing with the question of forced labour, and secondly, because his delegation did not approve of condemnations of the system of forced labour which did not lead to any improvement of conditions.

The meeting rose at 4.5 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Dominican Republic, Netherlands, Philippines.

The Rapporteur on Freedom of Information.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization.

Tribute to the memory of Mr. Léon Jouhaux

1. The PRESIDENT informed the members of the Council with deep regret of the death of Mr. Léon Jouhaux, who was known throughout the world and had won the esteem of his countrymen and the respect and admiration of people everywhere during a long life devoted to the defence of working men and women. He paid a tribute, on behalf of the Council, to the memory of Mr. Léon Jouhaux, a Nobel Peace Prize winner.

2. Mr. BORIS (France) said that the French delegation deeply appreciated the tribute paid by the Council to a Frenchman who had been, both nationally and internationally, one of the outstanding figures of the past half-century. A militant trade-unionist and ardent apostle of international co-operation, Mr. Jouhaux had devoted his life to the cause of economic and social progress and to the promotion of peace.

Allegations regarding infringements of trade-union rights (E/2498, E/2529 and Add.1, E/2547, E/L.601 and Add.1 (concluded)

[Agenda item 13]

DRAFT RESOLUTIONS SUBMITTED BY THE UNITED STATES (E/L.601 and Add.1)

3. The PRESIDENT invited the members of the Council to consider draft resolutions A, B and C submitted by the United States of America (E/L.601).

4. Mr. SAKSENA (India), on a point of order, requested the postponement, until the eighteenth session of the Economic and Social Council, of consideration of draft resolution A. The USSR delegation's decision to become a member of the International Labour Organisation, had introduced a new element into the situation and the Council would no doubt wish to appreciate its implications before adopting any position on the action proposed in draft resolution A. Under those circumstances, it was hardly advisable to consider a text which could only raise unproductive political discussion.

5. Mr. HOTCHKIS (United States of America) said that he was surprised by that proposal. Before taking its stand regarding the matter, his delegation wished to have the USSR representative's assurance that his Government was resolved to co-operate with ILO in settling the matter in question.

6. Mr. JOBERT (France), pointing out that the Indian proposal was based on a new fact, said he felt that the Council should be officially informed of that fact.

7. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that the Members of the United Nations had been informed of the USSR Government's decision in a press release by the Department of Public Information. The ILO representative could confirm the fact.

8. Mr. METALL (International Labour Organisation) read out a letter which Mr. Molotov, Minister of Foreign Affairs of the USSR, had addressed on 24 April 1954 to Mr. Morse, Director-General of the International Labour Office, informing him of the official acceptance, by the USSR, of the obligations of the ILO Constitution and also the letter from Mr. Morse acknowledging receipt of Mr. Molotov's communication.

9. The PRESIDENT pointed out that any request that the discussion of an item should be adjourned was governed by rule 50 of the rules of procedure, under which one representative could speak in favour and the other against the motion.

10. Mr. AZMI (Egypt) supported the Indian proposal for the reasons stated by Mr. Saksena.

11. Mr. HOTCHKIS (United States of America) said that, as the USSR representative had not given the assurance which he had requested, he would be obliged to vote against the Indian motion. He regretted that delaying tactics were being used in connexion with such an important matter.

12. Mr. SAKSENA (India) pointed out that it was not the intention of his delegation to resort to delaying tactics. His delegation sincerely believed that adjournment of the debate would prove to be much more useful in the long run.

13. The PRESIDENT put to the vote the Indian motion to postpone consideration of draft resolution A submitted by the United States (E/L.601) until the eighteenth session of the Council.

The motion was adopted by 7 votes to 4, with 7 abstentions.

14. Mr. KOTSCHNIG (United States of America) regretted that a matter of such long standing was again being deferred; the Council would have been fully justified in taking a decision after four years of fruitless effort to obtain a reply from the USSR.

15. Only draft resolutions B and C submitted by the United States were thus before the Council. They referred to cases essentially different from that of the USSR in that the Council had not abandoned all hope of securing the co-operation of the Governments concerned. Spain had recently requested information from the Secretary-General on the United Nations procedure for receiving and examining allegations regarding infringements of trade-union rights. It was therefore reasonable for the Council to try again to obtain the co-operation of the Spanish and Romanian Governments. The texts proposed merely repeated the wording of previous resolutions and were not intended to incriminate the Governments concerned or to bring undue pressure to bear on them. The Council merely requested the Secretary-General to invite their co-operation. The allegations received were such that the Council could do no less, unless it intended to dissociate itself from the protection of trade-union rights, which were among the essential human rights.

16. Mr. GARCIA OLANO (Argentina) said that only a few allegations regarding infringements of trade-union rights had been brought before the United Nations at the current session of the Council. However, the allegations received at the fourteenth session, which had been the subject of resolutions 444 (XIV), 474 (XV) and 503 (XVI), had not yet been dealt with satisfactorily.

17. At its 785th meeting, the Council had heard the views of three non-governmental organizations, the World Federation of Trade Unions, the International Confederation of Free Trade Unions and the International Federation of Christian Trade Unions, on the matter. None of the three statements had furthered the Council's work. The representative of the ICFTU, in particular, had seen fit to introduce wholly irrelevant political considerations. At the proper time his Government intended to raise the entire question of the consultative status of non-governmental organizations; for the time being it would merely state that, while far from opposed to those organizations co-operating with the Council in studying technical problems which were their special concern, it considered that it was inadmissible that they should be able to indulge in propaganda speeches and use the Council's discussions for criticizing and making tendentious accusations against governments, some of which were not even represented in the Council and therefore could not reply.

18. Under article 37 of the Argentine Constitution of 1949, which established the right to the protection of occupational interests, and, more specifically, under paragraph 10 of that article, which he read out, Argentine workers were free to form associations to protect their occupational interests. That was recognized as one of the workers' fundamental rights, which society was obliged to respect and protect, and any action preventing its free exercise was punishable.

19. To give effect to those constitutional provisions, Congress had adopted a comprehensive labour code which had put Argentina in the van of social progress, as even *The New York Times*, which was not particularly well disposed towards the Argentine Government, had recognized on 6 January 1954. Despite the undeniable improvement in the living conditions of the working classes

that had taken place under the present régime, the Argentine Government had been unjustly charged with violating trade-union rights. As Argentina was a member of ILO, those allegations had been transmitted to the ILO Fact-Finding and Conciliation Commission on Freedom of Association, in conformity with Council resolution 277 (X), and were being examined.

20. On the other hand, countries belonging neither to ILO nor to the United Nations were in a somewhat different position. Under resolution 277 (X), the Secretary-General had to seek their consent before transmitting allegations concerning them to ILO. If consent was not forthcoming, the Council gave consideration to such refusal with a view to taking any appropriate alternative action.

21. The Argentine delegation felt that when the Secretary-General met with a refusal from the Government of a Member State, the Council could take no further action without violating both the provisions of Article 2, paragraph 7, of the United Nations Charter and the principle of the sovereign equality of Member States. When the refusal came from a State which did not belong to the United Nations and had no legal connexion with it, the situation was still clearer: it seemed perfectly useless, except for propaganda purposes, to seek to obtain the consent of the State concerned in order to verify allegations levelled against it. While membership of the United Nations was not compulsory, many countries which were willing to join the United Nations had been refused admission to membership. In the circumstances it would not be right for Member States to impose obligations on countries to which they refused to accord rights.

22. In accordance with the policy which it had always followed, the Argentine delegation would oppose any draft resolution that tended to press States not members of the United Nations or of ILO for replies which they had refused to give.

23. Mr. AZMI (Egypt) concurred with the Argentine representative's remarks. From a logical point of view the Council's position was somewhat curious: it had before it a proposal to request two sovereign States, mentioned by name, to co-operate with the United Nations, in spite of the fact that the Organization had adopted an unconciliatory attitude towards them. Spain had been the subject of a General Assembly resolution (resolution 39 (I)) recommending Member States to recall the diplomatic representatives accredited there. The applications of both Spain and Romania for admission to the United Nations had been refused.

24. In those circumstances he would be obliged to abstain when the vote was taken.

25. Mr. MENESES PALLARES (Ecuador) said that his delegation was taking part in the discussion because it firmly believed that trade-union rights were fundamental human rights.

26. Few social phenomena were of such vital importance as the development of the workers' movement and the workers' gradual progress towards the full enjoyment of their rights. Throughout that development one leading idea was clearly discernible—that of the superiority of the human being to the economic and social mechanisms which threatened to enslave him. It was the struggle between human values and ephemeral ideologies which gave meaning to the organized workers' movement. As the French trade-union leader Eugène Varlin had rightly said, it was the mission of the working classes to regenerate society. Through its activities, which were

on a high moral plane, trade-unionism was continually producing new men, conscious of their responsibilities and of the moral and social demands of modern life. The organized workers' movement had gradually become aware of its strength and had thus been able to preserve its unity and campaign effectively against the forces seeking to destroy it. Those qualities of trade-unionism were to be found in Ecuador's own trade-union movement, which comprised workers of every shade of opinion and every ideology. The Ecuadorian trade-union movement was one of the most important factors in the country's progress.

27. If trade-unionism were viewed in that light, namely as an instrument for the defence of the human person, it was easy to see why it provoked such violent opposition from the forces which oppressed the individual and trampled human rights and fundamental freedoms underfoot. Arrayed against those dark forces was the concern shown by the United Nations, the conscience of mankind, at infringements or attempted infringements of trade-union rights, which Member States could not ignore if they were to fulfil the provisions of the Charter. But at the same time it was right that the United Nations should give the governments concerned the opportunity of replying and of explaining their conduct. The Economic and Social Council was not always in a position to judge whether or not any given allegation was justified, but while it should not pass judgment until it had made a careful study of the evidence submitted to it, it was bound to take effective measures to protect trade-union rights in cases where they were in fact threatened or infringed.

28. It was regrettable that certain governments against which such allegations had been made had not yet sent their replies to the Secretary-General. His delegation hoped that, in view of the Council's attitude, they would change their minds.

29. Finally, after giving details of labour legislation in force in his country, which guaranteed to workers the full enjoyment of all trade-union rights, he read out article 185, paragraphs (a), (b) and (g) of the Constitution, governing relationships between employers and workers and proclaiming freedom of association for the purpose of protecting occupational rights. He also quoted article 360 of the Labour Code, under which all workers' associations enjoyed State protection. In compliance with the provisions of the Labour Code, every enterprise employing more than fifteen workers had an enterprise committee which took part in the preparation of collective contracts, intervened in labour disputes and so on. Moreover, through those committees, Ecuadorian workers shared in the profits of the enterprise by which they were employed and article 185 of the Constitution provided that the workers' share should in no case be less than 5 per cent of the total profits earned.

30. His delegation would support draft resolutions B and C, of both the spirit and purpose of which it approved.

31. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that draft resolution B was merely a further manifestation of the United States campaign of slander against Romania. Any impartial observer knew that infringements of trade-union rights were impossible in that country, where there had, on the contrary, been an amazing development of trade-union activity in the economic, social and cultural fields. By reviving its slanderous accusations against Romania, the United States Government was continuing its policy of hostility towards all the peoples' democracies whose admission to the

United Nations it was preventing with the support of certain other countries.

32. The USSR delegation would vote against draft resolution B.

33. Mr. KOTSCHNIG (United States of America) pointed out, in reply to the Argentine and Egyptian representatives, that in the United States draft resolutions it was proposed to invite, not to compel, the Romanian and Spanish Governments to co-operate with the United Nations in a field which, being of interest to the whole world, was certainly within the competence of the United Nations. So far, the Secretary-General had received no clear reply from those two Governments and they should be given another opportunity of defining their attitude. That applied particularly to Spain, which had already requested certain explanations from the Secretary-General. If it rejected the two draft resolutions, the Council might give the impression of repudiating its former resolutions.

34. In reply to the Soviet Union delegation's criticism, he pointed out that his delegation had also submitted draft resolution C, concerning Spain, thus showing that it sought to defend trade-union rights in all countries.

35. Mr. AKANT (Turkey) requested that draft resolutions B and C should be put to the vote separately.

It was so decided.

36. Mr. GARCIA OLANO (Argentina) requested that each of the draft resolutions should be put to the vote paragraph by paragraph.

It was so decided.

37. The PRESIDENT put to the vote draft resolution B submitted by the United States of America (E/L.601).

The first paragraph of the preamble was adopted by 13 votes to 2, with 3 abstentions.

The second and third paragraphs of the preamble were adopted by 13 votes to 2, with 3 abstentions.

The operative paragraph was adopted by 12 votes to 2, with 4 abstentions.

Draft resolution B as a whole was adopted by 12 votes to 3, with 3 abstentions.

38. The PRESIDENT put to the vote draft resolution C submitted by the United States of America (E/L.601).

The preamble was adopted by 11 votes to none, with 7 abstentions.

Paragraph 1 of the operative part was adopted by 11 votes to 1, with 6 abstentions.

Paragraph 2 was adopted by 9 votes to 1, with 7 abstentions.

Draft resolution C as a whole was adopted by 10 votes to 1, with 7 abstentions.

Freedom of information (continued): (a) Report of the Rapporteur on Freedom of Information (concluded): report of the Social Committee (E/2583)

[Agenda item 12 (a)]

DRAFT RESOLUTION A (E/2583)

39. The PRESIDENT asked the Council to take action on draft resolution A submitted by the Social Committee (E/2583), concerning reports and studies on freedom of information.

