



UNITED NATIONS

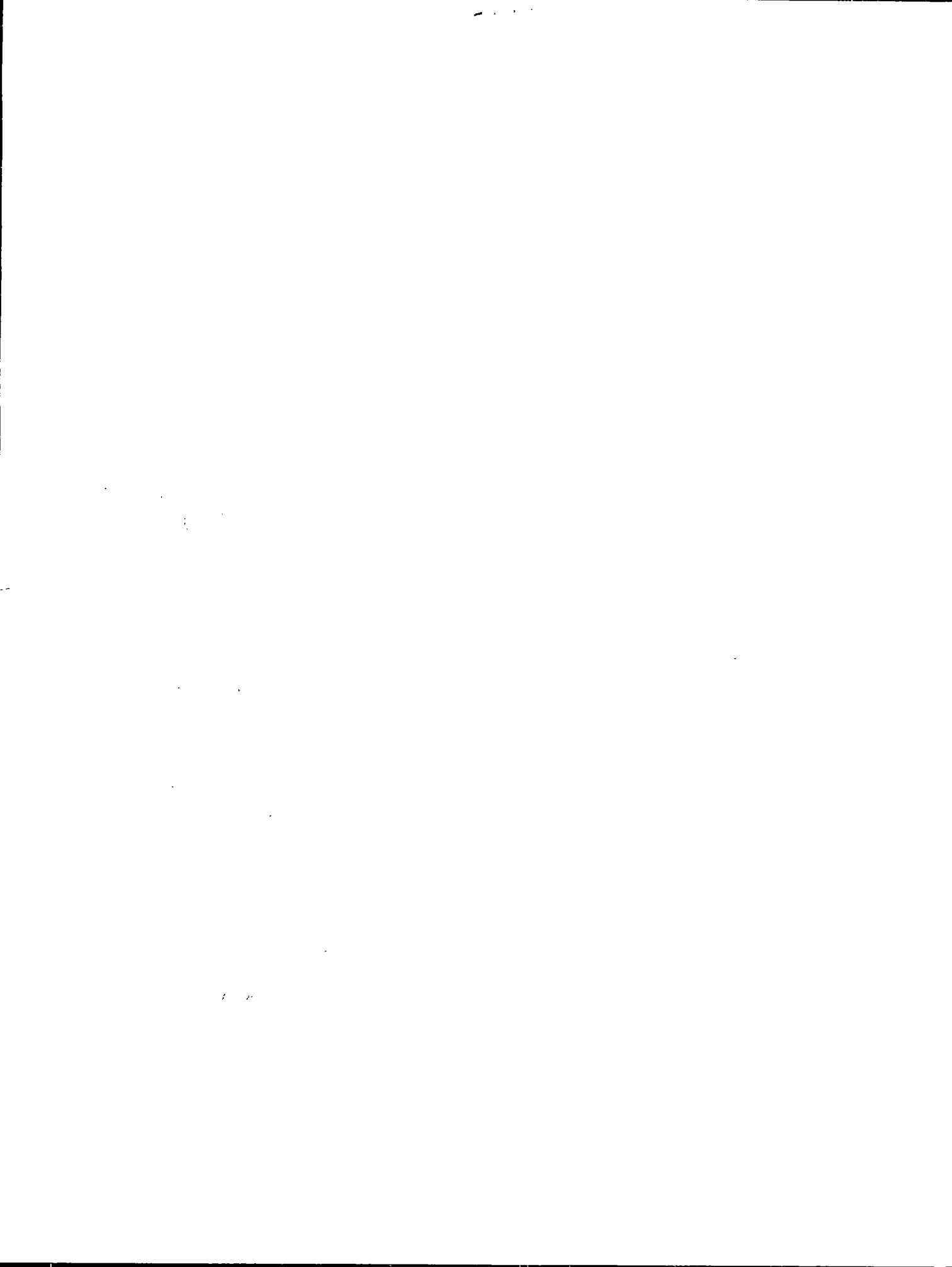
**ECONOMIC AND
SOCIAL COUNCIL**

OFFICIAL RECORDS

FIFTEENTH SESSION

31 March—28 April 1953

NEW YORK





UNITED NATIONS

**ECONOMIC AND
SOCIAL COUNCIL**

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INTRODUCTORY NOTE

The *Official Records of the Economic and Social Council* (fifteenth 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.

A check list of all documents relating to the agenda of the Council will be found on pages XV to XX; the check list indicates the publication in which each document appears.

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¹ In the absence of General Rómulo, Mr. S. P. López acted as Representative from 22 April until the close of the session.

² Mr. Arutiunian acted as Representative from 13 April until the close of the session.

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INTER-PARLIAMENTARY UNION

Representative

Prof. Boris Mirkine-Guetzévitch

WORLD FEDERATION OF TRADE UNIONS

Representative

Miss Elinor Kahn

WORLD FEDERATION OF UNITED NATIONS ASSOCIATIONS

Representatives

Colonel Charles L. Marburg
Mr. Clark M. Eichelberger
Mrs. C. Beresford Fox
Mr. Stephen M. Schewebel

Category B and Register

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Dr. Salomon Goldsmith

ANTI-SLAVERY SOCIETY

Representative

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ASSOCIATED COUNTRY WOMEN OF THE WORLD

Representative

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Representatives

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Miss Marian Neal
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AFFAIRS

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INDIAN COUNCIL OF WORLD AFFAIRS

Representative

Mr. Chetpat R. Sundaram

INTER-AMERICAN COUNCIL OF COMMERCE AND PRO-
DUCTION

Representatives

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Mr. Earl Cruikshank
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Mrs. Estrella Baldi

INTERNATIONAL AUTOMOBILE FEDERATION
INTERNATIONAL TOURING ALLIANCE

Representatives

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Mr. J. Maxwell Smith
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INTERNATIONAL ALLIANCE OF WOMEN

Representatives

Mrs. Charlotte B. Mahon
Miss Anne Guthrie
Mrs. Lois T. Ruml
Miss Ruth F. Woodsmall
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INTERNATIONAL CATHOLIC CHILD BUREAU

Representatives

Rev. William F. Jenks
Père Jules Gagnon

INTERNATIONAL CATHOLIC MIGRATION COMMISSION

Representatives

Miss Margaret M. Littke
Mr. Edmund E. Cummings
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INTERNATIONAL CATHOLIC PRESS UNION

Representatives

Mr. Charles J. McNeil

INTERNATIONAL CONFERENCE OF CATHOLIC CHARITIES

Representatives

Mr. Louis C. Longarzo
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Rt. Rev. Msgr. John O'Grady

INTERNATIONAL COMMISSION AGAINST FORCED LABOUR
CAMPS

Representative

Mr. Théo Bernard

INTERNATIONAL CONGRESSES FOR MODERN ARCHITEC-
TURE

Representative

Mr. José Luis Sert

INTERNATIONAL COUNCIL OF WOMEN

Representatives

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Mrs. Eunice H. Carter
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PLANNING

INTERNATIONAL INSTITUTE OF ADMINISTRATIVE
SCIENCES

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Miss Lillie M. Peck

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Miss France McGillicudy

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INTERNATIONAL LAW ASSOCIATION

Representative

Prof. Clyde Eagleton

INTERNATIONAL LEAGUE FOR THE RIGHTS OF MAN

Representatives

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Mr. Roger N. Baldwin
Miss Frances R. Grant

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Representative

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M. Konrad Sieniewicz

PAX ROMANA

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Representatives

Miss Dorothy Berry
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Mrs. Wanda Grabinska
Dr. Magda de Spur

WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM

Representative

Mrs. Gladys D. Walser

WORLD ASSEMBLY OF YOUTH

Representatives

Mr. Murray W. Frank
Mr. Herbert F. Weiss

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WORLD VETERANS FEDERATION

Representative

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ASSOCIATIONS

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WORLD'S YOUNG WOMEN'S CHRISTIAN ASSOCIATION

Representatives

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Miss Margaret E. Forsyth

WORLD'S WOMEN'S CHRISTIAN TEMPERANCE UNION

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Miss Helen G. Estelle
Miss Elizabeth A. Smart

YOUNG CHRISTIAN WORKERS

Representative

Mr. John P. Grady

AGENDA

Adopted by the Council, at its 673rd meeting, on 31 March 1953

Documents E/2350, E/2350/Add.4/Rev.1 and E/2386
29 December 1952, 27 and 30 March 1953
[Original text: English]

1. Election of the President and Vice-Presidents for 1953.
2. Adoption of the agenda.
3. World economic situation.
4. Economic development of under-developed countries: integrated economic development.
5. Annual report of the Economic Commission for Asia and the Far East.
6. Report of the Transport and Communications Commission (sixth session).
7. International action for conservation and utilization of non-agricultural resources: report of the Secretary-General (Council resolution 345 A (XII)).
8. Procedures for the convening of study groups and international commodity conferences (Council resolution 373 (XIII)).
9. Report of the International Monetary Fund.
10. Report of the International Bank for Reconstruction and Development.
11. Expanded programme of technical assistance: report of the Technical Assistance Committee and General Assembly resolution 621 (VII).
12. Report of the Fiscal Commission (fourth session).¹
13. Report of the Statistical Commission (seventh session).
14. Report of the Population Commission (seventh session).
15. Recommendations concerning international respect for the right of peoples to self-determination (General Assembly resolution 637 C (VII)).
16. Interim report of the Rapporteur on Freedom of Information.
17. Allegations regarding infringements of trade union rights received under Council resolution 277 (X).
18. Slavery: report of the Secretary-General under Council resolution 388 (XIII).
19. Recognition and enforcement abroad of maintenance obligations (Council resolution 390 H (XIII)).²
20. Relief and rehabilitation of Korea (General Assembly resolution 410 (V)).³
21. Inter-governmental organizations (Council resolutions 262 Q (IX) and 412 A (XIII)).
22. International co-operation on cartography: report by the Secretary-General and replies by Governments (Council resolution 261 (IX)).
23. United Nations Narcotics Laboratory (Council resolution 436 F (XIV)).
24. Non-governmental organizations:
 - (a) Applications and re-applications for consultative status;
 - (b) Hearings by the Council Committee on Non-Governmental Organizations under rules 84 and 85 of the rules of procedure of the Council and applications for hearings by the Council under rule 86;
 - (c) Other matters reported on by the Council Committee on Non-Governmental Organizations.
25. Amendment of the rules of procedure of the Council and its functional commissions (General Assembly resolution 664 (VII)).
26. Calendar of conferences for 1953.
27. Confirmation of members of functional commissions of the Council.
28. Financial implications of actions of the Council.

¹ It was decided at the 673rd meeting to defer consideration of this item until the sixteenth session.

² It was decided at the 673rd meeting to defer consideration of this item until the seventeenth session.

³ It was decided at the 673rd meeting to defer consideration of this item until the sixteenth session.

29. Consideration of the provisional agenda for the sixteenth session of the Council.
30. Question of inviting Libya, Spain, Nepal and the Republic of Korea to the International Conference on the Limitation of the Production of Opium to be convened at Headquarters on 11 May 1953, submitted by the United States of America.
31. Application of Afghanistan for membership in the Economic Commission for Asia and the Far East, submitted by Afghanistan.
32. Accession of Italy to the Convention on the Declaration of Death of Missing Persons, proposed by the Secretary-General.
33. Election of members of the Council Committee on Non-Governmental Organizations.
34. Admission of the Representative of the Women's International Democratic Federation for participation in the Commission on the Status of Women, in accordance with the resolution adopted by the Commission (E/2386).

CHECK LIST OF DOCUMENTS PERTAINING TO THE FIFTEENTH 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.

Document No.	Title	Agenda item	Observations ¹
E/2038	Report of the Secretary-General on activities under Council resolution 345 (XII)	7	Mimeographed document only
E/2154/Add.2, Add.33 and Add.43	Communications containing allegations of infringements of trade-union rights	17	<i>Ditto</i>
E/2207	Report of the Secretary-General on activities under Council resolution 345 (XII)	7	<i>Ditto</i>
E/2333 and Add.1 to 37 and E/2333/Add.30/Corr.1	Allegations regarding infringements of trade union rights received under Council resolution 277 (X)	17	<i>Ditto</i>
E/2335	Observations of the Allied Military Government of Trieste on allegations regarding infringements of trade union rights in the Free Territory of Trieste (British-United States Zone): note by the Secretary-General	17	<i>Ditto</i>
E/2345	Interim report of the Rapporteur on Freedom of Information	16	
E/2345/Add.1	Interim report: revision of the draft resolution submitted by the Rapporteur on Freedom of Information (E/2345)	16	
E/2350	Provisional agenda for the fifteenth session of the Economic and Social Council	2	See <i>Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 1</i> , appendix and preface fascicule
E/2350/Add.1	Note by the Secretary-General	2 and 33	Mimeographed document only. Incorporated in the summary record of the 702nd meeting, para. 22
E/2350/Add.2	Communication dated 22 March 1953 from the representative of the United States of America to the United Nations	2 and 30	
E/2350/Add.3	Communication dated 24 March 1953 from the permanent representative of Afghanistan to the United Nations	2 and 31	
E/2350/Add.4 and Rev.1	Note by the Secretary-General	2	Addendum to the agenda of the fifteenth session, see <i>Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 1</i> , appendix and preface fascicule
E/2350/Add.5	Memorandum by the Secretary-General	2 and 32	
E/2351	<i>International Monetary Fund. Annual Report 1952</i>	9	Printed publication — Washington D.C.
E/2351/Add.1	International Monetary Fund. Summary of Activities, 1 May 1952 through 20 February 1953	9	Mimeographed document only
E/2352	Note by the Secretary-General	29	<i>Ditto</i>
E/2352/Rev.1	Note by the Secretary-General	29	<i>Ditto</i>

¹ In this column will be found information concerning the documents which are not included in the *Annexes* to the official records of the Economic and Social Council, fifteenth session.

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations</i>
E/2352/Rev.1/Add.1	Note by the Secretary-General	29	Mimeographed document only. Substance incorporated in the summary record of the 703rd meeting
E/2353 (and Corr.1, English only)	<i>World Economic Report 1951-52</i>	3	United Nations Publications, Sales No.: 1953. II.C.2
E/2353/Add.1 (and Corr.1, English only)	<i>Review of Economic Conditions in the Middle East, 1951-52</i>	3	United Nations Publications, Sales No.: 1953. II.C.1
E/2354	<i>Review of International Commodity Problems 1952</i>	3	United Nations Publications, Sales No.: 1953. II.D.1.
E/2355	Note by the Secretary-General	25	
E/2356	Note by the Secretary-General	15	Mimeographed document only
E/2357	Slavery, the slave trade, and other forms of servitude: report of the Secretary-General	18	<i>Ditto</i>
E/2359	<i>Population Commission: report of the seventh session (19-30 January 1953)</i>	14	See <i>Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 3</i>
E/2360	<i>International Bank for Reconstruction and Development—Seventh annual report 1951-1952</i>	10	Printed publication — Washington D.C.
E/2360/Add.1	Addition to the seventh annual report of the International Bank for Reconstruction and Development — Summary of activities 1 July 1952 through 28 February 1953	10	Mimeographed document only
E/2361 (and Corr.1, English only)	List of inter-governmental organizations in the economic and social fields — 1953 edition	21	<i>Ditto</i>
E/2361/Add.1 (and Corr.1, English only)	List of inter-governmental organizations in the economic and social fields: note by the Secretary-General	21	<i>Ditto</i>
E/2362 (and Corr.1, English only)	Report of the Secretary-General	22	<i>Ditto</i>
E/2363	<i>Transport and Communications—Report of the sixth session</i>	6	See <i>Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 4</i>
E/2363/Add.1	Statement of financial implications submitted by the Secretary-General under Rule 34 of the rules of procedure of the Economic and Social Council	6	
E/2365	<i>Statistical Commission — Report of the seventh session (2 to 13 February 1953)</i>	13	See <i>Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 5</i>
E/2366 (and Corr.1 and 2, English only)	Relations with inter-governmental organizations — report of the Secretary-General	21 and 22	Mimeographed document only
E/2367	Report of the Secretary-General on activities under Council resolution 345 (XII)	7	
E/2368	Report of the Council Committee on Non-Governmental Organizations	24 (a)	<i>Ditto</i>
E/2370	Application of Economic and Social Council resolution 444 (XIV) concerning allegations regarding States that are not members of the International Labour Organisation: note by the Secretary-General	17	