40. The SECRETARY-GENERAL commented on the responsibilities which would devolve upon him if the Council adopted draft resolution A contained in the Social Committee's report (E/2583).
41. He said that the concrete programme of action mentioned in paragraph 1 (a) came within the routine work of the Department of Public Information and would cause no difficulty. It should be understood that the work involved no propaganda.
42. With regard to the censorship survey mentioned in paragraph 1 (b), particularly in so far as it related to current internal censorship principles and practices, he would have to confine himself to information communicated or published by governments, a circumstance which might limit the scope of his report. He might have somewhat greater latitude in the study of the censorship of outgoing news dispatches. Generally, that type of study implied intervention in the domestic affairs of States. The provisions of the Charter on that point could be interpreted more or less widely. By virtue of his office, the Secretary-General was bound to construe those provisions very strictly, perhaps more strictly than the Council thought possible. Consequently, in such cases the appointment of a special rapporteur offered certain advantages.
43. The study requested in paragraph 1 (c) would apparently entail merely the collection of legal texts.
44. The study mentioned in paragraph 1 (d) called for no comment. There was no reason why the preliminary report already prepared should not be followed by other similar reports.
45. On the other hand, he felt that the study of monopolies mentioned in paragraph 1 (e) clearly exceeded his competence both in substance and principle, and he was afraid that he would meet with the greatest difficulties in carrying out that task to the Council's satisfaction.
46. Mr. MEADE (United Kingdom) proposed that the studies contemplated in draft resolution A and the reports mentioned in draft resolutions B and C should be submitted to the Council at its nineteenth session.
47. Mr. KOTSCHNIG (United States of America) supported the United Kingdom representative's proposal.
48. The United States delegation was not unaware of the difficulty of the task entrusted to the Secretary-General and consequently would have preferred the Council to appoint a special rapporteur. Though limited, the studies which the Secretary-General might undertake would none the less be useful.
49. So far as censorship was concerned, the Secretary-General, while not expected to recommend remedies, could collect data. In a survey of internal censorship, the Secretary-General would obviously have to rely entirely on information communicated by governments but for the study of the censorship of outgoing news dispatches he could use other sources. That was actually the most important problem, for obstacles to the transmission of news were one of the main barriers to international understanding.
50. The legal study mentioned in paragraph 1 (c) was described in terms so vague that the Secretary-General could not carry it out satisfactorily. His delegation would request a separate vote on that sub-paragraph.
51. The study concerning monopolies naturally gave rise to great difficulties but was much less important than the censorship survey.
52. Mr. RIVAS (Venezuela) said that, in view of the difficulties which the Secretary-General would meet in carrying out a censorship survey, his delegation would request a separate vote on paragraph 1 (b) of draft resolution A and would vote against it. The cause of freedom of information would not be furthered by a report adverse to governments that were accused of imposing censorship.
53. However, his delegation would vote in favour of the draft resolution as a whole.
54. Mr. HESSEL (France) recalled that in the Social Committee, the French delegation had abstained when the vote was taken on the draft resolution as a whole. The remarks just made by the Secretary-General showed how right it had been. The French delegation felt that the term of office of the Rapporteur on Freedom of Information should have been extended, and regretted that its proposal had not been acceptable to the majority. However, the French delegation had decided to reconsider its attitude.
55. It supported the United Kingdom amendment and requested that the vote on paragraph 1 (b) of the operative part should be divided, the first vote being taken on the words "current internal censorship principles and practices".
56. Mr. KOTSCHNIG (United States of America) thought that the survey requested of the Secretary-General would be facilitated if the words mentioned by the French representative were deleted. He would vote in favour of their deletion.
57. Mr. TSARAPKIN (Union of Soviet Socialist Republics) stated that his delegation could not agree to a request to the Secretary-General to produce certain of the reports mentioned in paragraph 1 of the operative part of the draft resolution, and would therefore have to vote against sub-paragraphs (b), (d) and (e).
58. The United States representative had said that freedom of information should be secured to the fullest extent possible because any restriction of information might cause misunderstandings and endanger the maintenance of friendly relations among States. That might well be true in principle; but in most countries news was collected and disseminated by private enterprises, most of them having a virtual monopoly. Such enterprises by no means invariably protected the public interest; indeed many of them were in the service of private and selfish interests and could command extremely powerful technical and financial resources enabling them, as history had abundantly demonstrated, to poison international relations. Consequently, it was unacceptable that such enterprises should be given the opportunity to operate without any check and perhaps to endanger good relations among States.
59. It was not surprising that the United States representative should defend the interests of the great American Press agencies, but the Economic and Social Council was not obliged to follow suit. Its duty was to promote international co-operation, the purposes of which were quite different from those of information monopolies. What the United States delegation was in fact recommending was not so much absolute freedom of information as complete freedom of action for monopolies.
60. The Secretary-General had clearly indicated that the preparation of some of the reports contemplated in the draft resolution would place him in a delicate situation and cause him numerous difficulties. The Council

should give the greatest possible weight to the Secretary-General's opinion, since he would be primarily affected. 61. The USSR delegation was particularly opposed to paragraph 1 (b), which would betray the legitimate interests of States to the private interests represented by certain news enterprises and because a world-wide survey of internal censorship principles and practices would be flagrant intervention in the domestic affairs of States and hence incompatible with the provisions of Article 2, paragraph 7, of the United Nations Charter.

62. Mr. MEADE (United Kingdom) requested that a separate vote should be taken on each sub-paragraph of the draft resolution.

63. He would vote against the passage in paragraph 1 (b) which the French representative had criticized, and also, on the strength of the Secretary-General's explanations, against paragraph 1 (e).

64. Mr. KOS (Yugoslavia) said the Council should give the greatest weight to the Secretary-General's remarks.

65. While the question of censorship was on the one hand very important for the freedom of information, it could on the other hand be very controversial, depending on the sources which were being used. The Yugoslav delegation would therefore abstain on paragraph 1 (b).

66. On the other hand, following the example of UNESCO, the Secretary-General could certainly make an objective study of information monopolies and their effects on freedom of information. The Yugoslav delegation would therefore vote for paragraph 1 (e).

67. Mr. BANERJEE (India) recalled that he had abstained from voting on sub-paragraphs (b) and (c) in the Social Committee, and he would do the same in the Council. He would also, in view of the Secretary-General's remarks, abstain from voting on sub-paragraph (e).

68. The Indian delegation regretted that its proposal for the appointment of a committee of experts to continue the work begun by the Rapporteur on Freedom of Information had not been accepted by the Social Committee. The question could not be reopened, and the proposed study would have to be undertaken by the Secretary-General, but the Council should bear in mind both the difficulties pointed out by the Secretary-General and the need to achieve quickly the greatest possible progress in the work which had been undertaken.

69. Mr. GARCIA OLANO (Argentina) said that his delegation had defined its position during the general debate in the following terms: democracy was government by public opinion; hence anything which misled public opinion endangered the democratic system. It followed that truth should be the only generally valid criterion in the information field and that absolute and enduring respect for truth should be the chief quality of a journalist.

70. A recent experience had confirmed the soundness of the Argentine position. The elections recently held in his country had been a fine example of responsible citizenship. They had taken place in a completely regular manner and the number of voters was 9,341,069 (91.47 per cent of the electors registered in the federal capital had voted). That result was due to the Argentine Government's efforts to strengthen democracy and its supporters had obtained a crushing majority. Yet a certain section of the Press had either remained silent or had distorted the facts. One important—though hardly a great—newspaper had even gone so far as to connect the

slight increase in the few votes obtained by the Communist Party—11,000 out of more than 9 million—with an Argentine abstention at the Inter-American Conference at Caracas.

71. In view of such facts, one might well ask if that was how the Press could best serve the cause of peace and contribute to friendly relations among States. Such a Press could surely not be said to be reporting the truth objectively and impartially or to be enlightening public opinion. Freedom of information when used, or rather abused, in that fashion was nothing else than freedom to misguide and deceive public opinion for the benefit of private interests.

72. The Argentine delegation would not cease to press in the Council and in the General Assembly for truth to be made the sole criterion in the organization of journalism and information.

73. Mr. AZMI (Egypt) regretted that he was unable to come to the assistance of the Secretary-General, but as a determined champion of freedom of information he could not become a party to restricting the scope of the studies relating to freedom of information.

74. With regard to the world-wide survey contemplated in paragraph 1 (b) of draft resolution A, he said that the United Nations information centres were perfectly familiar with current censorship principles and practices. All the necessary information on the subject could be collected by the Secretary-General simply by consulting their records.

75. With regard to the legal aspects of the rights and responsibilities of information media, an objective study had already been carried out by UNESCO. All that remained to be done was to study and analyse the relevant legislation of the various States, and the Secretary-General would surely experience no difficulty in obtaining the text of the legislative provisions of each country. The meaning of the phrase "legal aspects" had been queried but in its context the expression meant simply the relationship between the rights and responsibilities laid down by statute.

76. So far as the study of information monopolies was concerned, he thought he was not betraying any secret in saying that studies of the subject made by at least one eminent expert could be found in the archives of the United Nations.

77. Egypt would give a frank and full reply to all requests for information addressed to it by the Secretary-General in compliance with his proposed terms of reference. Mr. Azmi would vote for all the sub-paragraphs of the operative part of the draft resolution.

78. Mr. FÉNAUX (Belgium) said he would vote for the deletion of the words mentioned by the French representative in sub-paragraph (b), and against sub-paragraph (e). He would vote for the draft resolution as a whole.

79. The PRESIDENT asked the Council to vote on draft resolution A. He would put to the vote, first the United Kingdom amendment to the effect that the word "twentieth" should be replaced by the word "nineteenth", and then successively the preamble, the five sub-paragraphs of operative paragraph 1, operative paragraph 2, and the draft resolution as a whole.

The United Kingdom amendment was adopted by 16 votes to none, with 2 abstentions.

The preamble was adopted by 15 votes to 3.

Paragraph 1 (a) was adopted unanimously.

The proposal to delete the words "current internal censorship principles and practices and" in paragraph 1 (b) was adopted by 13 votes to 3, with 2 abstentions.

Paragraph 1 (b) as amended was adopted by 10 votes to 2, with 6 abstentions.

Paragraph 1 (c) was adopted by 8 votes to 7, with 3 abstentions.

Paragraph 1 (d) was adopted by 14 votes to 2, with 2 abstentions.

Paragraph 1 (e) was adopted by 9 votes to 7, with 2 abstentions.

Paragraph 2 was adopted by 17 votes to none, with 1 abstention.

Draft resolution A as a whole was adopted by 16 votes to 2.

DRAFT RESOLUTION B (E/2583)

80. The PRESIDENT asked the Council to vote on draft resolution B (E/2583), concerning the transmission of outgoing news dispatches.

81. Mr. BANERJEE (India) said that when the vote was taken in the Social Committee his delegation had abstained on the grounds that in some cases the "unrestricted" transmission of news was impossible. He would be able to vote for the draft resolution if the word "unrestricted" was deleted.

82. Mr. FENAUX (Belgium) pointed out that the draft resolution before the Council reproduced verbatim the recommendation adopted by the Plenipotentiary Conference of the International Telecommunication Union. The Council was not empowered to alter the wording of the recommendation.

83. Mr. TSARAPKIN (Union of Soviet Socialist Republics) requested the Secretariat to read out the recommendation in question for he thought it had not been faithfully reproduced.

84. Mr. HUMPHREY (Secretariat) read out the recommendation. The wording before the Council was identical with that adopted by the Plenipotentiary Conference.

85. Mr. BANERJEE (India) said he would not press for the deletion of the word "unrestricted", but added that the only reason why he did not submit an amendment was that the word in question appeared in the recommendation of the Plenipotentiary Conference.

Draft resolution B was adopted by 17 votes to none, with 1 abstention.

DRAFT RESOLUTION C (E/2583)

86. The PRESIDENT put to the vote draft resolution C (E/2583), concerning the status and movement of foreign correspondents.

The draft resolution was adopted by 13 votes to none, with 5 abstentions.

DRAFT RESOLUTION D (E/2583)

87. The PRESIDENT asked the Council to vote on draft resolution D (E/2583), concerning copyright.

88. Mr. AZMI (Egypt) recalled the remarks he had made with regard to the draft resolution in the Social Committee.¹ Egypt wished to make certain reservations concerning translations; subject to that proviso, he would vote for the draft resolution.

The draft resolution was adopted by 15 votes to none, with 3 abstentions.

DRAFT RESOLUTION E (E/2583)

89. The PRESIDENT put to the vote draft resolution E (E/2583), concerning the independence of information personnel.

The draft resolution was adopted unanimously.

DRAFT RESOLUTION F (E/2583)

90. The PRESIDENT put to the vote draft resolution F (E/2583), concerning professional training.

The draft resolution was adopted unanimously.

DRAFT RESOLUTION G (E/2583)

91. The PRESIDENT put to the vote draft resolution G (E/2583), concerning Press rates and priorities.

The draft resolution was adopted unanimously.

DRAFT RESOLUTION H (E/2583)

92. The PRESIDENT put to the vote draft resolution H (E/2583), concerning international broadcasting.

The draft resolution was adopted unanimously.

DRAFT RESOLUTION I (E/2583)

93. The PRESIDENT put to the vote draft resolution I (E/2583), concerning tariff and trade practices.

The draft resolution was adopted by 13 votes to none, with 5 abstentions.

DRAFT RESOLUTION J (E/2583)

94. The PRESIDENT put to the vote draft resolution J (I) and J (II) (E/2583), concerning technical assistance in freedom of information.

Draft resolution J (I) was adopted unanimously.

Draft resolution J (II) was adopted by 16 votes to 2.

The meeting rose at 1 p.m.

¹ See document E/AC.7/SR.271.



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President: Mr. Juan I. COOKE (Argentina)

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Dominican Republic, Israel, Netherlands.

The Rapporteur on Freedom of Information.

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

Freedom of information (*continued*): (b) Encouragement and development of independent domestic information enterprises (*concluded*): report of the Social Committee (E/2584)

[Agenda item 12 (b)]

The PRESIDENT put to the vote the draft resolution prepared by the Social Committee concerning agenda item 12 (b) (E/2584).

The draft resolution was adopted by 17 votes to none, with 1 abstention.

Freedom of information (*concluded*): (c) Production and distribution of newsprint and printing paper: report of the Secretary-General under Council resolution 423 (XIV) (*concluded*): report of the Economic Committee (E/2586)

[Agenda item 12 (c)]

Mr. LOOMES (Australia) said that when the vote was taken in the Economic Committee on the draft resolution concerning agenda item 12 (c), his delegation had

abstained from voting for several reasons. There was no real problem with regard to supplies of newsprint; long-term schemes for expanded production should not be encouraged until the need for them had been clearly shown; large capital investment would be required and costs would be high; and the existing industry would be capable of coping with any increase in demand, if and when it occurred. His delegation was not convinced that action by the United Nations was the best approach; it had supported the United Kingdom proposal to delete the reference to the spot market consumer of newsprint, but the proposal had been rejected. Influenced, however, by the virtual unanimity of the Committee's vote and believing that the original draft had been greatly improved by amendment, his delegation, while maintaining its reservations, would vote for the Economic Committee's draft resolution (E/2586).

3. Mr. AZMI (Egypt) said that he had assumed that the draft resolutions dealing with newsprint and printing paper, discussed in both the Social Committee and the Economic Committee, would come together before the Council, but the sponsors of the draft resolution submitted to the Social Committee had decided that they would be content with the draft resolution adopted by the Economic Committee. The original idea had been to make a connecting link between production by countries producing newsprint and controlling its price and the prospective expansion of production in the under-developed countries; the latter factor did not appear in the Economic Committee's draft resolution.

4. He therefore proposed the insertion of the words "in the under-developed countries, among others" in the last paragraph.

The Egyptian oral amendment was adopted by 17 votes to none, with 1 abstention.

5. Mr. TRUJILLO (Ecuador) said that he had abstained because he could not see at what point the phrase—with the substance of which he agreed—should be inserted in the Spanish text.

6. The PRESIDENT said that he would ask the Secretariat to insert the phrase in the various official languages at the appropriate place in the text.

7. He put to the vote the draft resolution submitted by the Economic Committee (E/2586), as amended.

The draft resolution, as amended, was adopted unanimously.

8. Mr. HESSEL (France) said that he wished to express his delegation's appreciation of the work of the Rapporteur on Freedom of Information. Delegations had been divided on the question of appointing special rapporteurs, and Mr. López himself had made some reservations on the principle before his appointment. Whatever might be thought about the principle, about one thing there could be no doubt: the value of the services which the Rapporteur had rendered to the Council and the care and courage with which he had handled his report.

9. Mr. LOPEZ (Rapporteur on Freedom of Information) thanked the French representative for his appreci-

ation of the work he had done at the Council's request. The Council had adopted twelve resolutions on freedom of information, which had dealt with almost all the legal, political and technical problems involved. It would be unrealistic to think that any of those problems had been solved finally, but the resolutions were a step forward. At one time there had been some danger that no action would be taken; the Council's action at the current session was of a kind that could only lead to further action. Despite the disagreements which had inevitably come to the fore in the debates, he was satisfied that he had been given an opportunity to make a modest contribution towards the eventual solution of the problems of freedom of information.

Slavery: (a) Report by the Secretary-General on consultation concerning the desirability of a supplementary convention on slavery and its possible contents; (b) Supplementary report by the Secretary-General under Council resolution 475 (XV), paragraph 8: report of the Social Committee (E/2585)

[Agenda item 15]

10. The PRESIDENT asked the Council to take action on the draft resolutions submitted by the Social Committee concerning agenda item 15. The item had been referred to the Committee in accordance with the decision taken by the Council at its 757th meeting.

DRAFT RESOLUTION A (E/2585)

11. Mr. MEADE (United Kingdom) formally moved the deletion of paragraph 6 from draft resolution A (E/2585).

12. Despite the French representative's explanations in the Social Committee, he was still unable to see why the United Nations Educational, Scientific and Cultural Organization and the Food and Agriculture Organization of the United Nations should be included, and the International Labour Organisation was concerned with practices analogous to slavery, such as forced labour, rather than slavery itself. The International Labour Organisation had stressed the need for defining slavery further and it would be embarrassed by the request in paragraph 6. Moreover, it was quite improper to dictate to the specialized agencies what they should do and more particularly to specify through which of their subsidiary bodies they should do it. The amendments submitted by Ecuador (E/L.603) and the United States (E/L.602) improved the text of paragraph 6 but still went too far.