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations</i>
E/2371	Observations of the Permanent Representative of Greece to the United Nations on the communication from the Federation of Greek Maritime Unions, Cardiff, England (E/2333/Add.21)	17	Mimeographed document only
E/2372	Note by the Secretary-General	23	<i>Ditto</i>
E/2374	Annual report of the Economic Commission for Asia and the Far East (9 February 1952 — 14 February 1953)	5	See <i>Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 6</i>
E/2376 and Add.1	Means for furthering the completion of the International One-Millionth Map of the World: report of the Secretary-General	22	Mimeographed document only
E/2377 (and Corr.1, English only)	Aspects of economic development in Africa: report of the Secretary-General	3	<i>Ditto</i>
E/2384	Working paper by the Secretary-General (Council resolution 416 F (XIV))	4	
E/2385 and Corr.1 and Add.1 and 2	Confirmation of members of functional commissions of the Council	27	Mimeographed document only
E/2386	Communication from the Chairman of the Commission on the Status of Women	34	
E/2388	Customs formalities for the temporary importation of private vehicles and for tourism: note by the Secretary-General	6	Mimeographed document only
E/2389 and Add.1 and 2	Work programmes and costs of the economic and social activities of the United Nations: note by the Secretary-General	28	<i>Ditto</i>
E/2390	Report of the Council Committee on Non-Governmental Organizations	24 (b)	<i>Ditto</i>
E/2392	Report of the Social Committee	14	
E/2394	Report of the Technical Assistance Committee	11	Mimeographed document only
E/2395 and Corr.1	Local costs to be borne by governments: report of the Technical Assistance Committee	11	<i>Ditto</i>
E/2396	Attendance of the Chairman of the Sub-Commission on Prevention of Discrimination and Protection of Minorities at the Ninth Session of the Commission on Human Rights: note by the Secretary-General	26	Mimeographed document only. Substance incorporated in the summary record of the 683rd meeting
E/2397	Memorandum by the Legal Department	34	
E/2398	Communication from the Government of Vietnam	5	
E/2399	Communication from the Government of the Kingdom of Laos	5	
E/2400	Communication from the Government of Cambodia	5	
E/2402	Report of the Economic Committee	6	
E/2404	Report requested under Council resolution 426 B (XIV) on measures designed to reconcile the attainment and maintenance of full employment with the avoidance of the harmful effects of inflation: note by the Secretary-General	29	Mimeographed document only
E/2406	Report of the Economic Committee	13	
E/2407	Report of the Social Committee	18	
E/2410	Report of the Economic Committee	8	
E/2411	Report of the Council Committee on Non-Governmental Organizations	24 (a)	<i>Ditto</i>
E/2412	Report of the Council Committee on Non-Governmental Organizations	29	Mimeographed document only. Substance incorporated in the summary record of the 703rd meeting

Document No.	Title	Agenda item	Observations
E/C.2/341	Statement submitted by the World-Federation of Trade Unions, a non-governmental organization having consultative status in category A	17	Mimeographed document only
E/C.2/343	Statement submitted by the International Confederation of Free Trade Unions, a non-governmental organization having consultative status in category A	17	<i>Ditto</i>
E/C.2/R.16	Reconversion after the rearmament period. Statement submitted by the International Confederation of Free Trade Unions, a non-governmental organization having consultative status in category A	29	<i>Ditto</i>
E/C.2/R.17	Measures to be taken for the application of a progressive social policy throughout the world, particularly for the defence, improvement and extension of social security. Communication dated 14 April 1953 from the World Federation of Trade Unions, a non-governmental organization in category A consultative status	29	<i>Ditto</i>
E/CN.2/139 and Corr.1	Discrimination in transport insurance. Report of the Secretary-General	6	<i>Ditto</i>
E/CN.12/221	<i>Theoretical and practical problems of economic growth</i>	4	United Nations Publications, Sales No.:1952. I.L.G.1
E/ECE/157	<i>Economic Survey of Europe since the war — A Reappraisal of Problems and Prospects</i>	3	United Nations Publications, Sales No.:1953. I.I.E.4
E/L.470	Annotations of items on the provisional agenda for the fifteenth session of the Economic and Social Council: note by the Secretary-General	2	Mimeographed document only
E/L.471 and Corr.1	Memorandum by the Secretary-General	17	
E/L.472	Arrangement of business at the fifteenth session of the Council: working paper by the Secretary-General	2	<i>Ditto</i>
E/L.473	Question of the representation of China: Union of Soviet Socialist Republics: draft resolution		Incorporated in the summary record of the 672nd meeting
E/L.474	Argentina and Philippines: draft resolution	15	
E/L.475	Egypt: draft resolution	15	
E/L.476	Union of Soviet Socialist Republics: draft resolution	25	
E/L.477	Argentina, Cuba, Venezuela and Uruguay: draft resolution	25	
E/L.478	Argentina, Egypt and Philippines: draft resolution	15	
E/L.479	United States of America: draft resolution	30	
E/L.480	United States of America: draft resolution	22	
E/L.481	United Kingdom of Great Britain and Northern Ireland: draft resolution	22	
E/L.482	India: amendment to the draft resolution submitted by the United States (E/L.480)	22	Incorporated in the summary record of the 677th meeting, para. 8
E/L.483	Union of Soviet Socialist Republics: draft resolution	24 (a)	Incorporated in the summary record of the 678th meeting, para. 40
E/L.484	Sweden and United Kingdom of Great Britain and Northern Ireland: draft resolution	17	
E/L.485	United States of America: draft resolution	23	
E/L.485/Add.1	Financial estimate submitted by the Secretary-General relating to the draft resolution submitted by the United States of America (E/L.485)	23	
E/L.486	France: amendment to the draft resolution submitted by the United States (E/L.485)	23	

Document No.	Title	Agenda item	Observations
E/L.487	Belgium: amendment to the draft resolution submitted by the United States (E/L.485)	23	Mimeographed document only
E/L.487/Rev.1	Belgium: revised amendment to the draft resolution submitted by the United States (E/L.485)	23	Incorporated in the summary record of the 681st meeting, para. 13 and 15
E/L.488	India: amendment to the draft resolution submitted by Sweden and the United Kingdom (E/L.484)	17	Incorporated in the summary record of the 680th meeting, para. 22
E/L.489	Philippines: amendment to the draft resolution submitted by Sweden and the United Kingdom (E/L.484)	17	Incorporated in the summary record of the 680th meeting, para. 81
E/L.490	Argentina, Uruguay and Venezuela: draft resolution	32	
E/L.491	Sweden: amendment to draft resolution D contained in the report of the Social Committee (E/2392)	14	
E/L.492	Argentina: amendment to draft resolution H contained in the Report of the Economic Committee (E/2402)	6	
E/L.493	Poland: draft resolution	34	Mimeographed document only
E/L.495	Argentina: draft resolution	7	
E/L.495/Rev.1	Argentina, Australia and France: draft resolution	7	
E/L.496	Uruguay: draft resolution	3	
E/L.497	Uruguay: draft resolution	3	
E/L.498	Preliminary annotations to the draft provisional agenda for the sixteenth session contained in document E/2352/Rev.1: note by the Secretary-General	29	<i>Ditto</i>
E/L.499	Argentina, Uruguay and Venezuela: draft resolution	3	
E/L.500	Argentina, Cuba, Egypt, India, Philippines, Uruguay and Yugoslavia: draft resolution	4	
E/L.501	India: draft resolution	31	
E/L.502	France and United States of America: amendment to the draft resolution submitted by Argentina, Cuba, Egypt, India, Philippines, Uruguay and Yugoslavia (E/L.500)	4	
E/L.503 and Corr.1	Argentina, Cuba, Egypt, India, Philippines, Uruguay and Yugoslavia: revision of draft resolution contained in document E/L.500	4	
E/L.504	France and United States of America: draft resolution	5	
E/L.505	Australia: amendment to the draft resolution submitted by France and the United States (E/L.504)	5	
E/L.506	United Kingdom of Great Britain and Northern Ireland: draft resolution	24 (a)	Incorporated in the summary record of the 704th meeting, para. 77
E/RESOLUTION (XV)/1	Resolution adopted by the Council at its 675th meeting, on 1 April 1953	25	Resolution 481 (XV)
E/RESOLUTION (XV)/2	Resolution adopted by the Council at its 675th meeting, on 1 April 1953	15	Resolution 472 (XV)
E/RESOLUTION (XV)/3	Resolution adopted by the Council at its 676th meeting, on 2 April 1953	30	Resolution 478 (XV)
E/RESOLUTION (XV)/4	Resolution adopted by the Council at its 677th meeting, on 6 April 1953	22	Resolution 476 (XV)
E/RESOLUTION (XV)/5	Resolution adopted by the Council at its 677th meeting, on 6 April 1953	16	Resolution 473 (XV)
E/RESOLUTION (XV)/6	Resolution adopted by the Council at its 680th meeting, on 9 April 1953	17	Resolution 474 (XV)
E/RESOLUTION (XV)/7	Resolution adopted by the Council at its 681st meeting, on 10 April 1953	23	Resolution 477 (XV)

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations</i>
E/RESOLUTION (XV)/8	Resolution adopted by the Council at its 681st meeting, on 10 April 1953	32	Resolution 479 (XV)
E/RESOLUTION (XV)/9	Resolution adopted by the Council at its 683rd meeting, on 13 April 1953	9	Resolution 467 (XV)
E/RESOLUTION (XV)/10	Resolution adopted by the Council at its 685th meeting, on 14 April 1953	10	Resolution 466 (XV)
E/RESOLUTION (XV)/11	Resolution adopted by the Council at its 685th meeting, on 14 April 1953	14	Resolution 471 (XV)
E/RESOLUTION (XV)/12	Resolution adopted by the Council at its 687th meeting, on 15 April 1953	11	Resolution 470 (XV)
E/RESOLUTION (XV)/13	Resolutions adopted by the Council at its 687th and 689th meetings, on 15 and 16 April 1953	6	Resolution 468 (XV)
E/RESOLUTION (XV)/14	Resolution adopted by the Council at its 690th meeting, on 17 April 1953	7	Resolution 463 (XV)
E/RESOLUTION (XV)/15	Resolution adopted by the Council at its 697th meeting, on 23 April 1953	4	Resolution 461 (XV)
E/RESOLUTION (XV)/16	Resolution adopted by the Council at its 698th meeting, on 23 April 1953	3	Resolution 460 (XV)
E/RESOLUTION (XV)/17	Resolution adopted by the Council at its 700th meeting, on 24 April 1953	31	Resolution 465 (XV)
E/RESOLUTION (XV)/18	Resolution adopted by the Council at its 702nd meeting, on 27 April 1953	8	Resolution 462 (XV)
E/RESOLUTION (XV)/19	Resolution adopted by the Council at its 702nd meeting, on 27 April 1953	18	Resolution 475 (XV)
E/RESOLUTION (XV)/20	Resolution adopted by the Council at its 702nd meeting, on 27 April 1953	13	Resolution 469 (XV)
E/RESOLUTION (XV)/21	Resolution adopted by the Council at its 700th meeting, on 24 April 1953	5	Resolution 464 (XV)
E/RESOLUTION (XV)/22	Resolutions adopted by the Council at its 678th, 702nd and 704th meetings, on 6, 27 and 28 April 1953	24	Resolution 480 (XV)



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Acting President :

Mr. Raymond SCHEYVEN (Belgium),

*(Outgoing Vice-President.)**Later:**President:* Mr. Raymond SCHEYVEN (Belgium.)*Present:*

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

Observers from the following countries: Brazil, Czechoslovakia.

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.

Opening of the session

1. The ACTING PRESIDENT declared open the fifteenth session of the Economic and Social Council.

2. He welcomed the representatives of the countries that had been newly elected to the Council namely, Australia, India, Turkey, Venezuela and Yugoslavia, as well as the United States of America, which had been re-elected.

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

3. Mr. ZORIN (Union of Soviet Socialist Republics) speaking on a point of order said that the Central People's Government of the People's Republic of China had declared that it did not consider that representatives of the Kuomintang group were entitled to represent the Chinese people on United Nations bodies and had called for their expulsion. The USSR supported that contention. It did not regard the representative of the Kuomintang group as a representative of the people of China and urged that he should be excluded from the Council and that a representative of the Central People's Government of the People's Republic of China should be invited to participate in the Council's work.

4. He therefore submitted the following draft resolution:

"The Economic and Social Council

"Decides

"(a) To exclude from the membership of the Council the representatives of the Kuomintang group:

"(b) To invite a representative of the Central People's Government of the People's Republic of China to participate in the work of the fifteenth session of the Economic and Social Council." ¹

5. Mr. HSIA (China) said that the question of the representation of China was regularly introduced by the Soviet Union and its satellites with the object of embarrassing the Chinese delegation. The USSR's draft resolution was out of order and should be rejected.

6. The question of representation was dealt with in chapter III of the rules of procedure. The President and Vice-Presidents would undoubtedly find the credentials of the Chinese delegation to be in perfect order. The USSR delegation was not, however, questioning the credentials of the Chinese delegation, but the status of the Chinese Government. It wished the members of the Council to believe that the Government of the Republic of China did not represent the Chinese people. That was not a matter for the Economic and Social Council, the membership of which was duly constituted each year by the General Assembly. The USSR was therefore challenging a decision of the General Assembly. The National Government of China was the only lawful government duly elected under the Constitution and recognized by the overwhelming majority of the Members of the United Nations.

7. He asked the President to rule the USSR proposal out of order.

8. Mr. WADSWORTH (United States of America) said that his delegation would state once again that his Government was opposed to unseating the representatives of the Chinese National Government and inviting representatives of the Chinese Communists to take their place. The question was particularly delicate at a time when the Chinese Communist régime was departing so widely from recognized standards of international conduct and the principles for which the United Nations stood, as was shown by its actions in Korea.

9. He moved the adjournment of the debate for the duration of the fifteenth session under rule 50 of the rules of procedure.

10. Mr. BIRECKI (Poland) opposed the motion for adjournment. In his opinion the Council was fully competent to discuss the matter. The question should be settled in the Council as well as in the other organs of the United Nations with a view to the best interests of all organs. The presence of representatives of the

¹ Subsequently distributed as document E/L.473.

Kuomintang group was harmful to those interests and prejudicial to peace. It was important for the success of the Council's work that a genuine representative of the Chinese people should be present.

11. The ACTING PRESIDENT put the motion for adjournment to the vote.

The motion for adjournment was adopted by 14 votes to 4.

12. Mr. MEADE (United Kingdom) said he had voted in favour of the motion for adjournment because the situation in Korea made it inopportune for the question of Chinese representation to be debated in the Economic and Social Council at the present time.

13. Mr. ZORIN (Union of Soviet Socialist Republics) observed that the United States delegation had taken refuge in a procedural motion because it lacked the courage to face a discussion on the substance of the matter. The decision taken was wrong and illegal.

14. Mr. MUNOZ (Argentina) had voted for the United States motion because it was for the General Assembly to take decisions regarding the representation of Member States in the United Nations organs.

Election of the President and Vice-Presidents for 1953

[Agenda item 1]

ELECTION OF THE PRESIDENT

15. Mr. MUNOZ (Argentina) nominated Mr. Scheyven (Belgium) as President of the Council.

16. Mr. Scheyven's past achievements were a guarantee that he would guide the Council's debates with efficiency and impartiality and with a view to the best interests of the United Nations as a whole. His political and economic activities had covered many fields which were within the purview of the Economic and Social Council. His enthusiasm for the cause of freedom was shown by the fact that he had taken part in the Resistance during the occupation of his country. He was particularly glad to put forward Mr. Scheyven's name because Argentina was bound to Belgium by many ties of friendship.

17. Mr. TANGE (Australia) seconded the nomination. Belgium had contributed much to the Council's constructive work in the economic and social fields, and Belgium's own economic policy had produced a thriving and stable economy. Mr. Scheyven was admirably fitted for the office of President of the Council, in virtue both of his distinguished record in national legislative and public life and of the services he had rendered as Vice-President of the Economic and Social Council.

18. Mr. BORIS (France) proposed that, since there were no other nominations, Mr. Scheyven should be considered to have been elected by acclamation.

Mr. R. Scheyven (Belgium) was elected President by acclamation.

19. The PRESIDENT thanked the members of the Council for the honour they had done both him and his country in electing him President and said that he would do his best to live up to the example set by his predecessors in that office, Mr. Santa Cruz and Mr. Amjad Ali.

20. Upon the opening of a new session of the Council, he wished to congratulate the Secretariat and the specialized agencies on the work they had done since the previous session and on the excellent documentation they had prepared. He mentioned in particular the two basic reports on the world economic situation and the world social situation.

21. At the previous session, he had been impressed by the highly optimistic tone of the speeches concerning the world economic situation and of the report on *Measures for International Economic Stability* (E/Meas/156). In that report, the group of experts had stated: "We believe that in the future, 'prosperous' years will be the rule rather than the exception, and even in years of recession prosperity will be, not merely around the corner, but in full view. This for the first time makes the problem of international economic instability a manageable one." At the same time, however, the group of experts had fully recognized the possibility of a recession and had stated that "any substantial or sudden cutback in rearmament would clearly involve a serious risk of recession, and even a levelling off of the programme would mean a drop in the secondary defence demands for inventories, plant and equipment".

22. On the basis of all the documentation submitted, the Council had considered various measures to avert a recession, such as the creation of buffer stocks, adjustments to render the International Bank and the International Monetary Fund more effective, etc. The discussions had been useful but it must unfortunately be admitted that they had not led to any concrete solutions. The Council had simply referred the problems to a committee, recommended further study, or else adopted resolutions, which had been drafted in such diplomatic terms, in order to achieve unanimity, that they had lost all their effectiveness.

23. The group of experts had stated in their report that there was for the first time a possibility of solving the problem of international economic stability, provided that certain steps were taken immediately. They had also given warning of the possible effects of a levelling off in the armaments race, a race which his country viewed with regret but was unfortunately unable to prevent. In the circumstances, it was quite possible that the recent decline in economic activity in certain countries and the sudden drop in the prices of certain raw materials were in fact the first warning symptoms of a recession, which the Council could take steps to avert. The time had come for the Council to look back on its work and to see whether it had always fulfilled its responsibilities towards the suffering millions in the world. Naturally the problems must be approached with caution and wisdom but there was also room for courage and imagination. In recent years, many of the countries represented in the Council had adopted bold solutions to their own internal problems and their courage had been rewarded. There was a tendency in certain circles to regard the work of the United Nations with scepticism. Patience was certainly needed, but the optimists who still believed in the ideal of a universal international organization would be encouraged in their belief if they were given some sign that the Organization was making progress towards the achievements of practical solutions. Naturally the Council could not undertake to solve all the problems at a single session, but he sincerely hoped that it would be able to find definite solutions for some

of them so that they need no longer appear on the agenda at future sessions.

ELECTION OF THE FIRST VICE-PRESIDENT

24. Mr. MEADE (United Kingdom) said that Sir Gladwyn Jebb had asked him to convey to the Council his regret that he was unable to be present, as the Council's opening meeting coincided with a memorial service for the late Queen Mary.

25. It had been Sir Gladwyn Jebb's intention to nominate Mr. Muñoz (Argentina) as First Vice-President. Mr. Muñoz had represented his country in the United Nations since 1946 and was one of the few who had served on all three Councils. He possessed a profound knowledge of the rules of procedure and had been an admirable Chairman of the Fourth Committee during the seventh session of the General Assembly.

26. Mr. ÑUNEZ PORTUONDO (Cuba) seconded that proposal on behalf of his country and of all the other Latin American countries.

Mr. Muñoz (Argentina) was elected First Vice-President by acclamation.

ELECTION OF THE SECOND VICE-PRESIDENT

27. Mr. ZORIN (Union of Soviet Socialist Republics) nominated Mr. Birecki (Poland), who was well

known to the members of the Council, having represented his country at its thirteenth and fourteenth sessions.

28. Mr. WADSWORTH (United States of America) asked that a vote should be taken.

29. The PRESIDENT called for a vote by secret ballot, in accordance into rule 67 of the rules of procedure.

A vote was taken by secret ballot.

At the invitation of the President, Mr. Bartol (Argentina) and Mr. Amanrich (France) acted as tellers.

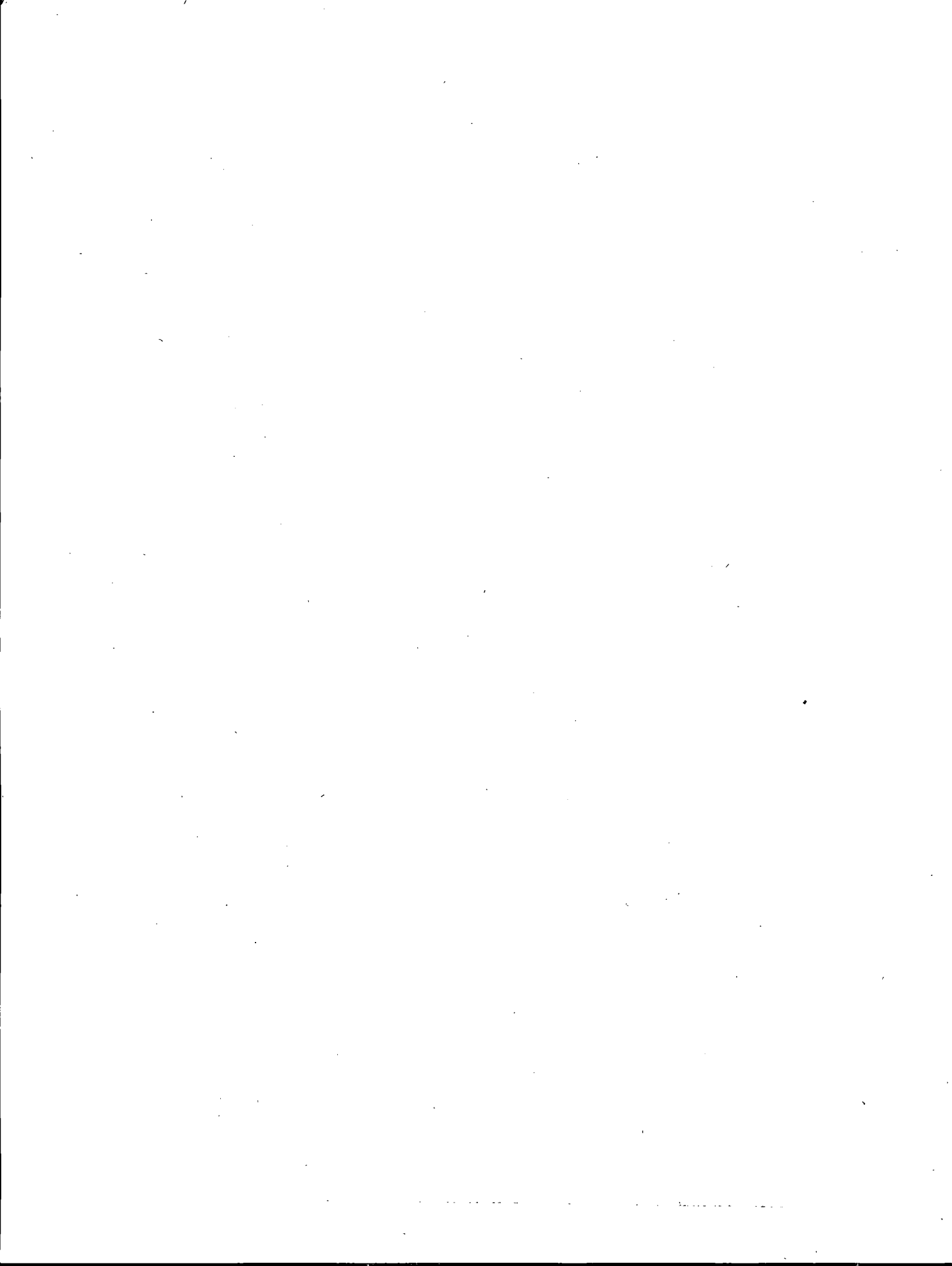
<i>Number of ballot papers:</i>	18
<i>Invalid ballots:</i>	0
<i>Number of valid ballots:</i>	18
<i>Abstentions:</i>	2
<i>Number of valid votes cast:</i>	16
<i>Required majority:</i>	9

Number of votes obtained:

Mr. Birecki (Poland).....	13
Mr. López (Philippines).....	1
Mr. Sarper (Turkey).....	1
Mr. Tange (Australia).....	1

Having obtained the required majority, Mr. Birecki (Poland) was elected Second Vice-Chairman.

The meeting rose at 12.20 p.m.





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President : Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Netherlands, Syria.

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

Adoption of the agenda (E/2350, E/2350/Add.4/Rev.1, E/2386 and E/L.470)

[Agenda item 2]

1. The PRESIDENT drew attention to the documents relating to the sessional agenda and invited members of the Council to submit proposals for the postponement or deletion of items listed in those documents or for the inclusion of new items.
2. Mr. BORIS (France) regretted that he, like other representatives at previous sessions, was obliged to point out that governments had not received the documents they needed within the time-limits laid down. Such delays caused serious inconvenience, since the competent authorities did not have time to study the documents and submit the comments on which the instructions given to delegations were based. Such a state of affairs could not be but detrimental to the quality of the Council's work.
3. The situation was particularly serious at the present session, for which his delegation could not be fully briefed. On 26 March the French Government had still been waiting for the documents listed in connexion with eleven items on the provisional agenda. Since documents were to be issued in connexion with twenty-four items, the proportion of those delayed was very high. Nor was it only a question of the French texts, since, five weeks before the opening of the session, there had been no complete documentation in any working languages for many of the items of the provisional agenda.
4. He was aware that the Secretariat's work had recently suffered some dislocation as a result of unusual circumstances although it was difficult to say whether they were extenuating or aggravating. In any

case he deplored them and recalled in that connexion the statement which the head of his delegation had made the previous day to a plenary meeting of the General Assembly.¹

5. He believed he was speaking on behalf of all members of the Council in expressing the hope that the Secretariat would give delegations the necessary assurances and would take steps to ensure that the documents required were issued in good time for future sessions of the Council.

6. Mr. BLOUGH (Secretariat) said that reference had been made by the French representative to the lateness of distribution of certain documents prepared by the Department of Economic Affairs and as Principal Director of the Department of Economic Affairs, he would like to give an explanation for the delay in the circulation of certain documents relating to items under discussion at the present session of the Council.

7. Every effort was made by the Secretariat to have all documents available at least six weeks before the opening date of the Council in accordance with rule 14 of the rules of procedure. While it was not always possible to comply in every respect with the provisions of that rule, the Secretary-General had made every effort to meet the requirements of the Council.

8. Of course, the Council would understand that there were some documents which it was extremely difficult to issue in accordance with the six weeks' rule. That particularly applied to those documents which were reports of functional and regional economic commissions, which did not conclude their meetings in sufficient time to allow their reports to be made available six weeks before the session of the Council opened.

9. The publication of the *World Economic Report* raised problems of its own, particularly in a period of rapid economic changes. At the time the work on the report was at its peak—generally in the last three months of the year—basic data on production and trade were available only for the first half of the year and, in the case of many under-developed countries, not even for the first half. Consequently, in setting the date of publication it was necessary to try to strike a balance between allowing governments sufficient time to consider the report, and giving the Council a picture of the situation which would be as up-to-date as possible in the circumstances. The type of problem to which that gave rise had been illustrated in the current year by the fact that the recovery in production and trade which had occurred in many countries in the fourth quarter of 1952 had not really been apparent in the data until February 1953.

10. During the current year the Department of Economic Affairs had also faced particular difficulties. The Department had suffered a considerable loss of staff during the past six months. The staff members, unfortunately, were those who were primarily con-

¹ See *Official Records of the General Assembly, Resumed Seventh Session, Plenary Meetings*, 418th meeting.

cerned with the preparation of papers for the Council, and their separation from the United Nations had taken place before they had been able to complete the necessary preparatory work. Even if the Secretary-General had been in a position to find immediate replacements, such replacements would still not have been sufficiently adapted to the needs of the Secretariat in time for any appreciable difference to have been made to the time of distribution of the documents involved.

11. A delay in the preparation of documents automatically created problems elsewhere in the Secretariat by the technical services which had to readjust their schedules.

12. It was also true that there were a number of vacant posts in the French Translation Section and that had led to some slowing down in the distribution of documents in French. The Secretariat had taken steps to rectify the situation.

13. He assured members of the Council that the Secretariat attached the greatest importance to the distribution of documents in time and hoped that the steps taken would prove successful and that delegations would have no further criticism to make to the Secretariat in the following year.

14. The PRESIDENT invited the Council to consider document E/2350 containing the provisional agenda.

15. Mr. STERNER (Sweden) proposed that consideration of item 19² of the provisional agenda should be deferred to the Council's first session in 1954. As his Government considered that the subject was a very complex one and would like to have more time to decide the stand it would take on the matter, it would not be advisable to refer it to the summer session, which already had a heavy provisional agenda.

16. Mr. WADSWORTH (United States of America) supported that proposal.

It was so decided.

17. Mr. WADSWORTH (United States of America) proposed that item 20³ of the provisional agenda should be postponed to the sixteenth session of the Council. He recalled that the General Assembly had recently taken a decision on the United Nations Commission for the Unification and Rehabilitation of Korea (resolution 610 (VII)), and pointed out that events of the utmost importance might take place in the interval before the summer; it would therefore be preferable to defer the item until the next session.

18. Mr. TANGE (Australia) supported that proposal.

It was so decided.

19. Mr. ZORIN (Union of Soviet Socialist Republics) pointed out that item 12 of the provisional agenda related to the examination of the report of the Fiscal Commission (fourth session). Since the Fiscal Commission had not yet met, the Council could hardly examine its report.

20. The PRESIDENT said that item 12 was automatically excluded from the agenda of the current session. He invited members of the Council to consider document E/2350/Add.4/Rev.1 containing three sup-

plementary items which had been proposed for inclusion in the agenda.

21. Mr. ZORIN (Union of Soviet Socialist Republics) called the Council's attention to item 30 of the provisional agenda.⁴ There should be no objection to the invitation to Libya and Nepal and the USSR delegation did not intend to oppose those invitations. Spain and the Republic of Korea were a different matter, however, and it seemed inadvisable to invite them during the current session. In the case of Spain, a decision to invite it to take part in an international conference would be incompatible with General Assembly resolution 39 (I) recommending that the Franco Government of Spain should be debarred from membership in international agencies established by or connected with the United Nations, and from participation in conferences or other activities which might be arranged by the United Nations. An invitation to Spain would, in the circumstances, run counter to a General Assembly decision. The USSR delegation would therefore object to the inclusion of the question of that invitation in the agenda.

22. With regard to the Republic of Korea, the fact that South Korea, being occupied by foreign armed forces, could not be considered an independent State made it inadvisable to extend an invitation to the Government.

23. The USSR delegation therefore proposed the deletion of Spain and the Republic of Korea from the list of countries to be invited to the conference.

24. Mr. BIRECKI (Poland), while supporting the proposal to invite Libya and Nepal, also objected to the invitation to Franco Spain and South Korea.

25. The General Assembly had adopted a resolution in which it had passed judgment on Franco Spain. The same régime governed Spain at present and the situation there had actually worsened. Consequently, there was no reason to open the doors of United Nations conferences to that country.

26. As for South Korea, he considered that, since that country was occupied by foreign troops, it could not be considered independent.

27. Mr. WADSWORTH (United States of America) felt that, in considering the question of what countries should be invited to participate in the conference it should be borne in mind that the chief purpose of the Conference was to discuss the limitation of the production of opium. The fact was that the four countries referred to in item 30 of the provisional agenda were producers of opium. The question whether they were independent States or States Members of the United Nations was therefore unimportant. Item 30 should be included in the agenda. Once the item was on the agenda, the decision would be taken on the question of which of the countries should be invited to the conference.

28. M. JUNG (India) asked whether it was understood that delegations, by voting for the inclusion of item 30 in the agenda, were not taking a position on the invitation to be sent to each of the four countries.

29. The PRESIDENT confirmed that interpretation. Since the question now before the Council was merely

² "Recognition and enforcement abroad of maintenance obligations (Council resolution 390 H (XIII))."

³ "Relief and rehabilitation of Korea".

⁴ "Question of inviting Libya, Spain, Nepal and the Republic of Korea to the International Conference on the Limitation of the Production of Opium to be convened at Headquarters on 11 May 1953, submitted by the United States of America".

whether or not to include item 30 in the agenda, he asked the USSR representative whether he was formally proposing the immediate deletion of Spain and the Republic of Korea from the list of countries to be invited. That was a question of substance which the Council might take up when it considered the item itself.

30. Mr. ZORIN (Union of Soviet Socialist Republics) formally proposed the deletion of the names of the two countries concerned. He asked for a separate vote on each of the four countries proposed for invitation to the conference (E/2350/Add.2).

31. The PRESIDENT accordingly put the names of the four countries to the vote.

It was unanimously decided to retain Libya on the list.

Spain was retained on the list by 13 votes to 2, with 3 abstentions.

It was unanimously decided to retain Nepal on the list.

The Republic of Korea was retained on the list by 14 votes to 2, with 2 abstentions.

32. Mr. BIRECKI (Poland) drew the Council's attention to the fact that the Commission on the Status of Women, at its 140th meeting on 27 March 1953, had adopted a resolution concerning the admission to the United States of the representative of the Women's International Democratic Federation (E/2386). Under paragraph 2 of the operative part of that resolution, the Commission requested the Economic and Social Council, during its fifteenth session, to take whatever action might be necessary. The Polish delegation therefore proposed the inclusion of that item in the agenda of the present session of the Council under the heading "Admission of the representative of the Women's International Democratic Federation for participation in the Commission on the Status of Women, in accordance with the resolution adopted by the Commission".

33. Mr. ZORIN (Union of Soviet Socialist Republics) supported the proposal. The Council, having been requested by one of its commissions to include the item in its agenda, was required to do so even if it did not intend to consider the substance of the question.

34. Mr. WADSWORTH (United States of America) did not insist that a vote should be taken on the question of the inclusion in the agenda of the item proposed by the Polish representative, but said that if a vote were taken, he would abstain.

35. The PRESIDENT, in the absence of any objection, proposed that the Council should agree to include the question in its agenda as item 34.

It was so decided.

36. The PRESIDENT considered the agenda of the fifteenth session of the Council to have been adopted, subject to the amendments decided upon at the current meeting.

The agenda was adopted.