13. Mr. BRENNAN (Australia) introduced the amendment submitted jointly by Australia, Belgium and the United States (E/L.604) to paragraphs 4 and 5 of draft resolution A. The effect of the amendment would be to appoint a rapporteur to prepare a concise summary of the information available, instead of requesting the Secretary-General to do so. The reasons why it would be better for a rapporteur to prepare the report rather than the Secretary-General had been stated at length in the Social Committee.

14. Mr. BENITES VINUEZA (Ecuador) stated that he was submitting an amendment (E/L.603) to the draft resolution. Although he had voted for the draft resolution in the Social Committee, he doubted whether the text of paragraph 6 proposed in the French amendment (E/AC.6/L.213), now incorporated in that draft resolution, exactly represented his delegation's views on the neces-

sity for a complete study, particularly from the economic and social viewpoint, of the problem of the continuance of slavery, conditions similar to slavery and servitude in all its forms.

15. The general expression "specialized agencies" was sufficient by itself without any mention of the names of particular agencies; that general expression also included "commissions and regional meetings". The latter phrase was, in fact, merely confusing since it was not clear what regional meetings were meant. If the phrase were loosely interpreted, attention might be concentrated exclusively on the independent Asian and American States which were alleged to maintain social forms equivalent to slavery or servitude. There were few such regional meetings in Africa, notwithstanding the fact that large parts of the African continent were under colonial rule. His amendment therefore omitted all reference to such commissions and regional meetings.

16. Moreover, paragraph 6 limited the concept of slavery to the definition in article 1 of the International Slavery Convention of 1926. That definition was based on the concept of right of ownership, but the forms of slavery, such as servitude and forced labour, prevalent in the modern world were based far more on infringements of the right to work and to enjoy freely the benefits thereof.

17. He did not think his amendment affected the principle of the draft resolution but merely stated with greater clarity the means by which international co-operation was to be attained.

18. Despite his high regard for the proposed rapporteur, he would be unable to vote for the joint amendment (E/L.604) in view of his objection in principle to such appointments.

19. Mr. KOTSCHNIG (United States of America) said that he would vote in favour of the Ecuadorian amendment (E/L.603) to paragraph 6 of draft resolution A. If that amendment were rejected, however, he would maintain his own amendment (E/L.602) to the same paragraph.

20. Mr. KOS (Yugoslavia) welcomed the suggestion (E/L.604) that Mr. Hans Engen should be appointed as rapporteur. Norway had an old tradition of respect for human dignity and he was convinced of Mr. Engen's objectivity and personal integrity.

21. He hoped that the rapporteur's report would take economic and social conditions into account as a background for a better understanding of the problem of slavery and other forms of servitude. The rapporteur should consult experts who had studied the problem for years. They could help him in his difficult and delicate task. The report would probably show the need for a supplementary convention.

22. He would vote in favour of the joint amendment (E/L.604) and the Ecuadorian amendment (E/L.603).

23. Mr. GARCIA OLANO (Argentina) said that he would vote in favour of the Ecuadorian amendment (E/L.603).

24. He could not support the joint amendment (E/L.604) because his delegation believed that rapporteurs should be appointed only when absolutely necessary and where no other solution was possible. In the case at issue, the Secretary-General was fully qualified to prepare the proposed summary of information. He wished to make it quite clear that his vote would cast no reflexion on

r. Engen, for whose person and country he had the highest consideration.

4. Mr. PEREZ PEROZO (Venezuela) said that he would vote against the United Kingdom proposal to delete paragraph 6 and in favour of the Ecuadorian amendment (E/L.603).

5. His delegation was opposed in principle to the appointment of rapporteurs and would therefore vote against the joint amendment (E/L.604). He wished to make it quite clear, however, that he had the highest respect for Mr. Engen himself. He therefore requested that the joint amendment should be put to the vote in parts, the vote being taken first on the principle of appointing a rapporteur and secondly on Mr. Engen's nomination.

6. Mr. SAKSENA (India) recalled that in the Social Committee, he had stated that his delegation was not entirely satisfied that the appointment of a rapporteur was desirable. It had, however, reconsidered its position in the light of the Secretary-General's statement at the preceding meeting. It felt that the question of slavery was precisely one of the questions on which the appointment of a rapporteur would be helpful to the Secretary-General. He would therefore vote in favour of the joint amendment (E/L.604) and the Ecuadorian amendment (E/L.603).

7. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that he would vote in favour of draft resolution A as it stood and against the joint amendment (E/L.604). His delegation was opposed to the growing tendency to appoint special rapporteurs. They only involved additional expense and detracted from the Secretary-General's status in such important matters. The study of information concerning slavery could successfully be undertaken by the Secretary-General. It should be clearly understood, however, that the USSR delegation was voting against the principle of appointing rapporteurs and not against Mr. Engen, for whom it had the deepest respect.

8. Mr. JOBERT (France) said that his delegation had fully explained its opposition to the appointment of a rapporteur in the Social Committee. All that was wanted was a new report based on information already available in the *Ad Hoc* Committee's report (E/1988) and the Secretary-General's report (E/2357). A study of the Secretary-General's report showed that he was quite competent to do such work. He would therefore vote against the joint amendment (E/L.604).

9. Mr. EL-TANAMLI (Egypt) pointed out that his delegation doubted the wisdom of appointing a rapporteur, but would not vote against the draft resolution in view of the great merit of the proposed appointment.

10. Miss MAÑAS (Cuba) stated that, although her delegation had previously abstained on the question of the appointment of a rapporteur, she would vote in favour of the proposal because of her delegation's high regard for the proposed candidate.

11. She would also vote for the Ecuadorian amendment (E/L.603), which she considered better than the text which her delegation had originally voted.

12. The PRESIDENT put to the vote the amendment submitted by Australia, Belgium, and the United States (E/L.604) to paragraph 4 of draft resolution A

(E/2585), omitting the name of the proposed rapporteur.

The amendment was adopted by 10 votes to 6, with 2 abstentions.

34. The PRESIDENT put to the vote the proposal to appoint Mr. Hans Engen, Permanent Representative of Norway to the United Nations, as rapporteur.

Mr. Hans Engen (Norway) was appointed Rapporteur by acclamation.

35. The PRESIDENT put the amendment to paragraph 5 (E/L.604) to the vote.

The amendment was adopted by 14 votes to none, with 4 abstentions.

36. The PRESIDENT put to the vote the oral proposal by the United Kingdom that paragraph 6 of draft resolution A (E/2585) should be deleted.

The proposal was rejected by 10 votes to 5, with 1 abstention.

37. The PRESIDENT put to the vote the amendment to paragraph 6 submitted by Ecuador (E/L.603).

The amendment was adopted by 12 votes to 1, with 5 abstentions.

38. Mr. KOTSCHNIG (United States of America) asked for a separate vote on paragraph 3 of draft resolution A (E/2585).

Paragraph 3 was adopted by 12 votes to none, with 6 abstentions.

39. The PRESIDENT put to the vote draft resolution A submitted by the Social Committee (E/2585) as a whole, as amended.

The draft resolution as a whole, as amended, was adopted by 14 votes to none, with 4 abstentions.

40. Mr. GARCIA OLANO (Argentina) explained that he had abstained from voting because the resolution called for the appointment of a rapporteur.

41. Mr. JOBERT (France) explained that he had abstained from voting on the Ecuadorian amendment and on draft resolution A as a whole because neither text sufficiently stressed the necessity of keeping in close touch with the progress of measures to suppress slavery, particularly in the regional field. His delegation had already stressed the necessity of regional co-operation in the suppression of slavery. As the French amendment (E/AC.7/L.213) had been adopted in the Social Committee, a majority had seemed to favour that principle, but the misunderstanding with the Ecuadorian representative had presumably arisen because not all the paragraphs of the amendment had been adopted.

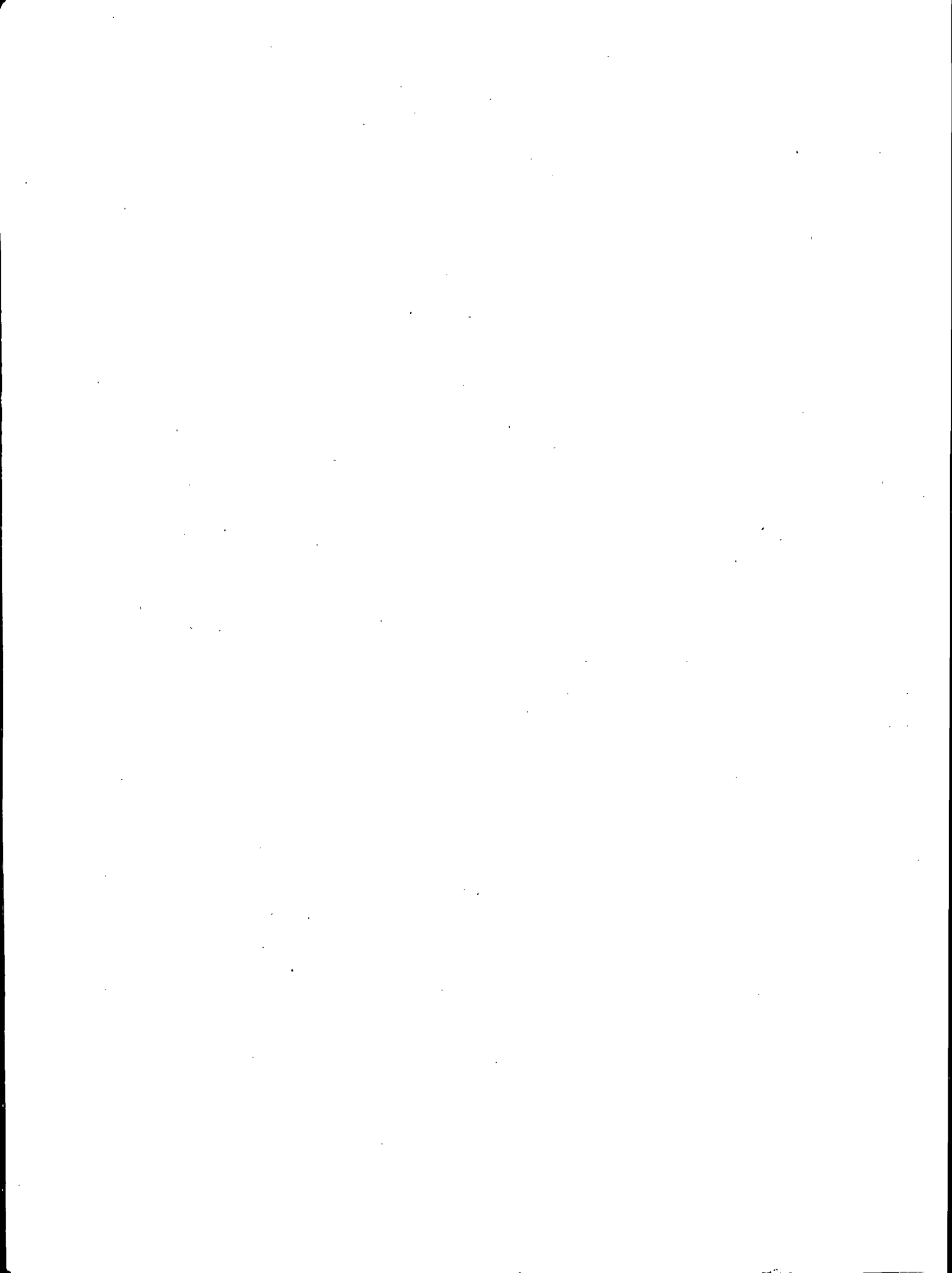
42. He was in favour of a supplementary convention, but felt that the proposed action should be taken of a less judicial nature and that in adopting such a convention the Council should seek means of advancing the fight against slavery.

DRAFT RESOLUTION B (E/2585)

43. The PRESIDENT put to the vote draft resolution B submitted by the Social Committee (E/2585).

The draft resolution B was adopted by 14 votes to none, with 4 abstentions.

The meeting rose at 4.30 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, International Bank for Reconstruction and Development, World Health Organization.

Annual report of the Economic Commission for Latin America (E/2536 and Corr.1, E/L.593)

[Agenda item 7]

1. Mr. PEREZ PEREZ (Venezuela) said that Venezuela attached the greatest importance to all bodies concerned with the regional organization of Latin America and was particularly interested in the activities of the Economic Commission for Latin America (ECLA).

2. The annual report of ECLA for the period April 1953 to February 1954 (E/2536 and Corr.1) was divided into three very strict parts and contained an excellent account of all the work carried out by the Commission during the period. He would not analyse it in detail, because all the delegations had certainly already done so; he would merely stress the most salient points.

3. At the fifth session of ECLA, Governments had expressed satisfaction with the results achieved during the first year of the economic development training programme organized by ECLA and the Technical Assistance Administration (TAA), but they had recommended that the programme should be continued and expanded to the fullest extent possible. It was to be hoped that that would be done, because nothing could contribute more to solution of the economic problems of Latin America than the elementary and advanced training of specialists.

4. One of the most important chapters in the report dealt with studies of industries (paragraphs 36-51). Venezuela was particularly interested in the studies relating to the iron and steel transforming industries. Its current economic development programme gave priority to the establishment of a national metallurgical industry; the competent authorities were carrying out exhaustive studies, for which they had requested the technical assistance of the United Nations. The general survey under-

taken by ECLA would therefore be extremely useful to Venezuela, and he hoped that it would soon be completed. Venezuela was also, of course, keenly interested in the studies relating to the other industries mentioned in the report because of their importance to all the Latin-American countries.

5. The announcement regarding the energy study, on which work had already begun, was also gratifying (paragraphs 52-55). Venezuela proposed to solve the energy supply problem at the earliest opportunity; its programme of economic development provided for the construction of great dams. Although its national plans were already far advanced, his Government in no way underestimated the benefit which could be derived from United Nations technical assistance and from the ECLA study.

6. With regard to the studies on international trade, Venezuela sincerely hoped that the work on Latin America's trade with Europe and the United States would be continued in 1954 on the same lines as in the past, in co-operation with the Economic Commission for Europe (ECE). The conclusions reached in those studies would certainly be very useful to all the American countries.

7. The Central American economic integration programme (paragraphs 66-82) was a praiseworthy effort by ECLA to solve, in close co-operation with the countries concerned and with other technical organs, the various problems of the countries in the area. In that connexion, the achievements of the seminar on transport in Central America and of the second meeting of the Committee for Economic Co-operation of Ministers of Economy of Central America could only be welcomed; they clearly proved the importance of co-ordinating the activities of countries which had the same problems and identical economic structures.

8. Commenting on part II of the report, he said that, for the success of the studies undertaken, constant liaison between ECLA, on the one hand, and the other regional economic commissions and specialized agencies, on the other, was necessary. In particular, ECLA should co-operate even more closely with the Inter-American Economic and Social Council whose functions were, in several respects, similar to those of ECLA. The two bodies should adopt a common policy, for both were concerned with economic co-operation among the American countries and their work could be perfectly complementary. That was the sense of resolution 89 of the tenth Inter-American Conference. The Conference had also, in resolution 66, invited ECLA to co-operate through the normal channels in the organization and work of the meeting of Ministers of Economy of American States to be held at Rio de Janeiro in the last quarter of 1954. In that way the Conference had paid a tribute to ECLA on the way in which it was carrying out its duties.