37. The PRESIDENT observed that, under rule 85 of the Council's rules of procedure, non-governmental organizations desiring to be consulted should address a written request to the Secretary-General not later than forty-eight hours after the adoption of the agenda. The time-limit for such requests was therefore 4 p.m. on 4 April.

Order of business for the fifteenth session (E/L.472)

38. The PRESIDENT invited members to consider the working paper submitted by the Secretary-General (E/L.472).

39. Mr. WADSWORTH (United States of America) proposed that item 8,⁵ to be considered between 31 March and 4 April, should be referred to the Economic Committee.

40. Mr. MEADE (United Kingdom) and Mr. BORIS (France) supported the proposal.

41. Mr. SAKSIN (Union of Soviet Socialist Republics) agreed, on the understanding that item 8 would later be considered in plenary meeting.

It was decided to refer item 8 to the Economic Committee before considering it in plenary meeting.

42. Mr. BORIS (France) and Mr. STERNER (Sweden) proposed that the consideration of item 8 should take place between 6 and 11 April. Their delegations would not be ready to consider the item between 31 March and 4 April, as suggested by the Secretary-General (E/L.472) and as proposed by the United Kingdom representative.

43. The PRESIDENT proposed that the actual date should be left to the officers of the Council, account being taken of the desires expressed by various delegations.

It was so decided.

44. The PRESIDENT said that the representative of the International Monetary Fund was prepared to submit his report on 13 April. Consequently, the Council might consider item 9 (report of the Fund) on 13 April and item 10 (report of the Bank) on 14 April. In the light of the two reports, the Council would be in a better position to consider item 3 (world economic situation) on 14 or 15 April.

It was so decided.

45. Mr. BORIS (France) proposed that consideration of item 16⁶ should not begin until after 4 April. The French delegation had still to obtain instructions from its Government.

46. Mr. MUÑOZ (Argentina) said that his delegation had not yet received the Spanish text of the report of the Statistical Commission. He therefore proposed that consideration of item 3⁷ should not begin until after 4 April.

47. The PRESIDENT said that the requests made by the representatives of France and Argentina would be taken into consideration. He proposed that the Council should adopt the working paper submitted by the Secretary-General on the arrangement of business at the fifteenth session (E/L.472), subject to minor amendments in the light of the decisions reached.

It was so decided.

48. The PRESIDENT proposed that the Council should begin its work by considering items 15, 25 and 30 of the agenda, in that order. He also proposed that the Economic Committee and the Social Committee should start work at the beginning of the period between 6-11 April.

⁵ Procedure for the convening of study groups and international commodity conferences".

⁶ "Interim Report of the Rapporteur on Freedom of Information".

⁷ "Report of the Statistical Commission (seventh session)".

It was so decided.

49. The PRESIDENT asked whether members had any suggestions to make concerning a possible adjournment for the Easter holidays.

50. Mr. NUÑEZ PORTUONDO (Cuba) proposed that the Council should not meet on Thursday, 2 April, or on Friday, 3 April. It would resume work on Monday, 6 April. In that connexion, it should be noted that the General Committee had just recommended⁸ that the General Assembly adjourn from Thursday, 2 April, to 2 p.m. on Monday, 6 April.

51. Mr. MUÑOZ (Argentina) supported the proposal of the Cuban representative.

52. Mr. BRACCO (Uruguay) voiced similar support, pointing out that the United Nations had always interrupted its work on Thursday, Friday and Saturday of Easter week. In the case in point, the adjournment would allow delegations to study documents of recent distribution and those circulated during the rest of the week.

53. Mr. REYES (Philippines) shared the opinion expressed by the representatives of Cuba, Argentina and Uruguay. For the benefit of delegations which

⁸ See *Official Records of the General Assembly, Resumed Seventh Session, General Committee*, 86th meeting.

might feel that the Council would thus lose a day or two of work, he observed that the effectiveness of the Council's work did not depend on the number of meetings held but on the spirit of conciliation in which its work was carried on.

54. Mr. STERNER (Sweden) fully understood the sentiments which prompted delegations to ask for a three-day adjournment before Easter. However, some representatives had made a special trip to New York to attend the Council's session. A working day lost entailed additional expenses for governments and for the United Nations itself. He therefore proposed that the Council should meet on 2 April.

55. Mr. BORIS (France), Mr. TANGE (Australia) and Mr. MEADE (United Kingdom) agreed with the Swedish representative and supported his proposal.

56. The PRESIDENT invited members to take a decision on the proposal not to hold any meetings on 2 April.

The proposal was rejected by 7 votes to 6, with 5 abstentions.

57. The PRESIDENT put to the vote the proposal that no meetings be held on Good Friday, 3 April.

The proposal was adopted unanimously.

The meeting rose at 4.30 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium.)

Present:

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

Observer from Brazil.

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.

1. The PRESIDENT reviewed the order of business for the day, and suggested that the Council might also discuss the question of applications and re-applications for consultative status from non-governmental organizations (item 24 (a) of its agenda) on the basis of the report of the Council Committee on Non-Governmental Organizations.

2. Referring to a point of order raised by Mr. TYKOCINSKI (Poland), he stated that the Secretariat would report at the following meeting on the situation regarding attendance at the Council's session of the representatives of the World Federation of Trade Unions (WFTU) and the Women's International Democratic Federation (WIDF).

Recommendations concerning international respect for the right of peoples to self-determination (General Assembly resolution 637 (VII)) (E/2356, E/L.474 and E/L.475)

[Agenda item 15]

3. Mr. FENAUX (Belgium) recalled the successive decisions adopted by the Council and the General Assembly on the Commission on Human Rights' recommendation concerning self-determination, which had culminated in the Assembly's resolution 637 (VII). As stated in document E/2356, the Council was called upon to comply solely with part C of that resolution, and to ask the Commission, which it had designated as technically competent in the matter, to continue preparing recommendations concerning international respect for the right of peoples to self-determination.

4. The Belgian delegation considered that any discussion of the substance of those recommendations by

the Council, even if no specific directives emerged from it, would prejudice the Commission's task. The Council's deliberations should follow rather than precede completion of the Commission's work.

5. On the other hand, Belgium maintained the objections it had consistently raised to the recommendations themselves. It felt that the Assembly's approval of them at the first part of the seventh session constituted a departure from the Charter and thus undermined the prestige of the United Nations. Although the Assembly could do no more than recommend, and although its recommendations were not binding upon Member States, if the Organization was to be effective, they should be of such a nature as to ensure observance by the largest possible number of States. The Belgian delegation was convinced that any additional recommendations put forward by the Commission on Human Rights in the same spirit as its earlier proposals could not effectively solve the problem of ensuring respect for self-determination. It would therefore abstain on the proposal to ask the Commission to continue its work toward that end.

6. Mr. MUÑOZ (Argentina) did not agree with the Belgian representative regarding the general scope of the Council's competence with respect to the Assembly's request. The Council's role was not confined to that of an intermediary between the Assembly and the Commission. As the parent body of the Commission and acting on behalf of all the Members of the United Nations, the Council was unquestionably competent, if it deemed it appropriate, to instruct the Commission on Human Rights in a matter which had been discussed fully by the Assembly and assigned to the Commission for intensive study with a view to preparing specific recommendations.

7. Nevertheless, Argentina merely desired the Council, in compliance with the Assembly's request, to transmit the relevant portion of General Assembly resolution 637 (VII) to the Commission and had joined with the Philippines in moving a draft resolution to that effect (E/L.474).

8. Mr. REYES (Philippines) pointed out that his delegation had co-sponsored the draft resolution because it considered the Assembly's request useful, logical and practical. It was clear from the Assembly's resolution 637 C (VII) that it considered the results already achieved by the Commission on Human Rights as a first step in developing "ways and means of ensuring international respect for the right of peoples to self-determination" and that they did not represent "the only steps that can be taken to promote respect for such right". In effect, the Commission's recommendations thus far dealt with only a single facet of the political aspects of the right, that applicable to Non-Self-Governing and Trust Territories. Other political aspects as well as the economic, social and cultural implications arising from the exercise of the right of self-determination had yet to be studied thoroughly. In the draft

article adopted by the Commission for inclusion in the Covenant, a reference had already been made to sovereignty over natural resources, for example.

9. The Assembly obviously attached very great importance to the entire question of self-determination and it felt that the task of ensuring international respect for that right had hardly begun. It was in fact the only right which it had expressly asked the Commission on Human Rights to include in the Covenant, as it was the only right which the Commission decided to insert in both Covenants. As early as December 1950 in resolution 421 D (V), the Assembly had asked the Commission for recommendations on the right of self-determination. In resolution 545 (VI), not only had it instructed the Commission to draft an article on the right for inclusion in the Covenant, but it had indicated its awareness of the growing movement toward self-determination throughout the world and the impact of that development on international peace and security by making a separate request for recommendations to ensure respect of the right of self-determination. The Secretary-General had also recognized that the struggle of non-self-governing peoples for political independence and the parallel struggle of former colonies and dependencies for economic independence had thrown large areas of the world into ferment and created a United Nations problem no less serious than the East-West tension.

10. It was no wonder, then, that the Assembly had placed a high priority on the Commission's work on the problem and desired additional recommendations. He urged the Council to comply with the Assembly's request and to instruct the Commission accordingly.

11. Mr. KOS (Yugoslavia) noted that while the Council's task under the Assembly's resolution 637 (VII) was primarily procedural, the Assembly's intention in making its request was to stress the importance of international respect for the right of self-determination. Consequently, the Council would be well-advised, in forwarding the Assembly's request, to give the Commission on Human Rights some guidance. In view of the heavy agenda for the Commission's ninth session, the only session to be held in 1953, and the danger that continued work on the recommendations might be deferred or unduly delayed, the Council should recommend that the Commission attach priority to the question of self-determination and place it on its agenda for study immediately following the deliberations on the Covenant.

12. It was also important to ask the Commission to broaden its recommendations to take account of the Assembly's instruction that they should include steps which might be taken "within the limits of their resources and competence, by the various organs of the United Nations and the specialized agencies" to develop respect for the right of self-determination. Part C of the Assembly resolution should be transmitted to the Commission together with the record of the Council's present discussion.

13. Mr. EL-TANAMLI (Egypt) said that his delegation had also prepared a draft resolution for submission to the Council (E/L.475), since he had not known that the delegations of Argentina and the Philippines intended to submit one. The reasons which had prompted him to submit his draft were the same as those advanced by the co-sponsors of the draft resolu-

tion (E/L.474) and the purport of his text was also to transmit the General Assembly's recommendations to the Commission on Human Rights. His text, however, was somewhat longer than the joint draft because he felt that, although the Council should not go into the substance of the question at the current session, it should at least express its interest in the matter. Accordingly, he had proposed that the Council should take over some of the wording of the Assembly resolution, in order to give an indication of the importance it attached to the question without in any way prejudging the issue.

14. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he was prepared to support the proposal that the Council should transmit the Assembly's recommendations to the Commission on Human Rights without adding any comments of its own. He felt that such a decision would in itself be sufficient indication of the Council's interest in the matter.

15. Mr. FENAUX (Belgium) with reference to the interpretation given to his statements by a number of representatives, said that he had never questioned the Council's competence in the question at issue, but had simply drawn attention to the inadvisability of giving instructions to the Commission on Human Rights.

16. The PRESIDENT suspended the discussion on the item in order to allow time for the distribution of the two proposals. He suggested that the sponsors of the two drafts might consult with one another in the interval with a view to submitting a joint text.

Amendment of the rules of procedure of the Council and its functional commissions (General Assembly resolution 664 (VII)) (E/2355)

[Agenda item 25]

17. The PRESIDENT introduced the document prepared by the Secretary-General (E/2355). The first part contained the amendments to the rules of procedure consequent upon the decision to adopt Spanish as a working language, and the second part dealt with an amendment to rule 37 concerning the records of the functional commissions.

18. Mr. MUÑOZ (Argentina) proposed that the Council should adopt the amendments to the rules of procedure which were designed to give effect to the Assembly's decision that Spanish should become a working language of the Council and its functional commissions.

19. Mr. AMANRICH (France), Mr. RIVAS (Venezuela) and Mr. LANZA (Uruguay) supported that proposal.

20. Mr. SAKSIN (Union of Soviet Socialist Republics) submitted an amendment to the Argentine proposal to the effect that the amendments to the rules of procedure should also add Russian as a working language of the Council and its functional commissions.

21. Mr. NUÑEZ PORTUONDO (Cuba) said that there appeared to be some confusion on the matter of procedure. The situation concerning Spanish was entirely different from that concerning Russian. As far as Spanish was concerned all the Council had to do was to give effect to the General Assembly's decision. The USSR proposal, on the other hand, was a new one and would have to follow the same stages as the proposal for the use of Spanish had done. He proposed

that the Council should first vote on the Argentine proposal, after which it might well consider the USSR proposal.

22. Mr. EL-TANAMLI (Egypt) said that he would support the Argentine proposal but could not support the USSR proposal since the Council was not in a position to take an immediate decision on the adoption of Russian as a working language.

23. Mr. MENDEZ (Philippines) also supported the Argentine proposal. The USSR proposal, on the other hand, had financial implications which would have to be discussed by other organs of the United Nations before the Council could take a final decision on the matter.

24. Mr. SAKSIN (Union of Soviet Socialist Republics) said that, in order to meet the objections raised by the preceding speakers, he would withdraw his amendment and submit instead a separate draft resolution¹ requesting the General Assembly to give favourable consideration to the question of adopting Russian as one of the working languages of the Council and its functional commissions. He strongly urged the Council to adopt his draft resolution and said that, if it did so, he would gladly support the Argentine proposal. The adoption of his draft would automatically settle the problem of the financial implications, because the Assembly would then be able to make the necessary appropriations on the basis of the Council's recommendation. He reminded members that the question of adopting Spanish as a working language had also had financial implications and that the Russian-speaking Members of the United Nations paid a substantial contribution to the budget, which entitled them to some consideration.

25. There was no need for him to dwell at length upon the great importance of the Russian language in the modern world. He would only remind the members of the Council that the USSR was one of the founders of the United Nations and that Russian and English had been the only two working languages at the Moscow Conferences when the basic principles of the United Nations had first been established. If the Council were now to adopt Spanish as an additional working language without also taking steps to add Russian, his delegation would regard that as a definite act of discrimination against the Russian-speaking Members of the United Nations.

26. Mr. TYKOCINSKI (Poland) said that during the fourteenth session of the Economic and Social Council and the seventh session of the General Assembly the Polish delegation had consistently supported the proposal for the use of Spanish as a working language. It felt, however, that it would be unfair not to adopt Russian too as a working language. The Russian language was spoken by more than 200 million people and was being studied to an increasing extent by the people of China and the peoples' democracies. It played an important part in the sphere of international relations and was acquiring ever-growing importance in the fields of work covered by the Economic and Social Council.

27. Mr. RIVAS (Venezuela) felt some doubt with regard to procedure. Item 25 of the agenda related solely to amendments to be made to the rules of procedure in consequence of General Assembly resolution 664 (VII). He was not clear whether the USSR

proposal should become a new agenda item or whether it could be considered as coming under item 75.

28. Mr. TANGE (Australia) said that he would support the proposals contained in document E/2355, which he thought should be adopted without delay.

29. With regard to the USSR proposal, if it was to be regarded as an amendment to the proposals in document E/2355 the adoption of Spanish as a working language would be delayed until the Council had had time to explore the financial implications of also adopting Russian. In that event, he would be obliged to vote against the USSR proposal.

30. Mr. SAKSIN (Union of Soviet Socialist Republics) could not agree that his proposal was an amendment to the proposals contained in document E/2355. He had no desire to delay the decision regarding the use of Spanish; he merely wished Russian also to become a working language of the Economic and Social Council. There had been no opposition in the Council to the substance of that proposal and with regard to procedure he was following the precedent of the proposal for the use of Spanish.

31. Mr. STERNER (Sweden) said that his delegation had opposed the adoption of Spanish as a working language but that in view of the General Assembly's decision he would abstain in the vote.

32. For reasons of economy he could not support the USSR proposal and since in that case there had been no decision of the General Assembly he would vote against it.

33. The PRESIDENT said that as far as the proposal for the adoption of Spanish went the situation was quite clear. He was less clear, however, whether the USSR proposal should be regarded as a new agenda item or not. In any event the two proposals were entirely separate and two draft resolutions had been put forward on which the Council would have to vote.

34. Mr. MENDEZ (Philippines) thought the Council should decide immediately whether the USSR proposal was a new agenda item. If it was, it should be placed at the end of the agenda.

35. Mr. SAKSIN (Union of Soviet Socialist Republics) contended that the Philippine representative was giving a restrictive interpretation to item 25 of the agenda. When adopting its agenda at the previous meeting the Council had adopted item 25 as a whole, not merely as referring to Spanish. Any delegation could move any amendment to the rules of procedure under that item.

36. Mr. MUÑOZ (Argentina) thought the Council should proceed at once to vote on the two proposals in the order in which they had been submitted.

37. He added that he would vote against the USSR proposal. He pointed out that Spanish had been adopted as a working language by the General Assembly before the idea of its being used by the Economic and Social Council had been mooted and suggested that the USSR should first propose the adoption of Russian as a working language by the General Assembly and later extend the proposal to the Economic and Social Council. He felt that no new working language should be adopted unless the need for it had become manifest.

38. Mr. FENAUX (Belgium) pointed out that the previous year the questions of the adoption of Spanish and, subsequently, of Russian had been raised under

¹ Later submitted as document E/L.476.

the same agenda item; it had not been considered necessary to have a separate heading for each language. He thought that precedent could be followed on the present occasion.

39. The Belgian delegation had supported the proposal for the use of Spanish in the Economic and Social Council and in the General Assembly and would vote for it. But he would be unable to vote for the USSR proposal for the reasons he had given the previous year (652nd meeting), in particular for the excellent reason already given by the Argentine representative that it would not be proper for an organ of the United Nations to adopt Russian as a working language before the General Assembly had done so.

40. Mr. AMANRICH (France) considered item 25 to be a purely procedural question; when the subject had been discussed previously, France had expressed its support of the proposal for the use of Spanish.

41. He agreed with the Philippine representative that the USSR proposal should become a new item on the agenda under the terms of rule 17. A little time should elapse before it was discussed, to give delegations time to obtain instructions from their governments. He would vote for the proposals contained in document E/2355.

42. Mr. BARAN (Turkey) said he would vote for the proposals contained in document E/2355 and against the USSR proposal.

43. Mr. SAKSIN (Union of Soviet Socialist Republics), in reply to the representative of France, maintained that his draft resolution could be considered under item 25 of the agenda.

44. In reply to the Argentine representative, he was unable to see why the USSR delegation should not follow the same procedure as the Latin-American delegations had done, i.e., make the proposal for the

use of Russian as a working language to the Economic and Social Council, after which the proposal could be transmitted to the General Assembly. The proposal was for the adoption of Russian as a working language for the Economic and Social Council only, not for any other organ of the United Nations.

45. Mr. MUÑOZ (Argentina) replied that he had not said or insinuated that the USSR proposal was not legitimate and legal, but he did not agree that the same procedure had been followed in the two cases. Spanish had been adopted as a working language by the General Assembly before its use by the Economic and Social Council had been proposed.

46. Mr. RIVAS (Venezuela) said that he would vote against the USSR proposal first because, he shared the doubts with regard to procedure expressed by the representatives of France and the Philippines and, secondly, because he agreed with the Argentine representative that the precedent established in the case of Spanish should be followed.

47. Mr. SAKSIN (Union of Soviet Socialist Republics), in reply to the Argentine representative, observed that General Assembly resolution 262 (III) had adopted Spanish as a working language for the General Assembly only and not for the Economic and Social Council. The Council itself was alone empowered to fix its rules of procedure. The USSR delegation did not propose the use of Russian as a working language by the General Assembly and its organs, but only by the Economic and Social Council and its organs.

48. Mr. MUÑOZ (Argentina) requested the Secretariat to circulate the proposal for the use of Spanish in the names of the four Latin-American States represented on the Economic and Social Council: Argentina, Cuba, Uruguay and Venezuela.

The meeting rose at 12.50 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium.)

Present:

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

Observers from the following countries: Brazil, Iraq.

The representatives of the following specialized agency: International Labour Organisation.

Admission to Headquarters of representatives of non-governmental organizations

1. Mr. VAKIL (Secretary of the Council) replied to a question asked by the Polish representative at the 674th meeting of the Council and gave some information about the visa applications made by representatives of two non-governmental organizations. The two persons concerned were Mrs. Luckock, representative of the Women's International Democratic Federation, and Mr. Dessau, representative of the World Federation of Trade Unions.

2. The Secretariat had received a telegram dated 28 November 1952 from the Secretary-General of the Women's International Democratic Federation stating that Mrs. Luckock would represent the organization at the fifteenth session of the Economic and Social Council and at the seventh session of the Commission on the Status of Women. The telegram had been confirmed by a letter dated 8 December. The United States Mission to the United Nations had been informed of Mrs. Luckock's appointment on 4 December and had been sent a copy of the letter of confirmation on 17 December. On 10 January 1953, the Secretary-General of the Women's International Democratic Federation had asked how matters were proceeding and the United States Mission had been informed of that enquiry.

On 6 February 1953, Mrs. Luckock's lawyers had informed the Secretariat that their client had gone in person to the United States Consulate at Toronto to ask for a visa. The Secretariat had acknowledged that letter and had sent a copy of it to the United States Mission to the United Nations. The question had been raised in the Commission on the Status of Women and, on 10 March, at the request of the Chairman of the Commission, the Secretary-General had written to the permanent United States representative to the United Nations. The Secretariat had not received any reply. Subsequently, the Commission on the Status of Women had adopted the resolution which had been transmitted to the President of the Economic and Social Council and distributed in document E/2386.

3. In the case of Mr. Dessau, the Secretariat had received a telegram dated 20 February 1953 from the Secretary-General of the World Federation of Trade Unions announcing that Mr. Jan Dessau would represent the Federation at the fifteenth session of the Economic and Social Council. By a telegram dated 23 February, Mr. Dessau had informed the Secretary-General that he had applied for a visa at the United States Consulate in Paris. The United States Mission to the United Nations had been informed of the matter on 24 February and had received additional information on the case of Mr. Dessau on 27 February. On 18 March, the permanent representative of the WFTU had written a letter on the subject which had been forwarded the same day to the United States Mission. On 31 March 1953, the permanent representative of the WFTU had written to the President of the Economic and Social Council asking him to call the Council's attention to the case of Mr. Dessau.

4. Mr. TYKOCINSKI (Poland) asked the Council to reserve the right of the Polish representative, who had been unable to attend the meeting, to come back to the subject at a later meeting.

5. Mr. SAKSIN (Union of Soviet Socialist Republics) thanked the Secretary of the Council for the detailed information on the question of the visas for Mrs. Luckock and Mr. Dessau. He would like the information to be distributed in document form to all members of the Council. Failing that, he hoped that all the information given would appear in the summary record of the meeting.

6. Mr. MUÑOZ (Argentina) remarked that, however detailed the summary record might be, it could not set forth *in extenso* the texts of statements or communications made by members of the Council or representatives of the Secretariat.

7. The PRESIDENT gave the USSR representative the necessary assurance regarding the summary record and proposed that the discussion should be deferred to a later meeting at which the Polish representative would be able to be present.

It was so decided.

Recommendations concerning international respect for the rights of peoples to self-determination (General Assembly resolution 637 (VII)) (E/2356 and E/L.478) (concluded)

[Agenda item 15]

8. The PRESIDENT opened the discussion on document E/L.478 which contained a draft resolution submitted by Argentina, Egypt and the Philippines. He recalled that there had originally been two separate draft resolutions (E/L.474 and E/L.475).

9. Mr. RIVAS (Venezuela) said that his delegation supported the three-Power draft resolution. It must however be clearly understood that, in studying the question, the Commission on Human Rights would take into account part A of General Assembly resolution 637 (VII). Paragraphs 1 and 2, particularly paragraph 2, of the operative part of that section of the Assembly resolution should serve as guiding principles for the Commission on Human Rights. It was in that spirit that his delegation would support the draft resolution.

10. Mr. SAKSIN (Union of Soviet Socialist Republics) recalled that his delegation was prepared to support any proposal to transmit Assembly resolution 637 (VII) to the Commission on Human Rights without comment. He understood that the preamble of the joint draft resolution was simply a paraphrase of part C of Assembly resolution 637 (VII). That was perhaps only so in the case of the Russian text. He therefore asked the authors of the draft to confirm his impression.

11. Mr. EL-TANAMLI (Egypt) replied that the authors of the draft had taken care not to add anything to the text of resolution 637 (VII) and had as far as possible used exactly the same wording.

12. The PRESIDENT put to the vote the draft resolution submitted by Argentina, Egypt and the Philippines (E/L.478).

The draft resolution was adopted by 14 votes to none, with 4 abstentions.

13. Mr. MEADE (United Kingdom) explained that he had voted in favour of the draft resolution on the understanding that all it did was to forward Assembly resolution 637 (VII) to the Commission on Human Rights. It was purely a procedural question and the Council had taken no decision on the substance of the matter. His delegation had already had the opportunity of expressing its views on the substance during the discussions in the Third Committee of the Assembly¹. In brief, his delegation's attitude was that self-determination could not be regarded as an absolute right and that the Human Rights Commission was not the appropriate organ of the United Nations to study the principle and make recommendations on the subject.

14. Mr. TANGE (Australia) said that his delegation had abstained from voting because it did not think that any useful purpose would be served by the action proposed in the draft resolution. There seemed to be some tendency to confuse the question of friendly relations among nations based upon the principle of self-determination referred to in the Charter; and the concept of the right of peoples to self-determination

¹ See *Official Records of the General Assembly, Seventh Session, Third Committee*, 444th and 456th meetings.

which was a different question. Moreover, the rights with which the Commission on Human Rights was concerned were those of individuals and not of peoples. Consequently the problem did not come within the Commission's competence. That was why his delegation had reserved its position on the subject.

15. Mr. WESTERBERG (Sweden) said that, in voting for the draft resolution, his delegation had simply wished to show that the problem deserved more detailed study. Naturally that vote did not in any way prejudge his delegation's position regarding the recommendations referred to in Assembly resolution 637 (VII).

16. Mr. BARAN (Turkey) recalled that his delegation had not taken part in the debate in the Third Committee on the right of peoples to self-determination. The discussion had shown a very serious divergence of views; that was why his delegation had abstained in the past and had also abstained from voting on the draft resolution just adopted.

17. Mr. BORIS (France) thought that the draft resolution only raised the formal matter of transmitting a document from a higher organ to a subsidiary one. That was why the French delegation had abstained in the vote. Yet that by no means meant any change in France's position which he wished to summarize briefly: it was intended to lay down the procedure for implementing a right arbitrarily designed for inclusion in the covenants of human rights even before they had been fully drafted. That illogical procedure showed by implication that the right of peoples to self-determination was out of place in covenants, which France had constantly maintained, because it could not be included among human rights as it was not an individual right.

18. The French delegation had not only demonstrated the fact that certain attempts had no legal justification; it had also pointed out that such attempts might endanger peace. In the recent past it had been possible to violate human rights and unleash violent conflicts in the name of self-determination. Consequently, in asking for a precise definition of the right of self-determination, of its limits and of the conditions under which it was to be exercised, France had been chiefly concerned with maintaining respect for the spirit of the Charter and preserving the peace. France had always supported the principle of self-determination in accordance with the Charter, but the path which some would have the United Nations choose was fraught with dangers and, at the very best, was liable to lead to nothing but disappointment.

19. Mrs. CISELET (Belgium) said that her delegation's position remained unchanged. Belgium had abstained from voting for the reasons given at the 674th meeting of the Council.

Amendment to the rules of procedure of the Council and its functional commissions (General Assembly resolution 664 (VII)) (E/2355, E/L.476, E/L.477) (concluded)

[Agenda item 25]

20. The PRESIDENT read out the draft resolution submitted by the USSR (E/L.476) and the joint draft resolution submitted by Argentina, Cuba, Uruguay and Venezuela (E/L.477). In accordance with a proposal by Mr. SAKSIN (Union of Soviet Socialist Republics), he suggested that a vote should be taken im-

mediately on draft resolution E/L.477, which provided for the adoption of the revised rules of procedure (E/2355) relating to the use of Spanish as a working language by the Economic and Social Council and its functional commissions.

It was so decided.

The draft resolution was adopted by 15 votes to 2, with 1 abstention.

21. Mr. SAKSIN (Union of Soviet Socialist Republics) explained that his reason for voting against the draft resolution was not that he was opposed to the adoption of Spanish as a working language. On the contrary, the USSR delegation had always been in favour of it, because of the importance of that language and the large number of countries in which it was spoken. Unfortunately the Latin-American countries had not been equally sympathetic to the proposal of the USSR concerning the adoption of Russian as a working language. The representatives of Venezuela and Argentina, in particular, had stated at the previous meeting that they would vote against the proposal. The USSR delegation deplored that attitude, which established an unfair discrimination between the official languages of the Organization. That was why it had voted against the four-Power draft resolution.

22. Mr. RIVAS (Venezuela) said that the Venezuelan delegation was against the adoption of Russian as a working language of the Council and its functional commissions, not for reasons of principle but for reasons of procedure. The question was not included in the agenda of the current session; moreover, the Venezuelan delegation agreed with the Argentine delegation that the Council should not consider the use of Russian as a working language until it had been adopted by the General Assembly.

23. Mr. MENDEZ (Philippines) thought the USSR draft resolution would have been more acceptable if by its terms the Council had referred the matter to the General Assembly to study the financial implications. As it stood, the USSR draft prejudged the substance of the question, and it would be impossible for the Philippine delegation to take up a definite attitude until the competent authorities had expressed their views. Hence he would abstain in the vote, not for reasons of principle but for reasons of procedure. The question was a new one and was not included in the agenda of the session. The Council should confine itself to considering the adoption of Spanish as a working language and should not reopen the general debate on the rules of procedure.

24. Mr. LANZA (Uruguay) would abstain in the vote as he had received no instructions from his Government.

25. Mr. TANGE (Australia) considered that the USSR draft resolution was admissible under the agenda adopted by the Council. The question of the adoption of Russian as a working language of the Council deserved consideration. It had in fact already been taken up by the General Assembly. With regard to the question of the equality of the rights of Member States, there were several factors which should be borne in mind, such as, for example, the practical utility of a decision to adopt Russian and the effects of putting such a decision into practice. Firstly, the number of countries that needed documents in Spanish was undeniably greater than that of countries that

wished to have documents in Russian. Secondly, it should be remembered that the adoption of Russian as a working language would undoubtedly involve the United Nations in additional expenditure amounting to hundreds of thousands of dollars; furthermore representatives of other Member States might legitimately ask that their countries, languages also should be adopted as working languages. For all those reasons, Australia would vote against the Soviet Union draft resolution.

26. Mr. EL-TANAMLI (Egypt) stated that whereas at the previous meeting he had not been in a position to express an opinion concerning the USSR proposal to amend rule 35 of the Council's rules of procedure, he was now prepared to vote for the USSR draft resolution.

27. Mr. HSIA (China) pointed out that the question of the adoption of Russian and Chinese as working languages had already been debated at a previous session of the Council. He had not for the time being received any specific instructions from his Government, but he would be unable to vote for the adoption of Russian unless the adoption of Chinese also as a working language were to be considered. As that was not so, his delegation would vote against the USSR draft resolution.

28. The PRESIDENT called on the members of the Council to vote on the USSR draft resolution (E/L.476).

The draft resolution was rejected by 10 votes to 4, with 4 abstentions.

29. Mr. MUÑOZ (Argentina) expressed his gratification at the Council's decision to adopt Spanish as a working language. That decision was the outcome of efforts by all the Latin-American delegations, and in particular by Cuba, Mexico, Uruguay and Venezuela, but he wished to pay a special tribute to Mr. Rodríguez Fabregat, the permanent representative of Uruguay, whose untiring activity had been the chief contribution to the triumph of the cause of the Latin-American countries.

Question of inviting Libya, Spain, Nepal and the Republic of Korea to the International Conference on the Limitation of the Production of Opium to be convened at Headquarters on 11 May 1953 (E/2350/Add.2 and E/2350/Add.4/Rev.1)

[Agenda item 30]

30. Mr. MUÑOZ (Argentina) regarded the question as a very simple one; it concerned an invitation to four States which were not Members of the United Nations to take part in an international conference. He could see no reason why political considerations should be allowed to enter into a matter which was essentially legal. Unless the United States delegation wished to give the Council any specific information, the Argentine delegation thought a vote should be taken without wasting time on a long discussion.

31. Mr. WADSWORTH (United States of America) recalled that at the 673rd meeting the Council had appeared to approve unanimously that Libya and Nepal should be invited. The only disagreement between the members of the Council was on the question whether also to invite Spain and the Republic of Korea. In the opinion of the United States delegation,

it would be in the interests of the United Nations that Spain, a country which both produced and consumed narcotics, should take part in an international conference convened for the purpose of limiting opium production. Control must be universal if it was to be effective. Moreover, from the procedural point of view there was no objection to inviting Spain, and General Assembly resolution 39 (I) had been wrongly cited in that connexion. The members of the Council were aware that that resolution had later been superseded by General Assembly resolution 386 (V), which revoked the recommendations of the previous resolution intended to debar Spain from membership in international agencies established by or brought into relationship with the United Nations. Spain had since been invited to participate in the work of a number of the specialized agencies and had been admitted to UNESCO as a member. It had also taken part in the Technical Assistance Conference. Moreover, it should be remembered that the United Nations had granted consultative status to a number of organizations of which Spain was a member. The Council would be ill advised, either for reasons of principle or for reasons of procedure, to refuse to invite Spain to the conference.

32. With reference to the invitation to Korea, General Assembly resolution 195 (III) had recognized the Government of the Republic of Korea; furthermore, Korea was one of the chief opium-producing countries of the Far East.