9. Furthermore, in resolution 92 the Conference congratulated ECLA on its contribution to the study of economic problems of the American States and to the economic integration of the Central American countries. His delegation unhesitatingly associated itself with those congratulations and would, of course, vote for the draft

resolution before the Economic and Social Council (paragraph 135).

10. Passing to the draft resolution submitted by Argentina, Cuba, Ecuador and Venezuela (E/L.593), he stated that the wish expressed by Italy was fully justified. All the Latin American countries had very close relations with Italy and greatly admired its cultural, scientific and artistic contribution to modern civilization; they were grateful for Italy's contribution to their economic progress. Those considerations were sufficient to justify the presence of Italy at the next sessions of ECLA and he hoped that all the members of the Council would support the joint draft resolution.

11. Mr. AVILES MOSQUERA (Ecuador) said that ECLA's annual report showed what an important part foreign trade played in the development of the Latin-American countries and how it had influenced the increase in *per capita* income which had occurred between 1945 and 1952. That encouraging trend, partly due to the improvement in the relationship between the prices of raw materials and those of manufactured goods, seemed nevertheless to have slowed down, as was pointed out by the Executive Secretary in the report (Appendix, section II). As no increase in the volume of exports from the primary producing countries seemed likely in the immediate future, for reasons independent of their economic policies, the wish of those countries that the price relationship should, if not improve, at least be maintained at its existing level, was perfectly justified; otherwise, they would once again have to limit, or at least change the pattern of, their exports. It was well known what unfortunate but unavoidable effects such a policy would have both on the trade of the industrial countries and on the development of the under-developed countries.

12. He discussed the position of Ecuador and the trends of its foreign trade since the Second World War. During the war, Europe, which had in 1938 taken 37 per cent of Ecuador's exports and supplied 49 per cent of its imports, had been virtually cut off from his country, with the consequence that the percentages in question had by 1944 dropped to less than 1 per cent and less than 5 per cent respectively. Though anxious to expand its trade, it was only very slowly that Ecuador had been able to regain its place in the European markets; from 1950 onwards, after the conclusion or revision of various trade treaties and payments agreements, there had been a substantial improvement, and Ecuador was at the moment carrying on quite an extensive trade with Italy, Germany, France, Belgium and the United Kingdom. Its current exports to Europe amounted to 20 per cent of the total and its imports from that continent to 25 per cent of the total.

13. With respect to the United States, Ecuador's exports to that country had risen from 37.5 per cent of its total exports in 1938 to 59 per cent in 1944, but had dropped to 55 per cent in 1945; on the other hand, imports from the United States had risen steadily from 35 per cent in 1938, to 54 per cent in 1944 and to 66 per cent in 1952.

14. Trade with the other Latin-American countries had varied according to prevailing conditions. Imports had risen from 8 per cent in 1938 to 40 per cent in 1944 and had then fallen to 7 per cent in 1952; exports had risen from 23 per cent in 1938 to 40 per cent in 1944, but in 1952 they had fallen to 11 per cent. Those fluctuations were attributable firstly to the loss of European and Asian markets and secondly to the war-time restrictions imposed by the United States on foreign trade; at that

time Ecuador had turned mainly to Argentina, Brazil and Mexico. Upon the end of the war, however, and after the reconversion of the United States economy, Ecuador had once again been able to obtain its supplies of semi-durable and durable consumer goods from that country. The increase in internal demand in the Latin-American countries had pushed up prices, especially of industrial goods, and that was one of the reasons why Ecuador had reduced its imports from those countries. The decrease in Ecuadorian exports to Latin-American countries was also partly due to the exchange restrictions and to the customs barriers imposed by certain countries which had balance of payments difficulties. Nevertheless, Ecuador had recently concluded several trade and payments agreements likely to lead to an expansion of its trade with other Latin-American countries, with which it maintained traditional bonds of friendship.

15. Finally, Ecuador hoped to increase its trade with Asian countries. During the war, all commercial intercourse had stopped completely, but since then, trade had recovered to, and even surpassed, pre-war levels; Ecuadorian exports to those countries accounted for 9 per cent of its total exports as against only 2.5 per cent in 1938.

16. Ecuador owed a debt of gratitude to ECLA and admired its constructive work, its deep understanding of the problems which faced Latin America and the broad-mindedness of its studies; he hoped that the Council would give ECLA its heartiest support and provide it with the means necessary for the successful conclusion of its important studies. In that connexion he wished to say how highly his delegation thought of the "Study on the Economic Development of Ecuador" (E/CN.12/295).

17. In conclusion, he hoped that the Council would give a favourable reception to the joint draft resolution submitted by the four Latin-American delegations on the participation of Italy in ECLA's work (E/L.593); he added that his delegation would vote for the draft resolution submitted by the Committee of the Whole of ECLA to the Council (E/2536, paragraph 135).

18. Mr. LEDOUX (France) congratulated ECLA on its work since the last session of the Council as well as on the theoretical studies which had been undertaken by its Secretariat. He was also glad to note that there had been an improvement in the circulation of the Commission's documents in French.

19. The first part of the report presented a rather dark picture of the economic situation in Latin America. Emphasis had been placed on the falling off in world demand for primary commodities exported by that region, the reduction in the flow of capital, the spread of inflation, the drop in mining production due to the contraction in demand for strategic metals, the disequilibrium caused by the drop in prices of goods produced in Latin America and the rising cost of their production.

20. Those problems were urgent and becoming more serious; hence the Commission should approach them more from the empirical point of view, while still carrying on its theoretical studies, and take whatever concrete action was required; it might, for example, organize meetings of committees of experts, or even organize standing subsidiary bodies having periodic sessions, arrange for study tours by experts from different countries of the region, and so forth. While some of the Commission's studies dealt with only one country, most of the problems within its competence affected several if not all

Latin-American countries, and the latter had to co-operate closely if their problems were to be disposed of.

21. In order to ensure that co-operation, ECLA at its fifth session (E/2536, paragraph 133) had decided to convene several conferences and working parties, such as the meeting of experts and working groups for the study of general problems of economic development and technique of programming (in 1955); a meeting of experts and working groups on the pulp and paper industries; a conference of experts and working groups on iron and steel industries (at an unspecified date); a conference on monetary and fiscal policies (in 1954). As yet, however, only one date had been fixed—that of the second of those meetings (Buenos Aires, September 1954)—and it was regrettable that not even an approximate indication of the dates of the other conferences had been furnished.

22. An industrialized European country such as France could play a useful part in helping to improve the situation in the region as a whole. The joint study entitled *A Study of Trade between Latin America and Europe* (E/CN.12/225), prepared by the secretariats of ECLA, ECE and the Food and Agriculture Organization (FAO), showed how seriously trade between Latin America and Europe had declined since the pre-war period. As the report emphasized, if that trade was to expand, conditions had to be created in Latin America which would stimulate the production of foodstuffs and primary commodities. Secondly, European exports to most of the countries in the region and especially to those which owing to internal inflation were suffering from a chronic shortage of foreign exchange, could not expand very easily, for those countries had to give priority to essential goods, particularly capital goods, which Latin America traditionally obtained from North America.

23. Another determining factor was the increasing industrialization of Latin-American countries, which today produced a large number of articles which had previously been imported from Europe. That was especially true of textiles. But even if Europe could no longer hope to supply the variety of products which it had formerly supplied, at least it could contribute to the necessary expansion of the region's economy by selling a greater volume of the products which it still exported and even by exporting new types of products, particularly since such transactions were not necessarily payable in dollars. The industrialized countries of Europe, including France, could provide the Latin-American market, in greater volume than they were doing, with capital goods such as automobiles, rolling stock, metallurgical products and electrical appliances, harbour equipment and similar goods.

24. Lastly, the development of trade between the two regions was connected with action to encourage and increase the flow of European capital to Latin America.

25. His Government was keenly interested in the technical meetings planned by the Commission and wished to help as much as possible both by sending experts and by supplying documentary material relating to questions to be studied at those meetings. Perhaps the secretariat of ECLA, when selecting experts, would inform Governments of its intentions in order to facilitate its research and contacts.

26. Preferably such technical meetings should take place in the years in which the Committee of the Whole did not meet, so that the latter could discuss their reports

in the light of the observations made by Governments after a close study of the documents.

27. He was glad to note that the questions on the agenda of the technical meetings planned so far had been chosen on account of their importance to economic development (E/2536, paragraph 133). He suggested that the secretariat of ECLA should study the possibility of organizing trips to Europe for experts from the region. His Government would be ready to facilitate such schemes in every way if they were approved by the Commission. It also offered its help in the practical projects contemplated. For example, French businessmen, in agreement with the Government, had given close study to the possibility of participating in the meeting dealing with pulp and paper which was to be held at Buenos Aires. One of the questions which attracted them in particular was the application of new processes for the utilization of tropical woods.

28. In connexion with the activities of the Committee for Economic Co-operation in Central America (paragraphs 71-82) his delegation was very interested in the establishment of an Advanced School of Public Administration at San José, which the competent French authorities would gladly provide with whatever technical advice they might be asked for.

29. He hoped for the success of the consultations proceeding between the secretariat of ECLA, ECE and Latin-American countries concerning a joint ECLA-ECE technical mission which would meet in the various countries of the region and investigate the technical and commercial conditions necessary for the expansion of certain imports from Europe. Contacts such as those would have the effect of strengthening economic and technical co-operation between the two continents and would contribute to the solution of the main problem discussed in the *Study of Trade between Latin America and Europe* (E/CN.12/225).

30. Mr. CAFIERO (Argentina) felt that it was unnecessary to stress the importance that his delegation attached to the regional economic commissions all three of which were doing excellent work. ECLA, for its part, was contributing greatly to the study and understanding of the obstacles to the economic development of Latin America.

31. Since ECLA had decided in 1953 to meet only once every two years, the Council had not received a report on a session, but simply a document—the sixth annual report (E/2536 and Corr.1)—approved by the Committee of the Whole summarizing ECLA's work and giving an account of its relations with other inter-governmental organizations. The report was excellently presented and showed that ECLA was ably fulfilling its task of promoting the economic advancement of the region.

32. Part I of the report contained a review of ECLA's activities. It showed that the studies undertaken were not merely academic; on the contrary, they generally called for immediate adoption of specific measures by the Governments in the region, and even by other Governments. It was difficult to single out any particular chapter, since a glance at the table of contents showed that all the questions dealt with were of the utmost importance; there was not a single economic question which the Council had discussed, on which ECLA had not prepared valuable documentation.

33. He hoped that at its next session the Council would have before it the economic survey of Latin America for

1953, which would deal with a number of vital matters and would confirm the opinions expressed by the Latin-American countries on such questions as income, investment and consumption, trade and balance of payments, monetary problems, and agricultural, industrial and mining production.

34. It was to be hoped that the studies on the technique of programming economic developments would also be completed in the near future. In that connexion, he reminded the Council of the Executive Secretary's statement to the Committee of the Whole on 8 February 1954 in which he said that the need to accelerate the rate of economic growth in order to raise the standard of living of the masses had acquired the force of an axiom, but that there were no signs to suggest that that objective could be achieved within the near future if economic growth was left to the spontaneous course of economic forces (E/2536, Appendix, section II). The Argentine delegation agreed with the Executive Secretary that the acceleration of the rate of growth must be brought about by means of deliberate measures, necessitating national decisions and international co-operation, in order to surpass the rate of growth being attained by the action of those spontaneous forces alone.

35. Those considerations should be borne in mind, above all, by the countries which held the fate of the world in their hands: if peace was to be firmly established, it must be founded on international justice which demanded that the peoples of the world should have adequate standards of living; that end could be achieved only by accelerating the rate of economic development. The United Nations, whose principal task was to ensure the maintenance of international peace and security, must spare no effort to bridge the vast gap which still separated the highly advanced from the under-developed countries.

36. Latin America was once again subject to the forces which had governed its rather slow rate of economic development before 1945. It should be noted that the difficulties were not caused by the policies followed by the countries in the region; they were of a world-wide nature and it was essential that the theoretical or practical studies relating to them should be completed without delay.

37. The studies on trade were among the most important undertaken by ECLA. The representatives on the Committee of the Whole had evinced some anxiety at the recent fluctuations in the prices of and demand for the primary commodities produced in Latin America, and had pointed out that any increase in the disequilibrium in the balance of payments would have serious repercussions on investments and restrictive import policies. It should be emphasized that import restrictions had been imposed as the result of factors such as the worsening of the terms of trade which were beyond the control of the Latin-American countries. Some solution to those problems must be found soon, and any work to that end, such as the study which the Secretariat was preparing on the theory of international trade and terms of trade and the studies on trade between Latin America and the United States and Europe, should be given high priority. It would be extremely helpful if a study could also be prepared on trade between Latin America and Asia and Africa.

38. Referring to the ECLA/TAA economic development training programme, he pointed out that two trainees from Argentina had attended the first programme of courses. He also drew attention to the importance of the studies on the iron and steel transforming industries, the

pulp and paper industry, the chemical industries, energy studies and the Central American Economic Integration Programme.

39. He drew the Council's attention to the continuing and fruitful co-operation between ECLA and the Inter-American Economic and Social Council, which had been reaffirmed in a resolution adopted at the tenth Inter-American Conference. His delegation wholeheartedly endorsed the order of priorities established by the Committee of the Whole and the resolutions adopted by that Committee; it was to be hoped that the Technical Assistance Committee (TAC) would take resolution 75 into due account at its next meeting.

40. His delegation would be very glad to vote in favour of the draft resolution submitted for action to the Economic and Social Council by the Committee of the Whole (E/2536, paragraph 135). It heartily congratulated the Executive Secretary and his staff on their excellent work and was convinced that their future work would be equally laudable.

41. With regard to the draft resolution submitted by the four Latin-American delegations (E/L.593), he said that Italy was linked to the Republic of Argentina by eternal ties of friendship; the many Italians who had emigrated to Latin America and who had so quickly adapted themselves to life there had made a valuable contribution to the economic and cultural life of his country. It was most unfortunate that Italy was not yet a Member of the United Nations, but it was to be hoped that the Council would allow it to participate in ECLA in the study of problems which were of vital interest to it and on which the Latin-American countries would welcome an opportunity to hear its views. He was sure that the joint draft resolution would meet with the Council's unanimous approval.

42. Mr. NUÑEZ PORTUONDO (Cuba) said that his delegation had already commented on the economic situation in Latin America during the general discussion of the economic development of the under-developed countries (764th meeting). He would therefore merely transmit his Government's thanks and congratulations to the Executive Secretary and all those who had helped to prepare ECLA's noteworthy report.

43. His delegation would vote in favour of the draft resolution submitted to the Council by the ECLA Committee of the Whole (E/2536, paragraph 135). It hoped that the members of the Council would support the proposal submitted by the four Latin American delegations concerning Italy's participation in ECLA's work (E/L.593).

44. Mr. AKANT (Turkey) said that his delegation had studied ECLA's sixth annual report most carefully and was happy to note the progress achieved in the economic development of the region. His delegation had also noted with satisfaction resolutions 73, 74 and 75 adopted by the Committee of the Whole at its last session on the economic integration of Central America, co-ordination with the Inter-American Economic and Social Council and technical assistance programmes. Like other under-developed countries, the Latin-American countries were faced with certain balance of payments difficulties, but it was to be hoped that by co-operation they would manage to overcome them.

45. His delegation would support the draft resolution submitted in the ECLA report (E/2536, paragraph 135), and hoped that it would be unanimously adopted. It would also vote in favour of the joint draft resolution

(E/L.593), in accordance with which Italy would be invited to attend ECLA meetings.

46. Mr. HOTCHKIS (United States of America) congratulated ECLA on its effective work on problems of economic development in Latin America. It seemed to be generally agreed that well-integrated plans for economic development were essential if countries were to derive the maximum benefit from technical assistance and other development projects. He was therefore glad to endorse ECLA's activities in that field.

47. The ECLA secretariat was now making long-term estimates of the balance of payments and of foreign investment. In that connexion, he drew attention to the margin of error inherent in any such estimate and urged the secretariat to take that limitation into account when using the estimates as a basis for recommendations.

48. Paragraph 62 of the ECLA report referred to the proposed technical trade mission to investigate the technical and commercial conditions required for increased Latin American imports from Europe. The purpose of that investigation was certainly laudable, but the proposed mission had all the aspects of a trade mission of the type normally set up under the sponsorship of the Governments or trading companies concerned; the United Nations should avoid sponsoring activities which were commercial to that extent.

49. He had been particularly impressed by the manner in which ECLA had been collaborating with other inter-governmental agencies to ensure the maximum utilization of resources and funds. It was regrettable, however, that work on the economic problems of agriculture, which was to have been undertaken in co-operation with FAO, had not yet been started. In view of the important part played by agriculture in the economic development of the region, high priority should be given to that project in order to avoid a serious imbalance in ECLA's programme.

50. The United States delegation had repeatedly emphasized, in the competent organs, the need for proper evaluation of the technical assistance programme. At its meeting in February 1954, the Committee of the Whole of ECLA had endorsed that opinion and had restated it in its resolution 75, to which the United States gave its full approval. It would not be necessary to set up any new machinery to make such an evaluation, since the Council could use the results of the work already done by the specialized agencies and the Technical Assistance Board (TAB) in that connexion.

51. In paragraph 123 of its report, ECLA suggested that consideration should be given to the possibility of setting up regional committees for programming technical assistance for groups of countries. The United States had long advocated the establishment of such technical bodies. The Indo-Pacific Fisheries Council and the Asian Pacific Forestry Commission had been highly successful. Those bodies enabled the experts of the countries concerned to study their countries' problems together, and they promoted better understanding of the needs of the individual countries and of the region as a whole. Nevertheless, the membership and functions of the regional committees proposed by the Committee of the Whole should be clarified; the United States delegation could endorse the suggestion only if the committees were composed of the representatives of States members of ECLA and if the committees were limited to advisory functions; the countries concerned should continue to make their requests for technical assistance directly to TAA or to the specialized agencies.

52. The United States delegation was prepared to support the programme of work and priorities adopted by the Committee of the Whole for 1954-1955 (E/2536, paragraphs 129-133), subject to the considerations he had just stated; however, it would have been helpful to have had an estimate of the cost of the proposed projects. He trusted that future reports would provide that information.

53. There seemed to be no need to comment at length on the joint draft resolution submitted by the four Latin-American delegations (E/L.593). The United States delegation fully endorsed the reasons given to justify the participation of Italy in the Bogotá session of ECLA, and would therefore support the draft resolution.

54. Mr. HSIA (China) said that his delegation had followed ECLA's work with interest and admiration. All the under-developed countries were familiar with the problems which arose in the countries of that region. Considerable success had been achieved in the past year, even though all the proposed objectives had not been attained. Many obstacles remained, but he was sure that ECLA's action would make it possible to surmount them and that a brilliant economic future was opening for the countries of Latin America.

55. Mr. DE WINTER (Belgium) also expressed his appreciation of the ECLA report. The report had not only been drawn up methodically, but it also showed in many fields the results of positive co-operation between the secretariat of ECLA and the specialized agencies.

56. The task that had been undertaken could only be carried out gradually. It was of primary importance to realize the close interdependence of economic, social and political problems. As the Executive Secretary of ECLA had rightly pointed out (E/2536, Appendix, section II), the need to accelerate the rate of economic growth in order to improve the standard of living of the masses had acquired the force of an axiom, but there were no signs to suggest that that objective could be achieved within the near future if economic growth were to be left to the spontaneous course of economic forces. However, the Belgian delegation shared the Executive Secretary's view that the acceleration of the rate of growth must be brought about by deliberate measures, necessitating national decisions and international co-operation, in order to surpass the rate of growth being attained by the action of those spontaneous forces alone.

57. Belgium, which was joined to the Latin-American countries by traditional bonds, hoped that they would solve the many problems with which they were confronted as soon as possible.

58. One of the questions that had been raised in the debates of the Committee of the Whole of ECLA had been that of the proposed ECLA/ECE technical mission to investigate the technical and commercial conditions required for the expansion of trade between Europe and Latin America and increased imports of certain European goods. It was also stressed, in paragraph 115 of the report, that several high priority projects had not yet been initiated, in particular, further study of the possibility of utilizing the facilities of the European Payments Union to increase trade between the Latin-American countries and Europe. The Belgian delegation was greatly interested in that question and hoped that there would be further exchanges of information and that the proposed studies would be continued and facilitated on both sides. Belgium was prepared to co-operate in those exchanges of information, in order to help the Latin-American

countries to increase their economic potential and in order to strengthen the traditional bonds of sympathy and trade which united them to the European economy in general and to Belgium in particular.

59. Mr. KOS (Yugoslavia) pointed out that the average annual rate of growth of the *per capita* gross product in Latin America in the post-war period was faster than that of the United States in the nineteenth century. That fact served as proof of the importance of that continent in the contemporary development of the world economy. ECLA was not confining itself to observing that development but was participating actively in it. Its experiments and theoretical studies were also of great interest to all the under-developed countries.

60. The rapid development of the Latin-American countries had been made possible only through intense investment, which had reached a level of 18 per cent of annual national production in the post-war period. In order to attain those investments, the Latin-American countries had been obliged to secure the maximum income in foreign currencies, through intensified exports, while directing the process of industrialization in accordance with a previously established plan. ECLA had been particularly active in those two spheres.

61. No United Nations organ had so far devoted so much attention to the problem of terms of trade, which was of such great importance to the under-developed countries. In that connexion, the Yugoslav delegation had noted with satisfaction that the secretariat of the Commission was now preparing a study on the theory of international trade and terms of trade. The Commission's studies showed the extent to which the rate of development of the countries of the region were dependent on the movement of the terms of trade.

62. ECLA had also studied methods of developing trade between Europe and Latin America and among the Latin-American countries. The intensification of trade between Latin America and the European continent might help to re-establish a system of triangular trade. Moreover, the revival of economic and commercial bonds among the countries of Latin America would make it possible to set up large-scale markets and to facilitate the economic development of the continent.

63. The Commission had naturally paid a great deal of attention to industrialization and had devoted many studies to the subject, which were most useful, not only to the region concerned, but to all countries undergoing development.

64. The problem of industrialization was closely linked to that of foreign investment. Although Latin America was currently receiving the largest amount of foreign private capital, foreign investment in that continent had been reduced by half in 1953. However, as the Executive Secretary of ECLA had emphasized, it was not advisable to seek the solution of the investment problem through outworn formulae no longer compatible with present conditions.

65. The report disclosed that arrangements had been made for closer co-operation between ECLA and the Inter-American Economic and Social Council (paragraphs 95-99). Such co-operation was very important, but the growing role played by other continents in the economic relations of Latin America should not be overlooked. ECLA could take steps to co-ordinate the efforts of the other continents for the benefit of the economic development of Latin America, as was shown by the

Study of Trade between Latin America and Europe (E/CN.12/225).

66. With regard to the joint draft resolution (E/L.593), the Yugoslav delegation wanted Italy to become a Member of the United Nations, but found it impossible, in view of the wording of paragraph 6 of ECLA's terms of reference, which referred only to Members of the United Nations, to support the joint draft resolution. The Yugoslav delegation feared that the Council would be setting a dangerous precedent if it adopted that draft resolution. It would therefore be obliged to abstain when the draft resolution was put to the vote.

67. The PRESIDENT invited Mr. Melo Lecaros, the Observer for Chile, to make a statement on the ECLA report.

68. Mr. MELO LECAROS (Chile) said that if Chile had not always taken a great interest in ECLA, the headquarters of which was at Santiago, a reading of the report would have sufficed to convince it of the vital importance of the work done under the direction of Mr. Prebisch and that ECLA should be given wholehearted support. It might be said that that Commission's work had brought about the re-discovery of Latin America.

69. The Council's debates on the economic development of under-developed countries had had the full attention of the whole Latin-American Press; that showed the importance attached by the countries in that region to the Council's work and the great responsibility incumbent upon it not to disappoint the hopes placed in it.

70. He did not intend to go into the ECLA report (E/2536 and Corr.1) in detail, but he wished merely to bring out certain passages which exactly reflected the views of the Chilean delegation.

71. Citing the information embodied in the report concerning the Economic Survey of Latin America for 1953 and, in particular, paragraph 13 of the report, he said that it was true that the changes in the world economic situation in 1953 had had important repercussions on the economy of Latin America, which was always particularly susceptible to external factors, and that fluctuations in prices prevented Latin-American countries from drawing up long-term development plans. The ECLA secretariat stated that its study would show a decline in the world demand for Latin-American raw materials and a reduction in the flow of United States capital to Latin America. If the fact, acknowledged at Caracas by the United States Secretary of State, was borne in mind that the Latin-American countries financed 90 per cent of their economic development out of their own resources, the conclusion was inevitable that the reduction in the flow of foreign capital—the remaining 10 per cent—taken in conjunction with the reduction in the price of raw materials hardly held out encouraging prospects for the economic development of Latin America.

72. The report further pointed out (paragraph 16) that the balance of payments in 1953 had been maintained in equilibrium only as a result of drastic reductions in imports; that was tantamount to stating that the equilibrium was entirely artificial. Finally, it added that some of the Latin-American countries were now faced with the prospect of having difficulty in finding adequate markets for their exports, that mining production had dropped sharply, owing principally to the contraction in world demand for strategic metals and that the *Economic Survey* would emphasize the increasing disequilibrium between falling world prices of the goods produced in Latin America and the sharply rising cost of production

within the area (paragraphs 17-20). Those observations, which would be developed in the proposed study, showed the real economic situation of the Latin-American countries, and the conclusions which could immediately be drawn had behind them the whole weight of the Commission's authority.

73. He went on to analyse the brilliant statement made by the Executive Secretary of ECLA to the Committee of the Whole on 8 February 1954 (E/2536, Appendix). Commenting on the figures cited in that statement about the rate of expansion of the *per capita* gross product in Latin America (E/2536, Appendix, section II), he reminded the Council that at the 762nd meeting the Argentine representative had tried to estimate how long it would take in Latin America for average *per capita* income to reach one-third of the corresponding income in the United States of America; if those calculations were corrected on the basis of Mr. Prebisch's new data showing a *per capita* increase of 0.7 per cent in Latin America, it would result that it would take over one hundred years to reach one-third of the present income in the United States, while one-third of its future income could never be reached at all.

74. The Executive Secretary had also pointed to the reduction in the flow of private capital from the United States (section VII) and had not concealed his uneasiness at the reduction to less than 50 per cent of the already very low foreign investment coefficient. Finally, he had analysed the process of Latin-American development and had drawn a distinction between the present stage and the initial stage, that of "the outward development of the Latin-American economy" which had prevailed until the First World War (section VIII). In that connexion, it should be noted that the Latin-American countries had passed beyond that stage of outward development. They still needed the assistance of private capital—which was welcomed in Chile, where it enjoyed the fullest possible guarantees—but they wished it to be invested in enterprises able to promote their domestic economic development; if that was not possible, they would prefer it to be replaced by public investment.

75. In conclusion, he observed that the ECLA report reinforced the conclusions which he himself had submitted to the Council during his statement at the 768th meeting in the debate on the economic development of under-developed countries. The report confirmed the fact that foreign trade and the flow of capital were the two most important factors in the economic development of Latin America. The conclusion to be drawn was that it was necessary to place the trade of those countries on firm foundations in respect both of prices and of markets, to ensure a fair relation between raw material prices and the prices of manufactured goods, to expand the foreign investment coefficient, and to liberalize the supply of public capital, and to have private capital fulfil the function which it must serve today, without clinging to dated principles which were no longer suitable. When all those factors were well understood, Latin America could face the future with confidence.

76. On behalf of his Government, he congratulated ECLA on its excellent work and its Executive Secretary, Mr. Prebisch, on the intelligence and high qualifications which he was placing at the service of the Commission.

77. Mr. EL-TANAMLI (Egypt) said that the Egyptian delegation had always specially welcomed the reports of ECLA, since the latter did not confine itself to tracing that region's economic trends, but collaborated very ef-

fectively in working out action likely to promote development.

78. It was hardly necessary to dwell on the reasons for which Egypt took a very special interest in the Latin republics, with which it had historical and cultural ties. That interest was also due to the fact that Egypt's economic situation was very similar to that of the Latin-American countries; like most of them, it was a single-crop country and its economy, which mainly depended on the world-market price of cotton which accounted for 90 per cent of its exports was extremely sensitive to external fluctuations.

79. Their common situation might be summed up as follows: first, exports of raw materials constituted the main source of capital earmarked for economic development; secondly, the revenue from foreign trade depends more on the trend of raw material prices than on the volume of exports; thirdly, the variations in the terms of trade constituted the factor with the greatest influence on the economic situation and particularly on the flow of investment; fourthly, foreign capital was necessary to economic development.

80. That similarity was not complete, however. There were structural and other differences which were due to various circumstances. On the one hand, the Latin American countries which were major producers of raw materials played a more important role than did Egypt in the world economy, a role which might become even more important with the establishment of closer commercial relations with Europe and other regions of the world. On the other hand, the Latin-American countries had, since the Second World War, enjoyed an almost constant improvement in their terms of trade as well as a faster rate of investment and a very considerable influx of foreign capital. Those circumstances had enabled the Latin-American countries, unlike other under-developed countries, to develop their economy steadily and achieve a better equilibrium.

81. Nevertheless, the outlook for the future was not promising: the Latin-American countries were beginning to have difficulties in marketing some of their products; the future trend in the terms of trade was uncertain; the rate of increase in the national income as well as the influx of foreign capital had slowed down in 1953; lastly, inflation persisted.

82. Latin America was therefore still endeavouring to achieve a steady and stable development of its economy on the one hand by speeding up the rate of that development to achieve higher standards of living, and on the other by diversifying its economy so as to lessen its sensitivity to the fluctuations of foreign trade. It was only natural therefore that the under-developed countries were carefully watching the measures it was taking to solve those problems which were also their problems, for their own well-being might depend on the success of those measures.

83. The Latin-American countries were attempting to solve those problems on a threefold basis. At the national level, they were endeavouring to fight inflation by judicious economic intervention and by devising programmes providing for a greater variety of investment and for the direction of those investments towards the most productive branches of their economy. At the regional level, they were conducting, through ECLA, various studies and exchanging technical information, with a view to the establishment of effective co-operation that would go as far as real integration in certain fields, such as that of

transport and highways. Lastly, at the international level, the contribution made by the Latin American delegations was too well-known to require emphasis; it was enough to note their contribution to the discussion of such questions as land reform, foreign investment and terms of trade, and to express the hope that the decisions taken by the Council at the present session in those three fields, mostly as a result of a stimulus given by those delegations, would be fruitful.

84. The Egyptian delegation would vote for the draft resolution submitted by the four Latin-American Powers (E/L.593).

85. Sir Alec RANDALL (United Kingdom) associated himself with the tributes already paid to ECLA and its secretariat for the excellent work performed in 1953 and the programme adopted for 1954. The United Kingdom delegation had noted with satisfaction the excellent statement of the Executive Secretary of ECLA in the Committee of the Whole on 8 February 1954 (E/2536, Appendix).

86. He thought that there was no need to dwell on the report, since the previous speakers had already made pertinent comments. He did wish, however, to refer to resolution 75 adopted by the Committee of the Whole on 10 February 1954 (E/2536, paragraph 135). In that resolution, the Committee of the Whole requested the Economic and Social Council to carry out a study of the results obtained with technical assistance programmes in the Latin-American countries. The United Kingdom delegation considered that that study was within the competence, not of the Council, but of the Technical Assistance Board, which should carry it out under the instructions of the Technical Assistance Committee. It should not, however, be forgotten that TAA funds were fairly limited, and it might be wondered whether the study in question should be given a high priority; it seemed that it should be left to TAC or TAB to reply to that question.