33. Mrs. CISELET (Belgium) did not consider the United States proposal to be of a political nature. On the contrary, it was valuable from the technical point of view. The Belgian delegation would therefore vote in favour of inviting the four countries mentioned in the proposal to the conference.

34. Mr. SAKSIN (Union of Soviet Socialist Republics) was surprised that the communication contained in document E/2350/Add.2 should have been represented to the Council as a matter of urgency, whereas in fact it did not appear from the document that the four States it was proposed to invite had shown any desire to participate in the conference. Unless the Secretariat could submit to the Council requests to that effect from the four States, the USSR delegation thought it would be premature for the Council to contemplate inviting them simply because the United States thought it advisable to do so.

35. Mr. MENDEZ (Philippines) said he would vote for the United States proposal. In the opinion of the Philippine delegation, no country should be excluded from the conference if a really effective control of dangerous drugs was to be established.

36. Mr. HSIA (China) added that the purpose of the international conference was to negotiate a protocol on the limitation of the production of opium, which would be opened for signature by all countries. It was therefore no more than natural to invite the largest possible number of countries if the conference was to be a success.

37. Mr. NUÑEZ PORTUONDO (Cuba) would vote for the United States proposal because it was most important for the conference to be successful. It did not matter much whether or not the States in question had themselves asked to take part in the conference. Moreover, there was no room for political considera-

tions when the general interest of all nations was involved and it would be a mistake to make such distinctions.

38. He recalled that the Government of the Republic of Korea was the only Korean Government recognized by the United Nations General Assembly. Furthermore, the Council had reacted favourably to the admission of Spain to UNESCO. It would therefore be illogical for it to refuse to invite that country to take part in a conference as a result of which it would be called upon to assume certain international obligations.

39. Mr. WADSWORTH (United States of America), in reply to the USSR representative, strongly endorsed the views of the Cuban representative. So far as the Council was concerned, it made little difference whether the four States concerned had themselves asked to take part in the conference or not. In that connexion, he cited rules 1 and 3 of the General Assembly's resolution 366 (IV), which prescribed rules for the calling of international conferences of States. Under rule 3, the Council was to decide what States should be invited to the conference and non-member States directly affected by the matters to be considered at the conference might be invited and were to have full rights as members thereof. Besides, the Council would merely suggest that the four States concerned should take part in the conference; it would in no way influence their acceptance.

40. Mr. SCHACHTER (Secretariat), in reply to a query from the USSR representative, said that the four States had not asked the Secretariat to be allowed to participate in the work of the conference and that no invitation had thus far been extended to them.

41. Mr. AMANRICH (France) said that, for the technical reasons previously given by other delegations, he would vote for the proposal to invite the four States to the Conference.

42. Mr. RIVAS (Venezuela) recalled that Spain, Libya and the Republic of Korea had been invited to the last Technical Assistance Conference, because the view had been that no political considerations were involved. There was all the more reason to invite them — and Nepal — to the United Nations Opium Conference which would be mainly technical and of great social importance.

43. A protocol to limit the production of opium was to be adopted, and the value of that instrument would obviously depend on the number of signatory States. The Venezuelan delegation therefore believed that the largest possible number of countries should be invited to the conference and would accordingly vote for the proposal to invite the four States in question.

44. Mr. BERMUDEZ (Uruguay) pointed out that the General Assembly, in its resolution 39 (I), had recommended that the Franco Government of Spain should be debarred from membership in international agencies established by or brought into relationship with the United Nations, and from participation in conferences or other activities arranged by the United Nations. At its fifth session, however, the General Assembly adopted resolution 386 (V) revoking the recommendation intended to debar Spain from membership in agencies established by or brought into relationship with the United Nations. Thus, there was no longer any reason why Spain should not take part

in the technical activities of international bodies. The Uruguayan delegation would therefore abstain in the vote on inviting Spain, and reserved its Government's position.

45. Mr. SAKSIN (Union of Soviet Socialist Republics) thought that the United States proposal had been based on requests made by the States concerned; he was very disappointed to learn that such was not the case. What need was there for a hasty decision to invite countries to the conference which had not even indicated a desire to attend it? Both legally and politically, it would be a curious decision and it would be interesting to see the reaction of the Governments of Libya and Nepal upon learning, unofficially perhaps, that they were invited to take part in a conference even before they had been consulted.

46. The USSR delegation asked the Council not to take lightly a decision which would set an unfortunate precedent: it would be imposing a United Nations decision on governments in disregard of their sovereignty and of their right of self-determination. So long as Libya and Nepal had not officially asked to be invited, the Council should refrain from taking any decision.

47. He recalled that some non-member States, particularly Austria, had asked to be invited to the Trade Conference organized in Manila by ECAFE. They had undoubtedly made the request for the purpose of establishing trade relations with the countries of that area. The Council members had been consulted by mail. Because it felt that it had not had time to study the question, the Council had not given a favourable recommendation. It was hard to see why, after acting so prudently in that case, it should now want to commit itself without due consideration and in the absence of any request from the countries concerned. It should not run the risk of making itself ridiculous, and, what was most important, it should not commit a serious infringement of the principle of the sovereignty of States.

48. According to Mr. MENDEZ (Philippines), it made little difference whether or not the States involved had made a request. The Council would not be forcing them to take part in the conference; it would merely be extending an invitation which they were perfectly free to accept or refuse.

49. Mr. HSIA (China) recalled that in its resolution 436 (XIV), the Council had requested the Secretary-General to invite to the conference "States Members of the United Nations and non-member States which have acceded to the international conventions concerning narcotic drugs". That resolution should be the sole basis for the Council's decision.

50. Mr. NUÑEZ PORTUONDO (Cuba) noted that the USSR delegation had agreed at the 673rd meeting to invite Libya and Nepal. He did not see why it should now alter its position. Moreover, in reply to the arguments invoked by the USSR representative, he emphasized that it was not the practice to solicit an invitation.

51. The case of the invitations to the Trade Conference to which the USSR representative had alluded had been entirely different because the Council had not been in session at that time and could not deliberate.

52. He further observed that as the United Nations Opium Conference was to be held in May 1953, the

Council should take a decision without delay. Cuba, for its part, would vote for the proposal to invite the four countries concerned.

53. Mr. JUNG (India) did not question the Council's right to invite States even when they had not made requests to that effect. Nevertheless, he felt that each case should be considered separately and would ask for a separate vote on each country.

54. Mr. EL-TANAMLI (Egypt) said that he would vote for the proposal to invite Libya, Spain, Nepal and the Republic of Korea first because the conference was of a technical and not a political nature and also because the four States were in no way bound to accept the invitation or take part in it.

55. Mr. SAKSIN (Union of Soviet Socialist Republics) said that when his delegation had voted in principle to invite Libya and Nepal at the 673rd meeting, it had understood that they had made requests for that invitation. Apparently, however, the question had been brought up on the initiative of a member of the Council, without the knowledge of the States concerned. The USSR therefore could no longer vote to invite the countries concerned.

56. However that might be, under rule 56 of the Council's rules of procedure he asked that the vote on the United States draft resolution should be deferred for twenty-four hours.

57. Mr. BARAN (Turkey) did not understand the Soviet representative's scruples. He saw no reason why States which might make a useful contribution to a conference, but were completely free not to accept the invitation, should not be invited.

58. Mr. MEADE (United Kingdom) was not very clear on the grounds for the USSR representative's argument. If it was to be successful, the Opium Conference should have the largest possible number of participating States. Therefore the Council should invite — with no obligation on their part — all States whose presence might make the work of the conference more effective. Any other consideration was absolutely irrelevant.

59. After a brief exchange of views, the PRESIDENT declared the general debate closed and said that the United States draft resolution would be put to the vote on the following day in accordance with rule 56 of the rules of procedure, which the USSR representative had invoked.

Order of business

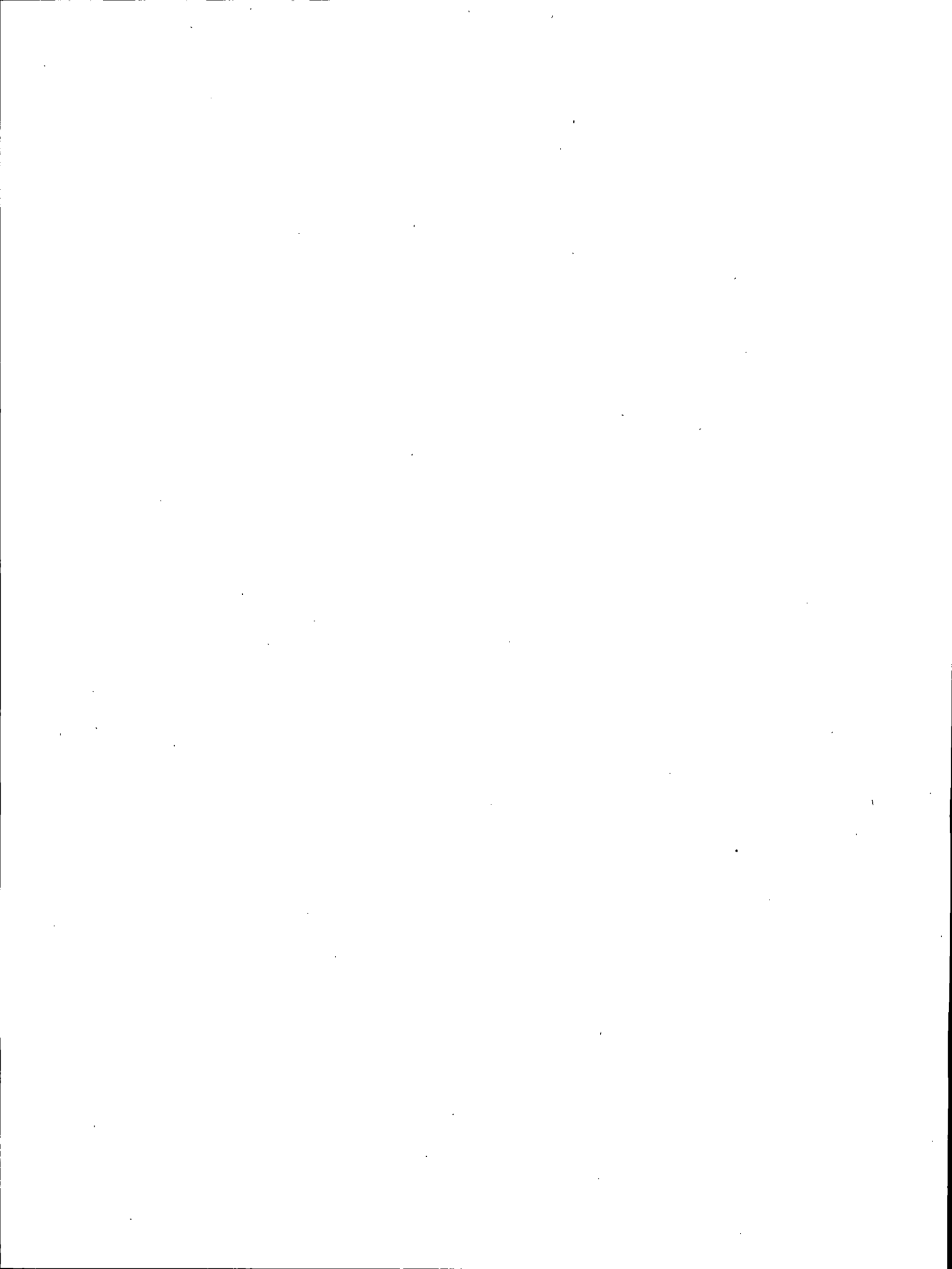
60. The PRESIDENT suggested the inclusion of items 21, 22 and 24 (a) in the agenda of the next meeting.

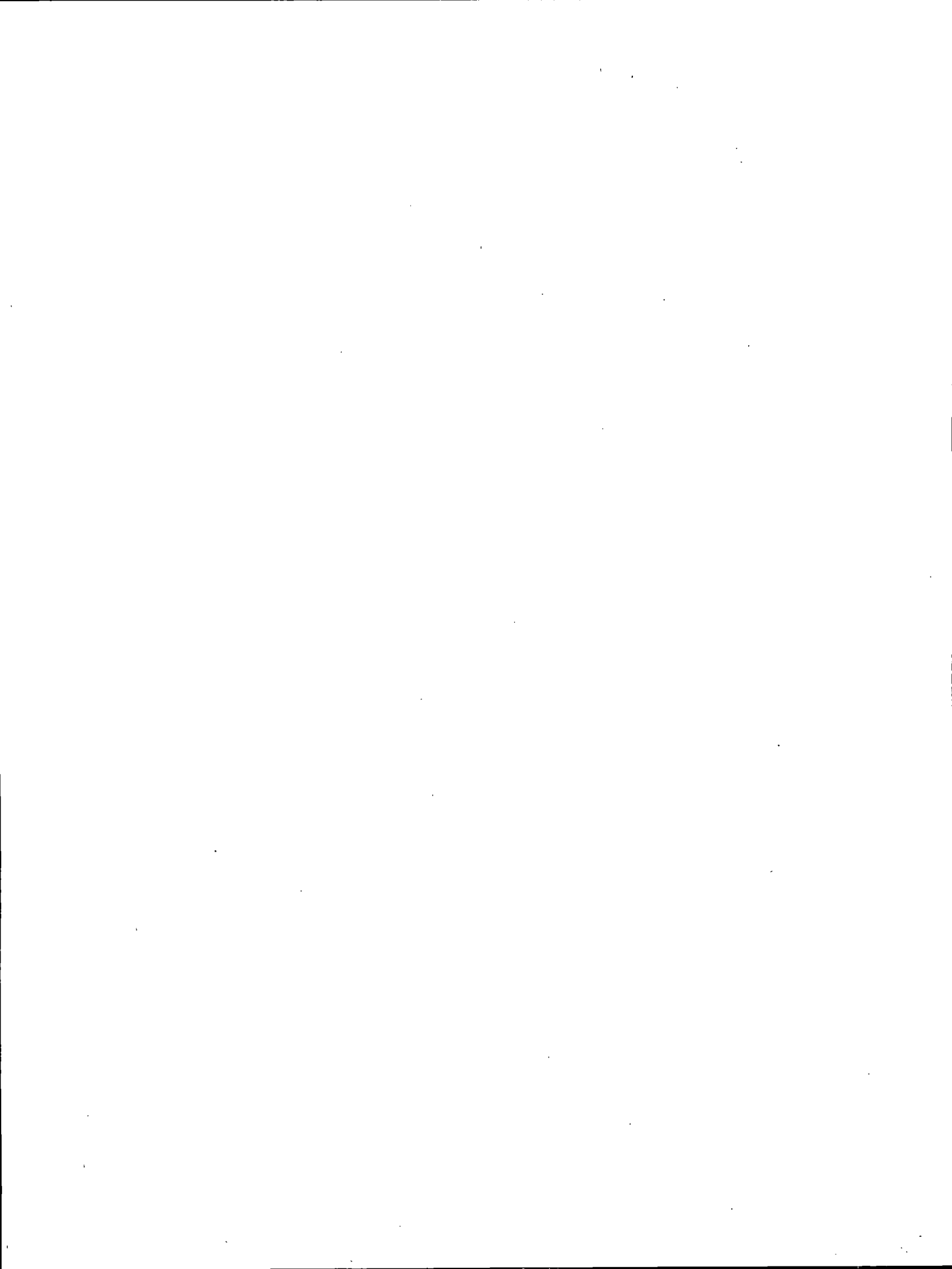
61. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he had not yet received the Russian text of the document relating to item 24 (a) and asked whether item 16 might not be considered after items 21 and 22.

62. After an exchange of views in which Mr. REYES (Philippines) and Mr. STERNER (Sweden) took part, the PRESIDENT decided to include items 21, 22 and 17 in the agenda of the 676th meeting on the understanding that delegations which were not prepared to take part in the general debate on item 17 at that time could speak on Monday, 6 April, when the Council would resume its work.

The meeting rose at 4.45 p.m.









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President : Mr. Raymond SCHEYVEN (Belgium).

Present :

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

Observer from Syria.

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.

Question of inviting Libya, Spain, Nepal and the Republic of Korea to the International Conference on the Limitation of the Production of Opium to be convened at Headquarters on 11 May 1953, (E/L.479) (*concluded*)

[Agenda item 30]

1. The PRESIDENT recalled that the general debate on the item had been closed at the previous meeting and that the Council now had before it a draft resolution submitted by the United States of America (E/L.479), requesting the Secretary-General to extend invitations to the Opium Conference to Libya, Spain, Nepal and the Republic of Korea. In accordance with the wish expressed by the Indian representative at the previous meeting, he would take a separate vote on each of the four countries.

The proposal to extend an invitation to Libya was adopted unanimously.

The proposal to extend an invitation to Spain was adopted by 13 votes to 4, with 1 abstention.

The proposal to extend an invitation to Nepal was adopted unanimously.

The proposal to extend an invitation to the Republic of Korea was adopted by 14 votes to 2, with 2 abstentions.