87. The United Kingdom delegation would be glad to vote for the draft resolution submitted to the Economic and Social Council by the ECLA Committee of the Whole.

88. He would also vote in favour of the draft resolution submitted by the four Latin American delegations (E/L.593). He wished, however, to comment on the English text of the draft; paragraph 6 of the ECLA terms of reference only referred to States Members of the United Nations which were not members of the Commission; it could not, therefore, apply to Italy. The English text should therefore be corrected to bring it into line with the Spanish and French texts by replacing the words "on the basis" by "on the same basis". Subject to that correction, the United Kingdom delegation would unreservedly approve the joint draft resolution.

89. Mr. NOSEK (Czechoslovakia) said that his delegation had always followed the activities of ECLA with great interest, especially since it had undertaken the preparation of concrete programmes which might have considerable significance for the development of the Latin-American countries. His delegation did not agree with all the Commission's conclusions, but it greatly appreciated its endeavours.

90. It would appear from ECLA's sixth annual report (E/2536 and Corr.1) that the Commission had been mainly concerned with the economic development of the under-developed countries of Latin America and the elaboration of long-term programmes to that end. The

development of the region was a complex problem which could not be solved by short-term measures. ECLA had rightly laid stress on the need for structural changes in the economies of the Latin-American countries. The first requirement was the acceleration of their industrial development with particular emphasis on basic industries. In that connexion, it was regrettable that the studies undertaken by the Commission on the iron and steel transforming industries, on chemical industries and on the sources of electric power had not reached a more advanced stage. It was significant that ECLA was working in that field in close-co-operation with ECE (paragraph 62).

91. The Commission had devoted particular attention to the expansion of trade between the Latin-American countries (paragraphs 63-64). Such trade was still rather restricted, but its expansion became all the more necessary as industrialization increased.

92. In the discussion of ECLA's report of the previous year (E/2374), its Executive Secretary had said that if the Latin-American countries were not to be condemned to economic stagnation or to violent economic fluctuations, they must push ahead with their industrialization and even with the manufacture of capital goods. Success was dependent in the first place on the efforts of the Latin-American peoples themselves. They should clearly determine the objectives of their development plans with due regard to their potentialities.

93. The role played by foreign investments in the economic development of Latin America must not be overestimated. The *Economic Survey of Latin America, 1951-1952* (E/CN.12/291/Rev.2) showed that the total of foreign capital invested in Latin America from 1945 to 1952 amounted to only 3 per cent of the total investments made throughout the region. Moreover, the Observer for Chile had pointed out at the present session (768th meeting) that, between 1946 and 1952, interest and dividends exported from Latin America had amounted to over \$5,000 million, whereas the capital invested over the same period had been only slightly in excess of \$1,200 million; thus, however paradoxical it might seem, the South American continent was a net exporter of capital. The Latin-American countries did in fact finance 90 per cent of their economic development from their own resources. Those resources consisted mainly of income from exports, and therefore varied in direct ratio to export prices. In view of the fact that income from exports had registered annual fluctuations of 20 per cent and had recently shown a considerable downward trend, the countries of Latin America had not been able to carry through long-term development programmes. The Latin-American countries must therefore protect themselves against price fluctuations and shifting markets.

94. Moreover, any threat of economic depression in the industrially developed countries jeopardized their exports and hence their prosperity. The significance for those countries of long-term agreements which would ensure the stability of their exports as well as of prices was obvious. The Latin-American countries did not want subsidies; they wanted agreements fixing reasonable prices for their commodities and establishing a fair relationship between the prices of the raw materials which they exported and of the manufactured goods which they had to purchase from the industrial countries.

95. The difficulties of the Latin-American countries had been voiced at the tenth Inter-American Conference at Caracas, where the United States, which was both the

main importer from and exporter to the region, had shown a complete lack of understanding. In spite of United States opposition, the Conference had decided that the industrialized States of the hemisphere, and in the first place the United States, should refrain from all restrictions on the import of raw materials or semi-manufactured goods from the under-developed countries. Another resolution protested against the dumping of United States agricultural surpluses which could undermine prices. However, no practical steps had been taken to solve the difficulties of the Latin-American countries. Latin-American delegations had also expressed the concern felt in their countries as a result of United States policy with regard to tariffs, quotas and price levels. But the United States delegation's attitude had shown that its Government had no intention whatsoever of revising its foreign trade policy in relation to the Latin-American countries, which had to bear a heavy burden as a consequence of trade restrictions and unilateral price controls applied by the United States.

96. In those circumstances, particular significance should be attached to the normalization and development of Latin-American trade, especially with countries having a planned economy. Such countries were ready to enter into long-term, mutually advantageous agreements with the Latin American countries on the basis of previously determined prices and quotas of goods. In that connexion, the USSR and the European people's democracies had already concluded trade agreements with Argentina which envisaged an exchange of goods to the value of \$270 million. The USSR and Czechoslovakia were in a position to become Argentina's second largest business partner, after the United States. Under the agreements, Argentina would supply linseed oil, wool, hides, canned meat and so on, and would receive from the Soviet Union coal, 500,000 tons of crude petroleum, oil-field, mining and other machinery. Czechoslovakia would deliver to Argentina 2,400 tractors and spare parts. In the other Latin-American countries, public opinion was becoming increasingly aware that the interests of their economies called for the elimination of the obstacles standing in the way of the free development and normalization of foreign trade.

97. The Czechoslovak delegation believed that ECLA, which was studying the possibility of developing trade between Latin America and Europe, could make a valuable contribution, through its co-operation with ECE, to the development of inter-regional trade. His delegation was convinced that co-operation between Europe and Latin America could bring positive and fruitful results for all the parties concerned.

98. Mr. MISHRA (India) said that his country was following with particularly close attention and sympathetic interest the efforts undertaken by the Latin-American countries to solve their economic problems which were more or less similar to those confronting India and the other under-developed countries of Asia and the Far East. The only significant difference between the two regions was in the relationship between population and resources: the over-populated countries of Asia were perhaps worse off than the under-populated territories of Latin-America in that respect. The fact remained

however that the inner core of difficulties was essentially the same—the problem of capital formation.

99. In the report entitled *Measures for the Economic Development of Under-Developed Countries* (E/1986) the experts had come to the conclusion that the under-developed countries with no surplus labour should increase their agricultural productivity by reorganizing and modernizing their agricultural systems to pave the way for industrialization. What they wanted to point out was that the modernization of agriculture would, by improving productivity in that field, liberate part of the agricultural labour force which could be employed for real capital formation. The question therefore arose of how the labour "saved" could be "invested". The only rational solution was to increase saving and direct it towards projects of capital formation which could employ labour released from farm employment. In that field, developments in Latin-American countries were bound to be watched with keen interest by others, particularly in view of the fact that consumption is said to have very much increased in them. Indeed, one would hope that under the enlightened guidance of ECLA, and particularly of its experienced Executive Secretary, Mr. Prebisch, who rightly remarked some time ago that the rate of development could not be left to spontaneous economic forces, Latin America would prepare a programme of economic development which would leave nothing to chance. ECLA was seeking, in particular, to perfect techniques for the preparation of economic development programmes which would enable it, it was to be hoped, to assist the countries of the region in balancing and diversifying their economies. Its industrial studies were of the highest significance and so were its efforts and experiments for building up patterns of economic co-operation in that region.

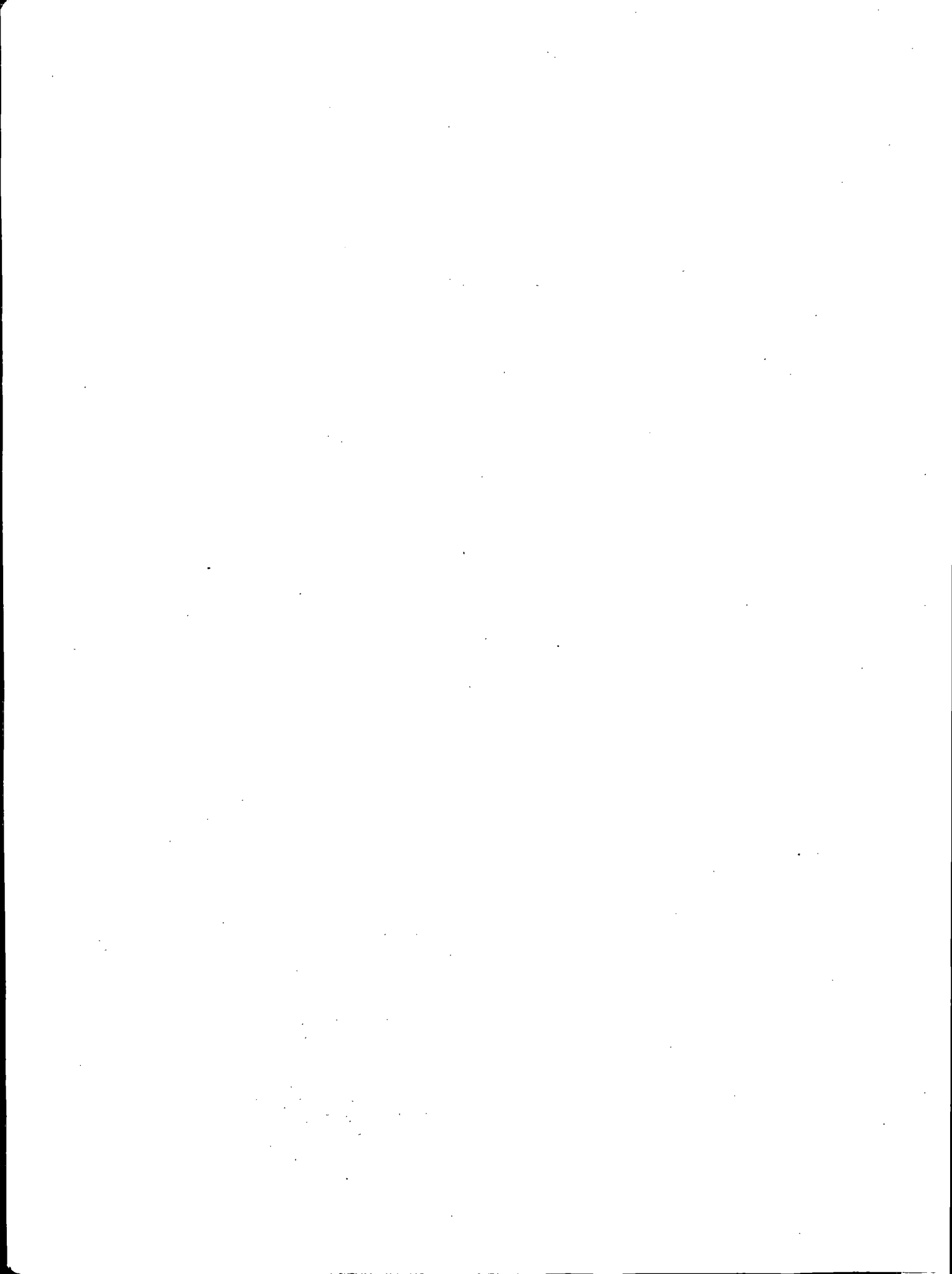
100. The Indian delegation congratulated ECLA on the success which it had already achieved in many fields and hoped that its successes would be even greater in the future.

101. Mr. KOS (Yugoslavia) did not wish to oppose Italy's participation in the work of ECLA, but felt compelled to draw the Council's attention to the fact that the draft resolution of the four Latin-American delegations (E/L.593), would create a dangerous precedent if it were adopted. In fact, the invitation mentioned in resolution 459 (XIV) did not constitute a precedent, since it was not concerned with the normal sessions of the Economic Commission for Asia and the Far East, but only with a special conference organized under that Commission's auspices.

102. Mr. SINGH (India) thought that the four Latin-American delegations had intended to authorize the Executive Secretary of ECLA to invite Italy to take part in the work of the Commission at all its subsequent sessions. In that case, the word "meetings" in the operative part of the joint draft resolution should be replaced by the word "sessions".

103. Mr. NUÑEZ PORTUONDO (Cuba), Mr. PEREZ PEREZ (Venezuela), Mr. AVILES MOSQUERA (Ecuador) and Mr. CAFIERO (Argentina) accepted that amendment.

The meeting rose at 1 p.m.





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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Costa Rica, Dominican Republic, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, World Health Organization.

Annual report of the Economic Commission for Latin America (E/2536 and Corr.1, E/L.593) (*concluded*)

[Agenda item 7]

Mr. TSARAPKIN (Union of Soviet Socialist Republics) stated that in connexion with the discussion of the report (E/2536 and Corr.1) of the Economic Commission for Latin America (ECLA) the USSR delegation wished to make a few brief remarks on the question under consideration.

The economic development of the Latin-American countries was closely linked with the development of economic relations throughout the world and the restor-

ation of normal international trade conditions. The Soviet Union was doing everything in its power to restore and expand world trade relations. The expansion of trade would undoubtedly promote general economic development and improved standards of living. In that connexion, the restoration and expansion of trade between the countries of Latin America and the European countries, and others situated outside the American hemisphere, was undoubtedly of great importance for the Latin-American countries. The representatives of the Latin-American countries who had made statements in the Council had pointed out that the industrial development of their countries could not be achieved without the expansion of world trade. Yet, as a number of them had observed, trade between their countries and the countries outside the American hemisphere was declining and was much smaller than it had been before the Second World War. They should also remember the insistent demands of the Latin-American countries for the stabilization of the prices of export goods and the restoration of normal trade relations.

3. ECLA's own report, in the section "International trade and finance", noted that there were clear indications of a worsening of the terms of trade for a number of Latin-American countries, that being a matter of great concern to their Governments.

4. Both the Commission's report and the statements made by the Latin-American representatives reflected the desire of the Latin-American countries for a resumption of trade with countries outside the American hemisphere, particularly with the countries of Europe, but also with the Asian and other countries. In that connexion a very important fact was the Soviet Union's readiness to develop mutually beneficial trade with the countries of Latin America. That readiness was evidenced, for example, by the conclusion of the USSR-Argentine trade agreement of 5 August 1953, under which the USSR was to deliver to Argentina considerable quantities of petroleum, coal, metallurgical products (pig iron, sheet steel, rails, etc.) and chemical and medical products. The Soviet Union would also deliver to Argentina equipment and machinery up to a considerable value.

5. The commodities which Argentina would deliver to the USSR during the first year covered by the agreement included linseed oil, wool, raw hides and sheepskins, *quebracho* extract, lard, pork fat, cheese, tinned meats, mutton, pork and other items among Argentina's staple exports.

6. The conclusion of the USSR-Argentine agreement had been warmly welcomed by the public in both countries. Thus, the Argentine newspaper *Prospiratos* had written that the agreement was of great importance for Argentina and for its economy as a whole.

7. Many Latin-American countries could find in the Soviet Union a vast and stable market for their goods, and in return obtain the goods they needed. The Soviet Union was prepared to give consideration to concluding

long-term contracts with the countries of Latin America for the purchase of goods in exchange for Soviet commodities, based on the negotiation of mutually beneficial prices to cover an extensive period of time, and subject to settlement in the national currencies of the countries of that region. Desirous of assisting the economic development of the Latin-American countries, the Soviet Union was prepared to supply them with industrial equipment and machinery. Moreover, Soviet trade organizations could supply those goods for payment on an instalment basis.

8. The following statement, made by Mr. Dardal, the head of the Argentine technical mission which had recently visited the Soviet Union, testified to the possibilities offered by the Soviet Union in that regard.

“The Argentine technical mission came to the Soviet Union in order to examine the possibilities of purchasing machinery and equipment for petroleum and coal extraction, power production, transport and mechanization—goods provided for in the trade and payments agreement concluded between the USSR and the Argentine Republic on 5 August 1953. During its stay, the mission, with the active assistance of the Soviet authorities, accomplished much fruitful work. The Argentine technicians were not familiar with Soviet industry and were greatly impressed with its degree of development. They saw a number of installations testifying to its tremendous achievements. On the basis of this visit it may be said that the purchases to be made in the Soviet Union will promote the development of mineral extraction, the production of electric power, the development of transport and the mechanization of agriculture, as provided in the Argentine Government's second five-year plan. Furthermore, the Soviet market is capable in the future of absorbing large quantities of our export commodities, and the prospects for future trade between the USSR and Argentina are therefore highly favourable.”

Such were the conclusions reached by Mr. Dardal, the head of the Argentine technical mission, after his visit to the Soviet Union.

9. The Soviet Union delegation invited two or three representatives of each Latin-American country and two or three senior members of the secretariat of ECLA to visit the Soviet Union in September and October 1954, for a period of approximately one month, to familiarize themselves with the development of industry and agriculture in the USSR. Soviet Union organizations were prepared to defray the cost of their stay in the USSR.

10. So far as the ECLA report was concerned, the Soviet Union delegation had no objection to the Council taking note of it.

11. Mr. MIR KHAN (Pakistan) stressed the ties of friendship binding Pakistan and the Latin-American countries. He warmly supported the draft resolution in document E/2536.

12. The PRESIDENT put to the vote the draft resolution submitted by ECLA (p. 17 of E/2536).

The draft resolution was adopted unanimously.

13. Mr. FENAUX (Belgium) said that his delegation was happy to support draft resolution E/L.593, as amended, which met Italy's desire to participate in ECLA's work.

14. The PRESIDENT put to the vote the draft resolution submitted by Argentina, Cuba, Ecuador and Venezuela (E/L.593), as amended at the 790th meeting.

The draft resolution was adopted by 17 votes to none, with 1 abstention.

Economic development of under-developed countries: (a) report of the group of experts on international price relations; (b) reports by the Secretary-General under Council resolution 427 (XIV), paragraph 7, and General Assembly resolution 623 (VII); (c) international flow of private capital for the economic development of under-developed countries; (d) land reform: report of the Economic Committee (E/2588) (concluded)¹

[Agenda item 3]

15. Sir Douglas COPLAND (Australia), speaking as Chairman of the Economic Committee, stated that the Committee had agreed, with progressively increasing support, on all the problems connected with the agenda item and had formulated the three draft resolutions in document E/2588.

16. There had been acute differences of opinion on draft resolution A, particularly on the question whether or not the time was ripe for the establishment of a permanent advisory commission on international commodity trade. On the other hand, there had been general agreement on draft resolution B, which adequately reflected the viewpoints of the under-developed countries requiring capital and of those countries which could supply it. Draft resolution C recognized that land reform was a long-term problem and that the question of land tenure was only one aspect of the broad questions of economic development and the increase of agricultural productivity in the under-developed countries.

17. Mr. HOTCHKIS (United States of America) said that he had two fundamental objections to draft resolution A. In the first place, the decision to establish the permanent advisory commission on international commodity trade was hasty and ill considered. Secondly the draft resolution made no provision for adequate consideration of the functions that might properly be assigned to that commission. It would be unwise to establish a new body to deal with problems of international trade in primary commodities without having made a preliminary survey of what existing bodies were doing.

18. The draft resolution invited the Governments of Member States to transmit to the Economic and Social Council, before its eighteenth session, any relevant comments on the advisory commission. It was clear that any decision establishing such a commission should have followed, and not preceded, the receipt of comments from Governments and should in any case have been held in abeyance pending consideration, at the Council's next session, of the reorganization of the Council and its regional commissions.

19. The advisory commission's terms of reference as defined in the draft resolution were open to serious criticism. The artificial establishment of a “just and equitable relationship between the prices of primary commodities and the prices of manufactured goods in international trade” was neither practicable nor desirable.

¹ Resumed from the 769th meeting.

Those who advocated this had never shown how it might be achieved without resulting in a network of controls and far-reaching government interference with free enterprise which would do more harm than good to the world economy. There seemed to be no chance that the proposed commission would be able to solve this problem, and its inclusion was an unwarrantable enlargement of the commission's functions beyond even what experts had proposed. Finally, the duties in connexion with statistical data which the draft resolution laid on the commission should not be entrusted to a new body without carefully considering whether or not they could be better performed by existing bodies.

20. With regard to draft resolution CI on land reform, his delegation had pointed out in the Economic Committee that the phrase in paragraph 5 "giving particular attention to the problem of financing" was undesirable. Countries would undoubtedly have many problems to solve in connexion with rural improvement programmes, but finance was only one of those problems, and not necessarily the most important. The bulk of the necessary finance must be obtained from domestic sources, although outside assistance might be required in particular cases. The draft resolution contained a comprehensive and excellent recommendation to the International Bank for Reconstruction and Development, and it would be unhelpful to the General Assembly to ask it to give its attention particularly to problems of financing.

1. His Government maintained a keen interest in the question of land reform and had promoted rural improvement under its own technical assistance programmes. It felt that farm and home ownership was a valuable stabilizing factor in international relations. The question of land reform was composed of many facets involving the problem of rural improvement which, in the United States, had been fostered by such means as agricultural extension services, improvement credits and rural co-operatives.

2. Mr. DE SEYNES (France) stated that his delegation could not vote in favour of draft resolution A as stood. Its negative vote did not mean, however, that it took a final stand with regard to the possible establishment of a trade stabilization commission. But the French Government felt that before such a commission was set up, its terms of reference should be clearly defined and the results of the conference of the signatory Powers of the General Agreement on Tariffs and Trade (GATT) should be known, GATT being the most important international organization concerned with trade policy, as its member States accounted for about 80 per cent of the world's trade.

He had two further points to make. First, this was the first time that the Economic and Social Council was sharply divided on a major problem before it and that no serious effort had been made to reconcile the various views. In the past, when dealing with such problems as full employment, the establishment of the Special United Nations Fund for Economic Development (SUNFED) and other important questions, considerable work had been accomplished in private or by working groups, leading to a solution satisfactory to the great majority. The French delegation felt that only such a method could give fruitful results and hoped that at its July session the Council would return to it.

Secondly, the present debate could not but draw attention to the use made of the opinions of experts. Groups of experts, all internationally known, had on

two separate occasions given their views on the problems of the terms of trade and the stabilization of the prices of primary commodities; yet the draft resolution before the Council departed from the experts' recommendations to the extent of contradicting them on at least two points: reversal of long-term tendencies and the establishment of price parity between primary commodities and manufactured goods. It was somewhat surprising that the only recommendation of the experts which had been retained by the majority was that relating to procedure, which the experts, who were all economists, had been least competent to make. That rather paradoxical attitude raised the whole question of the Economic and Social Council's methods of work.

25. Mr. De WINTER (Belgium) said that his country imported raw materials and exported manufactured goods and was responsible for the administration of overseas territories which exported raw materials. His Government was thus keenly interested in measures for the avoidance of excessive fluctuations in the prices of primary commodities.

26. Nevertheless, he regretted that he could not vote for draft resolution A. A decision of such importance as the establishment of a permanent advisory commission on international commodity trade should have been taken only after mature reflection and in the light of any decision taken later in the year regarding the re-organization of the Council itself and GATT. The terms of reference stated in the draft resolution were so wide that the commission might be unable to produce definite results and might well duplicate some of the functions of the Council itself.

27. The draft resolution referred to the necessity of maintaining a just and equitable relationship between the prices of primary commodities and the prices of manufactured goods in international trade and mentioned the secular deterioration in the terms of trade in such commodities. Both matters were highly controversial. It had rightly been pointed out that the establishment of price parities for a wide range of commodities in international trade would be most difficult, even if it should prove practicable at all without a large measure of control in world economy.

28. The experts had confined their report entitled *Commodity Trade and Economic Development* (E/2519) to a survey of short-term and medium-term fluctuations in world raw material markets and to a study of measures to eliminate such fluctuations. His Government was ready to co-operate to the full in such measures on an international scale, but could not support draft resolution A. He had voted in the Economic Committee for the paragraph postponing action on the resolution to the Council's eighteenth session and agreed with the French representative that the intervening period could profitably be used for consultation.

29. Mr. MORALES (Argentina) stated that he would support the three draft resolutions. Approval by the Council of draft resolution A would be an effective means of promoting the economic development of under-developed countries and thus of achieving a balanced and prosperous world economy. Since the organization and establishment of the proposed permanent advisory commission on international commodity trade was to be postponed to the Council's eighteenth session, he hoped that those countries which were unable to vote for the draft resolution would finally be

able to contribute to the efficient working of so important a project. He drew attention to the spirit of conciliation which, despite the urgency of the matter, had led his delegation to accept the amendment postponing implementation of the resolution. The draft resolution could not be called premature, the more so since its underlying philosophy had been laid down in General Assembly resolution 623 (VII) and stated at the Inter-American Conferences of 1940 and 1954.

30. He would vote for draft resolution B because at least something positive would be gained by its adoption, but he reserved the right, when the matter was considered by other bodies, to submit amendments to remedy some of its defects.

31. He would also support draft resolution C.

32. Sir Douglas COPLAND (Australia) pointed out that the Economic Committee had been sharply divided on draft resolution A, although the subject was one on which a large measure of agreement would have been desirable.

33. A number of problems affecting the status of the proposed commission would be discussed in forthcoming months; he thought it would therefore have been wiser to await the outcome of those discussions before taking any final decision on the establishment of a new body. His delegation was not against the commission in principle and would therefore abstain in the vote.

34. Australia was just as keenly interested as Argentina in the question of terms of trade, but favourable terms for one group of countries might very well be unfavourable for another group.

35. The Secretary-General had informed the Council (E/L.578) that he proposed to submit to it such conclusions from his review of the organization and work of the Secretariat as might relate to the Council's programmes and documentation. The Council might well ask the Secretary-General to take the proposed commission into account in preparing his report, but, if it did so, it was obviously most desirable that the commission should have been established by the unanimous vote of the Council.

36. Mr. ALFONZO RAVARD (Venezuela) said that his delegation would vote for all three draft resolutions. The first reflected, in moderate terms, aspirations which the less developed countries had held for many years. It did not call for any positive action, but merely for a study of possible measures for the elimination of excessive fluctuations in the terms of trade. That was a difficult problem, but the proposed commission, by careful study and well-thought-out proposals, might be able to devise a formula which would take the interests of all countries concerned into account.

37. The commission would be called on to study measures aimed at the maintenance of a just and equitable relationship between the prices of primary commodities and the prices of manufactured goods in international trade. While some delegations regarded that as an impossible task, that difficulty should be faced with a confidence that it could be solved and it might perhaps appear less formidable in the light of experience than some people thought. It would be the commission's task to make recommendations which would be fair to all parties.

38. He would also vote in favour of the second draft resolution as he thought it an excellent compromise

text, conciliating the interests of countries which exported and those which imported private capital. He had no objection to the text of the third draft resolution.

39. The PRESIDENT put draft resolution A (E/2588) to the vote.

At the request of the Argentine representative, a vote was taken by roll call.

The United Kingdom, having been drawn by lot by the President, was called upon to vote first.

In favour: Venezuela, Yugoslavia, Argentina, China, Cuba, Czechoslovakia, Ecuador, Egypt, India, Pakistan, Turkey, Union of Soviet Socialist Republics.

Against: United Kingdom of Great Britain and Northern Ireland, United States of America, Belgium, France, Norway.

Abstaining: Australia.

The draft resolution was adopted by 12 votes to 5, with 1 abstention.

40. Sir Alec RANDALL (United Kingdom) explained that his negative vote did not indicate that he was in any way opposed to the idea of price stabilization. On the contrary, he was convinced that excessive fluctuations in the prices of primary commodities were harmful to producers and consumers alike and that all practical measures should be taken to stabilize prices and improve conditions of trade. On the other hand, the experts on commodity trade and economic development had not suggested any methods for determining a just and equitable relationship between the prices of primary commodities and manufactured goods. It therefore seemed somewhat unreasonable to appoint a commission to establish such a relationship. Moreover, the terms of reference of the commission were so broad as to preclude the likelihood of its doing any useful work. The whole question of international trade would shortly be discussed by the signatory Powers of the GATT, which would review seven years' work. Pending that review, it seemed rather premature to appoint a new body to discuss virtually the same question.

41. He agreed with the Australian and French representatives that it was an odd compromise to force a decision through and then invite Governments to comment on the *fait accompli* with which they had been presented. Although he was not convinced that resolution A was the best method of approaching the problem, in the period before the eighteenth session, his delegation would give careful consideration to the position created by the adoption of that resolution.

42. Mr. EL-TANAMLI (Egypt) warmly supported the resolution. He was convinced that its adoption would redound to the benefit of the United Nations.

43. Mr. TRUJILLO (Ecuador) said that he had voted in favour of resolution A. The establishment of a just and equitable relationship between the prices of primary commodities and manufactured goods would benefit the under-developed and the highly industrialized countries alike by improving general trade possibilities.

44. The PRESIDENT put draft resolution B of E/2588 to the vote.

The draft resolution was adopted by 15 votes to 2, with 1 abstention.

45. The PRESIDENT put to the vote section I (Land Reform) of draft resolution C (E/2588).

Section I was adopted unanimously.

6. The PRESIDENT put to the vote section II (Co-operatives) of draft resolution C (E/2588).

7. Mr. TSARAPKIN (Union of Soviet Socialist Republics) asked for a separate vote on the first paragraph of the preamble.

The first paragraph of the preamble was adopted by 16 votes to 2.

Section II, as a whole, was adopted unanimously.

8. Mr. TSARAPKIN (Union of Soviet Socialist Republics) explained that he had voted against the first paragraph of the preamble because the part of the report *Progress in Land Reform* (E/2526) dealing with agricultural co-operatives contained a number of slanderous allegations against the collective farms in the USSR.

Report of the Interim Co-ordinating Committee for International Commodity Arrangements on the question of a study group on steel: report of the Economic Committee (E/2574)

[Agenda item 9]

9. The PRESIDENT put to the vote the draft resolution in the report of the Economic Committee (E/2574), which took note of the report of the Interim Co-ordinating Committee (E/2537).

The draft resolution was adopted by 16 votes to none, with 2 abstentions.

Confirmation of members of functional commissions of the Council (E/2576 and Corr.1 and Add.1)

[Agenda item 23]

10. The PRESIDENT requested the Council to consider the nominations submitted for confirmation in documents E/2576 and Corr.1 and Add.1.

11. Mr. NOSEK (Czechoslovakia) asked for a separate vote on the nomination of Mr. Kan Lee to the Fiscal Commission.

12. Mr. HSIA (China) asked for separate votes on the nominations of Mr. Suyazov to the Transport and Communications Commission and Mrs. Fomina to the Commission on the Status of Women. He would refrain from challenging the nominations of certain other Governments which were not represented on the Council.

13. The PRESIDENT put the challenged nominations to the vote.

The nomination of Mr. Kan Lee was confirmed by 14 votes to 3, with 1 abstention.

The nomination of Mr. Suyazov was confirmed by 17 votes to 1.

The nomination of Mrs. Fomina was confirmed by 17 votes to 1.

14. Mr. TSARAPKIN (Union of Soviet Socialist Republics) said that his delegation could not consider Mr. Kan Lee the legal representative of China on the Fiscal Commission. The legal representative could be appointed only by the Central People's Government of the People's Republic of China.

15. Mr. HSIA (China) objected that such remarks were out of place.

56. The PRESIDENT said that, if there were no objections, he would consider the other nominations to the functional commissions of the Council confirmed.