2. Mr. SAKSIN (Union of Soviet socialist Republics) recalled that thus far none of the four Governments concerned had submitted an official application for an invitation to the conference. Consequently he wished to make it perfectly clear that he had voted in favour of extending an invitation to Libya and Nepal only on the understanding that those two countries actually wished to be represented at the conference.

3. Mr. BERMUDEZ (Uruguay) explained that his delegation's vote on the question of an invitation to Spain had been based on the reasons given at the previous meeting.

Inter-governmental organizations (Council resolutions 262 (IX) and 412 (XIII)) (E/2361 and Corr.1, E/2361/Add.1 and Corr.1 and E/2366 and Corr.1)

[Agenda item 21]

4. The PRESIDENT introduced the item by suggesting that the list of inter-governmental organizations, as set forth in document E/2361, should be considered first, with each of the various organizations taken up, one by one; and that wherever any of those organizations was also included among the special reports by the Secretary-General and FAO contained in document E/2366, the latter document should be considered at the same time. Document E/2361/Add.1, containing information on some thirteen additional inter-governmental organizations, might be taken up subsequently, with a view to considering whether the Council wished to incorporate those organizations in its list, and, if so, whether it had any observations to formulate in regard to them.

International Office of Epizootics

5. Mr. WADSWORTH (United States of America) commended the FAO and the International Office of Epizootics for working out a draft agreement to co-ordinate their work. He proposed that FAO should be asked to keep the Council informed of the progress made towards developing an integrated world-wide programme of animal disease control and prevention, and of any action which the General Conference of FAO might ultimately take on the question of integration.

International Seed-Testing Association

6. Mr. WADSWORTH (United States of America) proposed that FAO should be asked to report to the Council at a session in 1956 on the extent of the co-operation between FAO and the International Seed-Testing Association under the six-point plan, and on the progress of the negotiations for closer integration of the work of the two organizations.

International Commission for the Scientific Exploration of the Mediterranean Sea

7. Mr. WADSWORTH (United States of America)

proposed that the States members of the Commission and of FAO should be urged to bring about a complete exchange of information between the two organizations in order to avoid duplication. He also proposed that FAO should report to the Council in 1956 on the steps which might be taken to develop a single integrated fisheries programme in the Mediterranean area.

8. The PRESIDENT said that in the absence of any objection on the part of the Council, those proposals might be considered acceptable to the Council.

Central Bureau, International 1:1,000,000 Map of the World

9. In reply to a question asked by Mr. MEADE (United Kingdom), Mr. HILL (Secretariat) said that the Secretary-General's report on the transfer of the functions of the Bureau to the United Nations Cartographic Office appeared in annex III of document E/2366. He understood that the transfer would be completed shortly. The Secretariat had prepared a draft instrument of transfer and it was now awaiting the approval of the Central Bureau. He hoped that the transfer would be satisfactorily completed in the near future.

10. In the introduction to the list the omission from future lists both of that organization and of the International Penal and Penitentiary Commission had been proposed by the Secretary-General.

Danube Commission

11. Mr. MEADE (United Kingdom) recalled that the United Kingdom, together with France, Italy, Greece and Belgium, had been a signatory of the Danube Convention of 1921. At Belgrade, in 1948, a Danube Convention providing for a Danube Commission consisting solely of representatives of riparian States had been signed by the seven riparian States. The United Kingdom refused to acknowledge the diminution of its legal rights which signature of the new Convention would have implied and it had not in fact signed the new Convention. It did not consider that its legal rights under the Danube Convention of 1921 could be abrogated without its consent and consequently the United Kingdom regarded the 1921 Convention as being still in force between itself and the other signatories.

12. Mr. FAIN (France) fully endorsed the views expressed by the United Kingdom representative and said that his Government also regarded the 1921 Danube Convention as being still in force.

13. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he would vote against the inclusion of the Danube Commission in the list because it had a special status resting on post-war settlements and came under the provisions of Article 107 of the Charter.

14. Mr. KOS (Yugoslavia) said that the Danube Commission had been established quite regularly and should be included in the list. It had no special status resting on post-war settlements and could not be regarded as coming under Article 107 of the Charter. It was an important organization which already had several members and expected to have more after the signature of the peace treaties, and he hoped it would be able to collaborate with other European bodies, particularly the ECE.

15. Mr. HILL (Secretariat) explained that the Secretary-General had included the Danube Commission

in the list tentatively, in accordance with the Council's instructions. The additional information requested by the Council appeared in annex II of document E/2366.

International Union for the Publication of Customs Tariffs

16. Mr. HILL (Secretariat) informed the Council that the information requested concerning the possible relationships between the Union and the GATT appeared in annex II to document E/2366. In addition to that information the Secretary-General had recently received a reply from the Union itself stating that it was entirely satisfied with the existing arrangements, as was the GATT secretariat, and that no economy would result from an integration of the two organizations.

International Wheat Council

17. Mr. MORALES (Argentina) said that his delegation would make its comments on the International Wheat Council during the discussion of the world economic situation.

18. Mr. SAKSIN (Union of Soviet Socialist Republics) requested a separate vote on the inclusion of the organizations of which Franco Spain was a member.

19. Mr. BANERJI (India) asked for one vote to be taken on the organizations of which both India and Spain were members, i.e., Nos. 15, 21, 39, 40, 44 and 45, against which he did not wish to vote, and another on the organizations of which Spain was a member and India was not.

20. The PRESIDENT called on the Council to vote on the organizations enumerated by the Indian representative, namely, the following:

International Union for the Protection of the Rights of Authors and their Literary and Artistic Works;
International Committee of Military Medicine and Pharmacy;
International Union for the Publication of Customs Tariffs;
International Cotton Advisory Committee;
International Wheat Council;
International Wool Study Group.

The Council decided by 16 votes to 2 that those organizations should be included in the list.

21. Mr. SAKSIN (Union of Soviet Socialist Republics) wished it to be clearly understood that he had voted against the inclusion of those organizations solely because Franco Spain participated in their work.

22. The PRESIDENT called on the Council to vote on the other organizations of which Spain was a member, namely, the following:

International Commission of Agricultural Industries;
International Office of Epizootics;
International Seed-Testing Association;
International Sericulture Commission;
European Plant Protection Organization;
International Institute of Refrigeration;
International Council for the Exploration of the Sea;
International Commission for the Scientific Exploration of the Mediterranean Sea;
International Bureau of Weights and Measures;
International Bureau of Education;

International Institute of the Unification of Private Law;
 Central Office for International Transport by Rail;
 International Hydrographic Bureau;
 International Union for the Protection of Industrial Property;
 International Wine Office.

The Council decided by 15 votes to 2, with 1 abstention, that those organizations should be included in the list.

23. Mr. SAKSIN (Union of Soviet Socialist Republics) asked for a separate vote to be taken on the Danube Commission.

The Council decided by 9 votes to 2, with 7 abstentions, that the Danube Commission should be included in the list.

24. Mr. MEADE (United Kingdom) and Mr. FAIN (France) said that they were unable to vote for the inclusion of the Danube Commission for the reasons they had already stated.

25. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he had voted against the inclusion of the Danube Commission because it came within the scope of Article 107 of the Charter.

26. Mr. RIVAS (Venezuela) had abstained in the vote because document E/2361 stated that the Danube Commission had no relations with the United Nations or the specialized agencies.

27. Mr. MATES (Yugoslavia) said he had voted in favour of the inclusion of the Danube Commission because his delegation felt that inter-governmental organizations generally should be included and saw no reason to make an exception of the Danube Commission. He protested against the USSR representative's reference to Article 107 of the Charter.

28. Mr. EL-TANAMLI (Egypt) had abstained because the question had political implications and raised legal issues which had not been clearly defined.

29. The PRESIDENT called on the Council to come to a decision regarding the following organizations, namely:

Inter-American Institute of Agricultural Sciences;
 Commonwealth Agricultural Bureaux;
 Institute of Nutrition of Central America and Panama;
 Permanent International Bureau of Analytical Chemistry of Human and Animal Foods;
 International Whaling Commission;
 Indo-Pacific Fisheries Council;
 Pan-American Institute of Geography and History;
 Pan-American Sanitary Organization;
 International Central Office for the Control of the Liquor Traffic in Africa;
 International Relief Union;
 Inter-American Indian Institute;
 American International Institute for the Protection of Childhood;
 Inter-American Commission of Women;
 International Conference for Technical Uniformity on Railways;
 Central Commission for the Navigation of the Rhine;
 International Commission of the Cape Spartel Light;
 Inter-American Radio Office;
 Bank of International Settlements;
 International Exhibition Bureau;
 International Rubber Study Group;

International Sugar Council;
 International Tin Study Group;
 Caribbean Commission;
 South Pacific Commission;
 Council for Technical Co-operation in South and South-east Asia.

It was agreed that the organizations enumerated by the President should be included in the list.

The Council accepted the suggestion of the Secretary-General to omit from future editions of the list the Central Bureau, International 1:1,000,000 Map of the World, and the International Penal and Penitentiary Commission.

30. The PRESIDENT asked the Council to consider the inter-governmental organizations listed in document E/2361/Add.1.

31. Mr. TYKOCINSKI (Poland) said that some of the organizations in question were the outcome of the North Atlantic Treaty Organization. The purposes for which those organizations had been set up were inconsistent with the aims of the United Nations and Poland was therefore opposed to their inclusion in the list.

32. In reply to a question by Mr. TANGE (Australia), Mr. HILL (Secretariat) said that the list submitted by the Secretary-General was tentative and that the final decision on whether or not an organization should be included was taken by the Council itself. Document E/2361 contained only the names of organizations which the Council had previously decided should be included, with the exception of the Danube Commission, which had been tentatively included in response to a request made by the Council at the previous session. Document E/2361/Add.1, on the other hand, listed certain organizations on which the Council at its previous session had asked the Secretary-General to give information and others which had not appeared in previous lists, in order that the Council might decide whether they should be included in the definitive list.

33. Mr. SAKSIN (Union of Soviet Socialist Republics) said that to save time he would state at the outset that he would vote against the inclusion of any organization in which Franco Spain participated. The USSR was opposed to the inclusion of all such organizations in view of General Assembly resolution 39 (I) on relations of States Members of the United Nations with Spain.

34. He asked the Secretary of the Council, as each organization came to be considered, to inform the Council whether Franco Spain was a member.

Council of Europe

35. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

36. Mr. TYKOCINSKI (Poland) asked for a vote to be taken on the inclusion of the organization.

37. Mr. SAKSIN (Union of Soviet Socialist Republics) supported that request.

The Council decided by 16 votes to 2 that the Council of Europe should be included in the list.

General Fisheries Council for the Mediterranean

38. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the General Fisheries Council for the Mediterranean should be included in the list.

Inter-Governmental Committee for European Migration

39. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

40. Mr. TYKOCINSKI (Poland) asked for an explanation of the statement in document E/2361/Add.1 under the heading "General purposes and functions" that the Committee was "concerned with refugees and new refugees for whom migration arrangements may be made between the Committee and the governments of the countries affording asylum".

41. Mr. EL-TANAMLI (Egypt) asked how many migrants there were and to what countries they were being sent.

42. Mr. HILL (Secretariat) replied that the mandate of the Committee did not exclude assistance to refugees who might also be classified as migrants and that about 86,000 migrants had been moved during 1952. It was anticipated that about 120,000 would be moved in 1953. Those migrants were primarily so-called surplus population; in other words, not refugees. About half of them would go to South America and the bulk of the remainder to Australia, Canada and New Zealand.

43. In reply to a further question by Mr. EL-TANAMLI (Egypt), Mr. HILL (Secretariat) said that no migrants had been moved by the Committee to the Middle East in 1952; a few would be moved there in 1953, but they would be a very small proportion of the whole.

The Council decided by 15 votes to 3 that the Inter-Governmental Committee for European Migration should be included in the list.

Contracting Parties to General Agreement on Tariffs and Trade

44. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the Contracting Parties to General Agreement on Tariffs and Trade should be included in the list.

International Materials Conference

45. Mr. VAKIL (Secretary of the Council) said that Spain was a member of the Organization.

46. Mr. SAKSIN (Union of Soviet Socialist Republics) asked for a vote to be taken.

The Council decided by 15 votes to 2 that the International Materials Conference should be included in the list.

47. Mr. BANERJI (India), speaking in explanation of his vote, said that his delegation was concerned with the useful activities of the Conference and not with the membership of any particular country. That did not, however, mean that India approved of all the members of the Conference.

48. Mr. RIBAS (Cuba) regretted that he had been absent when the vote was taken and asked for it to be recorded that he would have voted in favour had he been present.

Consultative Committee on Economic Development in South and Southeast Asia

49. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the Consultative Committee on Economic Development in South and Southeast Asia should be included in the list.

Commission for Technical Co-operation in Africa South of the Sahara

50. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the Commission for Technical Co-operation in Africa South of the Sahara should be included in the list.

Organization of American States

51. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the Organization of American States should be included in the list.

Organization of Central-American States

52. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the Organization of Central-American States should be included in the list.

Brussels Treaty Organization (Western Union)

53. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

54. Mr. TYKOCINSKI (Poland) asked for a vote to be taken.

The Council decided by 16 votes to 2 that the Brussels Treaty Organization should be included in the list.

Organization for European Economic Co-operation

55. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

56. Mr. TYKOCINSKI (Poland) asked for a vote to be taken.

The Council decided by 16 votes to 2 that the Organization for European Economic Co-operation should be included in the list.

Council for Mutual Economic Aid

57. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the Council for Mutual Economic Aid should be included in the list.

League of Arab States.

58. Mr. VAKIL (Secretary of the Council) said that Spain was not a member of the organization.

It was agreed that the League of Arab States should be included in the list.

International co-operation on cartography: report by the Secretary-General and replies of governments (Council resolution 261 (IX)) (E/2362 and Corr.1, E/2376 and Add.1)

[Agenda item 22]

59. Mr. VAN LAEYS (Belgium) said that while Belgium did not underestimate the importance of correct, detailed maps for all areas of the world, it considered it more practical for the existing cartographic organizations to continue to work towards that objective, rather than for the United Nations to take the initiative and attempt to provide a substitute. The Council might confine its action to inviting those organizations to establish closer liaison and perhaps meet as a group to co-ordinate and standardize cartographic

methods. For its part, the United Nations might consider the possibility of sending observers to such meetings. Should the Council decide, however, to endorse the proposal for regional conferences, the latter should give priority to the study of those areas where cartography was least developed. The Iranian proposal for the standardization of geographical names (E/2362, annex IV) was a sound one and merited further consideration.

60. He regretted, in passing, that the French text of document E/2362 had not yet been issued.

61. Mrs. KHAN (India) generally agreed with the suggestions contained in the Secretary-General's report (E/2362). Her Government strongly supported the proposal to convene regional conferences in various parts of the world in order to co-ordinate the cartographic efforts of geographically contiguous countries. Tibet, China, Thailand, Indo-China and Burma, for example, would have a common interest with India in such co-ordination. If they agreed, India would be prepared to act as host and provide Dehra Dun, the main technical headquarters of the Survey of India, as a meeting place.

62. The regional conferences should assemble cartographic experts with administrative experience and technical skill. The two experts India had provided had been accepted as members of the panel of consultants, envisaged by the Council. It felt that the constitution of the panel was a step forward in cartography because it would enable countries with common geographical problems to work out common standards for drawing up properly written maps. The proposal to evolve a system of uniform writing and pronunciation of names on maps represented a further constructive step, and India gave its support to all efforts in that direction.

63. Mr. BERMUDEZ (Uruguay), recalling the terms of the Council's resolution 261 (IX), pointed out that in 1951, Uruguay had set up a National Commission for the Co-ordination of Cartographic Methods and that the following year a bill had been introduced to create a National Council under the Ministry of Public Works. The National Commission was continuing its activities in pursuance of the Council resolution in close collaboration with existing cartographic organizations.

64. Mr. RIVAS (Venezuela) called attention to the various agencies established in his country to deal with the development of accurate, standard cartographic methods and the number of miles of territory already surveyed and mapped. The intensive use of aerial photography for those purposes had been highly effective. Cartographic studies were proceeding apace and maps were being worked out to scale in conformity with the standards most recently developed by the Pan-American Consultations on Cartography for the Latin-American countries.

65. Mr. KOS (Yugoslavia) said that his country was keenly interested in the holding of regional conferences in the Western and Eastern European regions owing to its geographic and cartographic relations with countries in both those areas. Yugoslavia's cartographic experts were firmly convinced of the usefulness of such meetings.

66. Mr. MEADE (United Kingdom), while agreeing that regional cartographic conferences might be useful, felt they should not be held at the expense of

the United Nations, particularly in regions like South America and Africa where they had already been initiated. In no such case should such meetings be forced on any region; they should develop spontaneously out of a community of interest. In that connexion, the list of regions on page 4 of the Secretary-General's report should not be considered as necessarily the most suitable or as permanently fixed.

67. The United Kingdom Government had not submitted names of experts for inclusion in the panel of consultants on cartography because it felt that the proper maintenance of such a panel would be too difficult, and that it would be more practical for the United Nations Cartographic Office to ask States for the names of their leading authorities as and when the need arose.