It was so decided.

Financial implications of actions of the Council (E/2448 and Corr.1 and 2 and Add.1 to 3, E/2559 and Add.1 and 2)

[Agenda item 24]

57. The PRESIDENT drew particular attention to the documents explaining the financial implications of the Council's actions at the current session (E/2559 and Add.1 and 2). The documents had been transmitted to the Council for information only; no action was necessary.

58. Mr. KOTSCHNIG (United States of America) noted with pleasure that the Council had adopted a number of far-reaching decisions on important issues without adding any further charges to the United Nations budget. The Secretary-General was to be congratulated on having found it possible to assume certain additional work-loads within the present budget.

59. Mr. KOS (Yugoslavia) was glad to see from document E/2559 that Mr. Scheyven's work in collating governmental comment on the recommendation concerning a special United Nations fund for economic development had been given first priority. Unfortunately, Mr. Scheyven's task was apparently being complicated by the fact that a number of Governments had not yet transmitted their comments to him. Mr. Scheyven was called upon to report to the Council at its next session.

60. It would therefore be in the Council's interest to appeal to those Governments which had not yet replied to do so. The appeal might be directed through the Secretariat.

It was so decided.

Consideration of the provisional agenda for the eighteenth session of the Council (E/2530/Rev.1 and Add.1, E/L.600)

[Agenda item 25]

61. Mr. MEADE (United Kingdom) was surprised to note that on the provisional agenda for the eighteenth session (E/2530/Rev.1) the removal of obstacles to international trade and means of developing international economic relations appeared as a separate item (agenda item 3). When the agenda of the current session had been adopted (756th meeting), he had proposed the postponement of that item to the eighteenth session and had suggested that at that time it should be considered as item 2 (c), under the general heading of the world economic situation, to which it was intimately related. He had the impression that the Council had adopted his proposal.

62. In any event, he formally moved that item 3 on the provisional agenda should become item 2 (c).

63. Mr. TSARAPKIN (Union of Soviet Socialist Republics), supported by Mr. NOSEK (Czechoslovakia), opposed that proposal.

64. The USSR delegation had introduced the item as a separate item and wished it to be discussed as such. There were many proofs of the difficulties existing in international trade and practical steps had to be taken

to overcome them. The world economic situation was a very general subject, in which the practical aspects of measures to remove obstacles to international trade would be completely swamped. Moreover, any of the economic items on the agenda could equally well be said to be linked to the world economic situation; since a number of them, which were much less important than the item on trade, were to be treated as separate items, the United Kingdom representative's argument was not valid.

65. Mr. KOTSCHNIG (United States of America) supported the United Kingdom proposal.

66. He did not agree with the USSR representative about the general and theoretical nature of the Council's debate on the world economic situation. On the contrary, that debate was one of the Council's most important discussions each year and it led to the adoption of some of the most vital resolutions. Trade was certainly a basic issue in the world economic situation and to discuss it as part of item 2 was not to detract from its importance, but merely to place it in its true context.

67. Mr. EL-TANAMLI (Egypt) suggested that items 2 (a) and (b) and item 3 should all be separate. It would be very ill-advised to attempt to hold a single general debate on the world economic situation and full employment. The discussion of the world economic situation was a survey of prevailing conditions, whereas the Council would undoubtedly make recommendations on future policy in connexion with the item on full employment.

68. Mr. SAKSENA (India) supported the Egyptian representative's suggestion. He was inclined to agree with the USSR representative that any of the economic items on the agenda could equally well be included in the discussion of the world economic situation. It would be best to have a general discussion on that topic and then treat each of the major related topics separately.

69. Mr. KOTSCHNIG (United States of America), supported by Mr. MEADE (United Kingdom), objected to the Egyptian representative's suggestion. The Council had a very heavy agenda for its next session and the work should be streamlined as much as possible. The world economic situation, world trade and full employment were so closely linked that separate general debates on each of them would inevitably involve repetition. The other economic items were more specialized and therefore in a different category.

70. Mr. TSARAPKIN (Union of Soviet Socialist Republics) supported the Egyptian representative's suggestion. By preventing a separate discussion on trade, the United Kingdom and United States representatives clearly hoped to stop the Council from adopting any practical measures.

71. The PRESIDENT proposed that the United Kingdom proposal should be put to the vote before the Egyptian proposal.

72. Mr. NOSEK (Czechoslovakia) and Mr. TSARAPKIN (Union of Soviet Socialist Republics) objected.

The President's proposal was adopted by 11 votes to 4, with 3 abstentions.

The United Kingdom proposal was adopted by 10 votes to 4, with 4 abstentions.

73. Mr. MEADE (United Kingdom) suggested that, as it was desirable that delegations should be able to

make their arrangements in advance, the Council should decide tentatively to begin the discussion of the item on the first Monday after the opening of the session, that is, 5 July.

74. Mr. BUNGE (Argentina) proposed that the Secretariat should be asked to draw up a provisional time-table and circulate it to governments some weeks before the beginning of the session.

It was so decided.

75. The PRESIDENT asked the Council to decide whether or not item 4 (c), "Methods to increase world productivity" should be included in the agenda.

The inclusion of item 4 (c) was approved unanimously.

76. The PRESIDENT drew attention to section II, paragraph 3, of the note by the Secretary-General (E/2530/Rev.1), which explained why item 7, "Transport and communications: (a) Report by the Secretary-General on the results of the London Conference on Pollution of Sea Water; (b) Report by the Secretary-General on the United Nations Conference on Customs Formalities for the Temporary Importation of Private Road Vehicles and for Tourism", had been added to the agenda.

The inclusion of the item was approved unanimously.

77. The PRESIDENT drew attention to the proposal in section III of the note by the Secretary-General (E/2530/Rev.1) that consideration of item 12 (a) should be postponed to a future session and that the remainder of the item should be amended to read: "Report by the Secretary-General on the advisability of convening a conference of non-governmental organizations interested in the eradication of prejudice and discrimination (Council resolution 502 C (XVI))".

78. Mr. BUNGE (Argentina) thought the Council would hardly be in a position to discuss item 12 (a) at the eighteenth session and that that item should therefore be postponed to a future session. Item 12 (b) would, in that case, become item 12 on the agenda of the eighteenth session and would be re-worded as suggested in the note by the Secretary-General (E/2530/Rev.1).

It was so decided.

79. The PRESIDENT asked the Council to decide whether or not item 16, "Question of calling a United Nations regional cartographic conference for Asia and the Far East" should be included in the agenda.

The inclusion of item 16 was approved unanimously.

80. Mr. VAKIL (Secretary of the Council), referring to item 29, "Organization and operation of the Council and its commissions, and amendment of rule 82 of the rules of procedure of the Council", drew attention to section II, paragraph 2, of the note by the Secretary-General (E/2530/Rev.1), which explained the addition of the final clause.

81. He further drew attention to the last paragraph of the addendum to the note by the Secretary-General (E/2530/Rev.1/Add.1).

The revised wording was approved unanimously.

82. Mr. KOTSCHNIG (United States of America), referring to paragraph 1 of the addendum to the note by the Secretary-General (E/2530/Rev.1), pointed out that the Council had already decided (788th meeting) that the item, "Allegations regarding infringements of

trade-union rights", should be placed on the agenda of the eighteenth session.

83. Mr. TSARAPKIN (Union of Soviet Socialist Republics) opposed the inclusion of the item in the agenda. The only document on the subject before the Council was a draft resolution submitted by the United States delegation (E/L.601, draft resolution A), which contained slanderous allegations against the USSR. That was not a correct approach to the problem of infringements of trade-union rights.

84. Mr. KOTSCHNIG (United States of America) maintained that the item had already been placed on the agenda; the confusion had arisen because section IV of the note by the Secretary-General (E/2530/Rev.1), stated that three new allegations regarding infringements of trade-union rights relating to States non-members of the International Labour Organisation had been received by the Secretariat. The only question was whether those new allegations should be considered. In view of the fact that the Council had previously decided that new allegations should be considered only once a year, he suggested deferring their consideration to the nineteenth session and discussing only the United States draft resolution (E/L.601, draft resolution A) at the eighteenth session.

85. Mr. NOSEK (Czechoslovakia) supported the USSR proposal that the item should not be included in the agenda.

86. The PRESIDENT put the USSR proposal to the vote.

The proposal was rejected by 12 votes to 2, with 3 abstentions.

87. Mr. NOSEK (Czechoslovakia) said he had voted in favour of the USSR proposal because he did not consider that the discussion of draft resolution A submitted by the United States (E/L.601) would be a useful contribution to the Council's work.

88. Mr. KOTSCHNIG (United States of America) appealed to the Secretariat and to the specialized agencies to distribute the documents for the eighteenth session as early as possible. Unless delegations received the documents by the middle of May at the latest, they would be in a difficult position.

89. He hoped that at the eighteenth session the Economic Committee and the Social Committee would begin work on the third or fourth day. The agenda for the session was very heavy and, if that were not done, the Council would not get through its work in the prescribed time.

90. Furthermore, he thought it would be well once again to establish a co-ordination committee. Items such as the organization of the Council and its commissions could be dealt with by that Committee.

91. Mr. BORIS (France) endorsed the United States representative's remarks and hoped that translations of the documents into all the working languages would also be issued in good time.

92. Mr. GEORGES-PICOT (Assistant Secretary-General in charge of the Departments of Economic Affairs and of Social Affairs), in reply to a question by Mr. MORALES (Argentina), stated that the usual arrangements were being made by the Secretariat for the eighteenth session of the Council to convene in Geneva in accordance with the pattern of conferences.

Admission to Headquarters of representatives of non-governmental organizations (E/2568) (concluded)²

93. Mr. NOSEK (Czechoslovakia), referring to the report of the Council Committee on Non-Governmental Organizations (E/2568), recalled that at the opening meeting of the session (755th meeting) the United States representative had informed the Council that visas had been granted to the representatives of a number of non-governmental organizations, including Mr. Dessau, a duly designated representative of the World Federation of Trade Unions. In reply to a question, the United States representative had stated that Mr. Dessau's visa had been granted "that very morning". Owing to the action of the United States authorities in issuing the visa at such a late date, Mr. Dessau had been unable to participate in the Council's work before the second week of the session. The procedure followed by the United States authorities was clearly in contravention of United States obligations under the Headquarters Agreement. Moreover, Mr. Dessau's visa placed such restrictive conditions on his movements that the discriminatory attitude of the United States authorities was only too clear. The conditions were listed in the statement by the WFTU (E/C.2/386). It was significant that the United States representative had not mentioned them.

94. Mr. Dessau's delayed arrival could not be justified by the slanderous attacks which the United States representative had levelled at various Member States, the WFTU and its representative. The WFTU was a very important non-governmental organization with over 80 million members. It constantly fought to improve standards of living throughout the world and played a constructive part in the work of the Council and its commissions.

95. Mr. KOTSCHNIG (United States of America) pointed out that, although Mr. Dessau's visa had been granted only on the opening day of the session, the United States authorities could not be held responsible for the fact that Mr. Dessau had not arrived for a further week. It was regrettable that he should have been absent for the first few days of the session, but the items discussed during the first week had been largely procedural items of no concern to the non-governmental organizations. Hence Mr. Dessau's belated arrival had not interfered with the participation of the WFTU in the Council's work, particularly as another WFTU representative had been present from the outset.

96. The complaint concerning the restrictive nature of Mr. Dessau's visa was irrelevant and out of order. The Headquarters Agreement spoke only of access to Headquarters and Mr. Dessau had been ensured such access.

97. Mr. TSARAPKIN (Union of Soviet Socialist Republics) fully supported the Czechoslovakia representative's statement. It was deplorable that the activities of the United Nations should depend on the unilateral, arbitrary actions of the United States authorities. The fact that all the representatives of non-governmental organizations had arrived in time except the representatives of the WFTU and the Women's International Democratic Federation clearly indicated the discriminatory attitude of the United States authorities. The WFTU was an important organization in category A. The restrictive conditions imposed on its representative

² Resumed from the 755th meeting.

were an insult to Mr. Dessau. He asked the Secretary-General and the United States authorities to ensure that persons seeking to enter the United States to attend the nineteenth session of the Council be granted proper visas, regardless of their political convictions.

98. The SECRETARY-GENERAL explained that the Headquarters Agreement approved by the General Assembly was the result of difficult and delicate negotiations, as were the clarifications set out in the progress report on negotiations with the United States concerning the interpretation of the Headquarters Agreement (E/2492). Two interests had to be balanced: the interests of the international organization, whose work had to be undisturbed by special national interests and unilateral action, and the interests of the host country, with its own domestic policies, which might be at variance with the views expressed in the United Nations. According to a valid legal interpretation, the Headquarters Agreement provided only for access to Headquarters. A reasonable interpretation of that provision had been agreed on. There was nothing to preclude the United States Government from qualifying a representative's right to live in the United States of America, provided that it did not interfere with his work at the United Nations and his right to a reasonable life outside.

99. He had welcomed the United States representative's statement at the opening meeting as an indication of United States respect for the Headquarters Agreement. The fact that the United States authorities were prepared to inform the Council of their actions and the reasons for them could not be interpreted otherwise. At the sixteenth session, the United States Government had indicated that it would do everything possible to ensure speedy decisions on visas. He trusted that it would live up to that promise. He himself would do everything in his power to facilitate speedy decisions and to emphasize the importance of timely action in the interests of the United Nations.

Closure of the seventeenth session

100. The PRESIDENT said that it had been as a result of a new social conscience awakened after the Second World War that so much of the Charter of the United Nations had been devoted to the needs of the peoples for better standards of living. The success or failure of the United Nations had to be judged in the light of the ends in view.

101. The chief item discussed at the seventeenth session had been the economic development of underdeveloped countries. That was the most important ques-

tion to be considered by the Economic and Social Council and by the United Nations as a whole. The low standards of living prevalent in many parts of the world were a challenge to the effectiveness of the United Nations and a test of its worth. To achieve results in that field international co-operation was essential.

102. The characteristic feature of the present day was an awakening of entire continents to the need for economic independence and social justice, to be attained through political freedom. If that need could be satisfied, a great step would have been taken towards the solution of other international problems. Very little, however, had been achieved so far, largely owing to a lack of awareness among the public; but a still greater responsibility rested with those who refused to admit the gravity of the problem or who attempted to maintain the *status quo*.

103. An endeavour should be made to keep the public better informed about the Economic and Social Council's work. Very little space was given in the Press to its debates, unless some political argument took place in the Council which had nothing to do with the Council's real work.

104. There was a body of opinion in the Council which endeavoured to raise the level of the debates above political and ideological differences, as had been apparent during the debates on freedom of information and on the infringement of trade-union rights. There had also been evidence of a better understanding of the limitations of the United Nations. A step towards the achievement of universality had been made in the inclusion of a number of countries as full members of the regional economic commissions.

105. He thanked the members of the Council for their co-operation and the members of the Secretariat for the help they had given the Council in its work.

106. Mr. OZGUREL (Turkey), Mr. SAKSENA (India), Mr. NUÑEZ PORTUONDO (Cuba), Mr. EL-TANAMLI (Egypt), Mr. NOSEK (Czechoslovakia), Mr. HSIA (China), Mr. BORIS (France), Sir Alec RANDALL (United Kingdom), Mr. KOS (Yugoslavia), Mr. PEREZ PEREZ (Venezuela), Mr. KOTSCHNIG (United States of America), Mr. FENAUX (Belgium), Mr. LOOMES (Australia), Mr. ENGEN (Norway), Mr. TSARAPKIN (Union of Soviet Socialist Republics) and Mr. TRUJILLO (Ecuador) paid tributes to the President for the ability and impartiality with which he had conducted the Council's debates.

The meeting rose at 7.15 p.m.

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