68. His delegation found the cartographic bulletin most valuable and agreed on the Secretary-General's list of subjects it should include. It was especially pleased with the first volume of *World Cartography*. While it approved the principle of the Iranian proposal on a uniform system of writing geographical names, it could not accept the alphabet proposed until agreement had been reached on an international level after full discussion of previous work done in the field.

69. Mr. TSAO (China) considered the Secretary-General's report to be a valuable basis for further advances in the standardization and development of cartographic methods and thought that regional conferences would be one of the effective means of achieving international co-operation towards that end. For the Far East region, Bangkok or Manila would be a suitable meeting place. Nevertheless, in view of the general instability prevailing in that area, it seemed inopportune to convene such a conference in the near future.

70. Mr. MORALES (Argentina) said that his country was greatly interested in the development and standardization of cartographic methods through international co-operation and participated actively in the Pan-American Consultations on Cartography. It was looking forward to the publication of volume II of *World Cartography*, but hoped that the second volume would place emphasis on the world-wide co-ordination of cartographic efforts rather than consist merely of a technical compilation by experts.

71. Mr. FAIN (France) pointed out that, in the view of his Government, it did not appear that regional meetings on cartography could add much to the work of existing scientific organizations, which held frequent congresses and regularly published excellent documents on the subject. Accordingly, the United Nations should reserve its financial resources for tasks which could not be accomplished effectively by private or government initiative. On the other hand, the Organization should establish relations with the principal international cartographical societies, send observers to their congresses and facilitate dissemination of their technical publications. If regional conferences were considered necessary, they should be organized for the various groups of countries listed in the French Government's reply (E/2362, annex I, section 7).

72. Mr. EL-TANAMLI (Egypt) endorsed the French views on the question in general, and strongly supported the United States suggestion (E/2362, annex I, section 19) that priority should be given to the most poorly-mapped areas. Egypt's participation in any

future regional conferences would be influenced by the fact that geographically, it belonged to three regions: Africa, the Mediterranean area and the Middle East.

73. He also regretted that the Secretary-General's report had not yet appeared in French.

74. The PRESIDENT noted that no draft resolution or proposal had as yet been submitted on the item under discussion.

Admission to Headquarters of representatives of non-governmental organizations

75. Mr. TYKOCINSKI (Poland) again raised the question of the visas which had not been granted to the accredited representatives of the WFTU and the WIDF to enable them to attend the Council's session and emphasized that no country had the right to prevent the admission of those representatives.

76. The PRESIDENT said that he had taken due note of the Polish request and would do everything possible to resolve the problem.

77. Mr. SAKSIN (Union of Soviet Socialist Republics) pointed out that the absence of the WFTU representative would interfere with the work programme both of the Council and of the NGO Committee, which were to take up the question of allegations regarding infringements of trade union rights.

78. The PRESIDENT said that if the USSR representative felt that the item could not be discussed until the WFTU representative had arrived from Europe, consideration of alleged infringements of trade union rights would be deferred.

79. Mr. SAKSIN (Union of Soviet Socialist Republics) replied that while he was not formally proposing deferment or deletion of item 17 from the agenda of the following meeting, all possible steps should be taken in the meantime to ensure the presence of the duly authorized WFTU representative at that meeting. Only then could the question be debated exhaustively and equitably.

The meeting rose at 1.15 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observer from Brazil.

Also present: Mr. López, 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.

Order of business

1. The PRESIDENT opened the meeting by giving the delegations some details concerning three questions relating to the Council's work.
2. The First Vice-President, Mr. Muñoz (Argentina), would preside over the Social Committee and the Second Vice-President, Mr. Birecki (Poland), would preside over the Economic Committee. The Economic Committee would meet on Monday, 6 April, at 2.30 p.m.
3. He then drew the Council's attention to the fact that four items were on the Council's order of business for 6 April. He was trying, with the Secretariat's assistance, to draw up the programme of work early enough to enable representatives to study agenda items at leisure and to prepare for debates. It was, however, to be noted that that was not always easy, since the wishes of delegations and the rate of the publication of the necessary documents also had to be taken into account.

Admission to Headquarters of representatives of non-governmental organizations

4. With regard to the problem raised by the Polish and USSR delegations at the Council's 676th meeting concerning the admission to Headquarters of represen-

tatives of certain non-governmental organizations, the PRESIDENT said he had consulted the services concerned, but was not yet in a position to make a statement on the subject, although he wished to make it clear that an important question of principle was concerned. It was in the Council's interest to settle the matter as rapidly as possible.

International co-operation on cartography: report by the Secretary-General and replies of governments (Council resolution 261 (IX)) (E/2362 and Corr.1, E/2366 and Corr.1 and 2, E/2376 and Add.1, E/L.480 and E/L.481) (concluded)

[Agenda item 22]

5. The PRESIDENT recalled that the Council had begun to consider the item at its 676th meeting. Since then, two draft resolutions had been submitted, one by the United States of America (E/L.480), and the other by the United Kingdom (E/L.481). He called on the Council to resume the general debate.

6. Mr. KOTSCHNIG (United States of America) thought that the United States draft resolution (E/L.480) was sufficiently clear to render any further explanation unnecessary. The United States Government's position with regard to international co-operation on cartography was well known and was the subject of a communication which was partially reproduced in annex I of the Secretary-General's report (E/2362). He stressed that work undertaken outside the United Nations, especially in Latin America, had already proved to be extremely satisfactory. That was why the United States draft resolution requested the Secretary-General to consult with governments and appropriate inter-governmental organizations and to report to the Council before any decision was taken to convene proposed regional conferences. He added that no additional expenditure was envisaged for the time being.

7. Mr. SOMERS COCKS (United Kingdom) drew the Council's attention to the operative part of his delegations' draft resolution (E/L.481). The United Kingdom Government was prepared to take part in any discussion on the question of revising the specifications of the international map of the world on the one-millionth scale. He stressed, however, the desirability of retaining the original nature of the map and expressed the hope that only changes that were regarded as essential and agreeable to all countries should be made.

8. Mrs. KHAN (India) proposed an amendment to the operative part of the United States draft resolution (E/L.480), to read:

“Requests the Secretary-General to continue consultations with governments and appropriate inter-governmental organizations (i) on the subject of holding regional cartographic conferences and (ii) on the subject of the adoption of a standard method

- of writing geographical names on maps; and to submit in due course a report to the Council on the results of such consultations" (E/L.482).
9. Her delegation considered it to be especially important to standardize the writing of names on maps.
10. Mr. SAKSIN (Union of Soviet Socialist Republics) wished to know whether the implementation of the proposed resolution would involve additional expenditure for the Secretariat, which would further burden an already heavy budget.
11. Mr. GEORGES-PICOT (Assistant Secretary-General, Departments of Economic and Social Affairs) replied that, to the best of his belief, the implementation of the two draft resolutions would involve no additional expenditure for the Secretariat.
12. Mr. EL-TANAMLI (Egypt), speaking on annex III of the Secretary-General's report (E/2366) concerning the transfer of the functions of the Central Bureau, International Map of the World on the Millionth Scale to the United Nations Cartographic Office, pointed out that, of the forty-nine States consulted, only twenty-three had given their express assent to the transfer. In the circumstances, he doubted whether the decision for the transfer was legally valid, the more so as it was by no means certain that the assent of the countries which had not yet replied could be counted on. Perhaps the President of the Central Bureau had exceeded his competence in the matter.
13. Mr. GEORGES-PICOT (Assistant Secretary-General, Departments of Economic and Social Affairs) drew the Egyptian representative's attention to paragraph 3 of annex III of document E/2366, which stated that the President of the Central Bureau, in requesting governments to give their assent, had informed them that any country which had not replied by 1 June 1952 would be regarded as not being averse to the transfer. The President of the Central Bureau had made the decision and was solely responsible for it.
14. Mr. SAKSIN (Union of Soviet Socialist Republics) shared the Egyptian representative's doubts and anxieties. The issue was not clear, since cartographical works did not fall within the competence of the United Nations, but were the responsibility of each State. No provision of the Charter authorized the Organization to deal with such problems, for which it had neither the necessary resources nor the specialized staff. The United Nations was not a scientific institute.
15. Moreover, the USSR delegation agreed with the Egyptian delegation that silence did not always mean assent. The States which were particularly interested in the question should undertake the necessary studies at their own expense and should not try to involve the United Nations in any outlay of that kind. It was unjustifiable to make the special interests of a few an obligation for all.
16. In addition, the absorption of the Central Bureau, International Map of the World on the Millionth Scale, in the United Nations did not seem to be legally justifiable, as the Egyptian representative had pointed out. Some elucidation on that point seemed to be necessary, to say the least, before the Council could approve a transfer of functions which was not provided for in the Charter.
17. The USSR delegation considered that the proposed measure might be prejudicial to the interest of certain States and might, moreover, involve additional expenditure. He would therefore vote against the proposal.
18. Mr. EL-TANAMLI (Egypt) thought that the legal difficulty was obvious and suggested that the United Nations Legal Department should be consulted before any decision was taken. Egypt was among the countries which had not replied to the President of the Central Bureau; if a vote was taken immediately, the Egyptian delegation would abstain and, if resolution was adopted, the Egyptian Government would not consider itself to be legally bound by the text.
19. Mr. KOTSCHNIG (United States of America) pointed out that the Egyptian representative's objection did not relate to the United States draft resolution, but to the United Kingdom draft.
20. The USSR representative had asserted that cartographical work did not fall within the competence of the United Nations. In that connexion, he recalled that the Economic and Social Council at its ninth session had adopted resolution 261 (IX) requesting the Secretary-General to undertake certain surveys and research relating to cartography. It was in application of that Council resolution that the Secretary-General had consulted Member States on the possibility of organizing regional conferences on the subject. The question was therefore not a new one. He did not believe it necessary to stress the importance of cartography in connexion with the economic development of under-developed areas and therefore could not see what special difficulties were raised by the United States draft resolution.
21. Mr. KOS (Yugoslavia) stated that the Yugoslav Government, in not replying to the President of the Central Bureau, International Map of the World on the Millionth Scale, had intended to make it clear that it was not averse to the transfer. The principle of automatic approval had already been applied in other cases. He therefore could not understand the difficulties referred to by the Egyptian representative.
22. Mr. GEORGES-PICOT (Assistant Secretary-General, Departments of Economic and Social Affairs) pointed out that the Council had definitely accepted the principle of the transfer at its thirteenth session, by adopting resolution 412 A II (XIII). As for the legal status of the Central Bureau, he pointed out that that body had been set up under a resolution adopted by the Second Conference on the International Map of the World on the Millionth Scale, held at Paris in 1913.
23. The PRESIDENT declared the general debate closed and drew attention to the provisions of rule 55 of the Council's rules of procedure. According to that rule, draft resolutions and substantive amendments or motions should be introduced in writing and handed to the Secretary-General twenty-four hours before they were discussed and voted upon, unless the Council decided otherwise. The Indian amendment to the United States draft resolution could not therefore be considered before Tuesday, 7 April, unless the Council formally decided otherwise.
24. Mr. KOTSCHNIG (United States of America) stated that his delegation would accept the Indian amendment to its draft resolution.

25. The PRESIDENT took note of the United States delegation's decision and stated that the Council might vote immediately on the amended text.

It was so decided.

26. The PRESIDENT put to the vote the United States draft resolution (E/L.480), as orally amended by the Indian delegation.

The draft resolution, as amended, was adopted by 15 votes to 2, with 1 abstention.

27. The PRESIDENT put to the vote the United Kingdom draft resolution (E/L.481).

The draft resolution was adopted by 15 votes to 2, with 1 abstention.

28. Mr. SAKSIN (Union of Soviet Socialist Republics) said that, since he had already explained his delegation's opposition to the adoption of the two draft resolutions, he would confine himself to stating that the USSR would not consider itself to be bound legally or financially by the decisions that had just been taken.

Interim report of the Rapporteur on Freedom of Information (E/2345 and Add.1)

[Agenda item 16]

29. Mr. LOPEZ (Philippines), Rapporteur on Freedom of Information, felt that no comment on his part was required on the interim report he had submitted to the Council under symbol number E/2345. As regards the draft resolution he had proposed for adoption (E/2345/Add.1), he had redrafted the text after consultation with a number of delegations. He did not think that the Council would have any objection to granting him the facilities he was requesting in order to continue the task assigned to him.

30. Mr. FENAUX (Belgium) thought that further information was needed on the nature and scope of the communications to which the Rapporteur wished to have access.

31. If those communications dealt not only with freedom of information, but with human rights in general, it might lead to unfortunate misunderstandings.

32. He appreciated the conscientious spirit shown by the Rapporteur in desiring to be informed of communications containing complaints against governments. But, as everyone was aware, many of those communications were extremely vague and, if the Rapporteur attached too much importance to them, the conclusions he submitted to the Council ran the risk of being seriously incorrect.

33. The Commission on Human Rights itself had in the past abstained from expressing any opinion on communications referred to it. In that connexion, he read out the footnote in the Commission's report on its eighth session,¹ which stated that the Commission did not propose to express any opinion regarding the accuracy of the facts alleged by communications or regarding the validity of the conclusions which the authors of those communications drew from such facts. The Council should display the same caution. It must avoid taking any stand which might give the impression that it, for its part, felt that the Rapporteur's

report might rest on unreliable data. That was the firm belief of the Belgian delegation and the reason for which it would have to abstain from voting, if a proposal which might have that implication was put to the vote.

34. Mr. KOS (Yugoslavia) wished to draw the attention of members of the Council to a point on which some explanation was required.

35. The revised text of the draft resolution prepared by the Rapporteur referred to two previous Council resolutions, in particular, to resolution 75 (V). The latter resolution was, however, addressed to a commission, i.e., to a body composed of several members. Was it legally justifiable to apply the same text, without modification, to a single individual, in the present instance, to the Rapporteur?

36. While he was under no misapprehension as to the intention of the draft resolution which the Rapporteur had submitted to the Council, he nevertheless felt that members of the Council could not take a decision on the matter until an explicit interpretation had been given to the text of resolution 75 (V). There were two possible solutions of the difficulty—either for the Rapporteur to indicate after the words "complaints against governments" the procedure he proposed to follow in using the information placed at his disposal, in which case the draft resolution need contain no reference to the two previous resolutions, or, alternatively, for the members of the Council to accept the interpretation the Rapporteur proposed to place on the two resolutions mentioned in his draft resolution, in which case the interpretation must be stated more explicitly.

37. If the necessary information was not forthcoming, the Council itself would have to indicate how it considered the resolutions in question should be applied and its interpretation should be expressly stated in the draft resolution on which members of the Council were called upon to vote. He would repeat that the provisions of resolution 75 (V), which related to a body composed of several individuals, could not be automatically applied to a single individual; that was a consideration which members of the Council should bear in mind.

38. He did not propose to follow up his comments by submitting an amendment; he hoped that the Rapporteur would reply to his remarks, in presenting his own interpretation of the matter to the Council.

39. Mr. PEREZ PEROZO (Venezuela) said that, while his delegation had the greatest respect for the Rapporteur, it did not feel able to accept the request made by Mr. López in his draft resolution at the present stage.

40. The problem involved should, however, be settled solely on the basis of principles and in the light of the Council's experience in regard to complaints of infringements of human rights. Sources less vague and unreliable than communications addressed to the Secretary-General were available to the Rapporteur in carrying out his task. He had, for example, access to information from professional associations of journalists and other legitimate information enterprises.

41. The Council should not lose sight of the fact that many of the communications addressed to the Secretary-General, far from being objective, were motivated by bitterness and political hatred, and thus

¹ See *Official Records of the Economic and Social Council, Fourteenth Session, Supplement, No. 4*, page 42.

liable to distort any conclusions which the Rapporteur might be tempted to draw from them. The request made by the Rapporteur in his draft resolution might even be held to be incompatible with the letter and spirit of resolution 75 (V) in that, whereas the Commission of Human Rights had abstained from taking any action, the Rapporteur's conclusions would constitute the basis for the action which the Council was called upon to take.

42. It was also difficult to see how the Rapporteur could study even a summary of the hundred thousand communications which had reached the Secretariat over a period of years without assuming a task which would be virtually impossible to complete within the time-limit laid down.

43. For all those reasons, he was not at present in a position to vote for the draft resolution before the Council.

44. Mr. REYES (Philippines) recalled that his delegation had previously supported the recommendations of the Sub-Commission on Freedom of Information and of the Press for the creation of a permanent expert body on freedom of information. The Council had, however, rejected those recommendations and had decided to entrust the delicate task of studying that complex problem to a Rapporteur. After vesting that heavy responsibility in the Rapporteur by resolution 442 C (XIV), the Council should in all fairness give him all the facilities he needed for the adequate performance of his task.

45. Members of the Council should not forget that in some respects the terms of reference given to the Rapporteur were broader than those given to the Sub-Commission on Freedom of Information and of the Press. It would therefore be reasonable for the Council to meet the Rapporteur's request in order to enable him to carry out a particularly difficult and pressing task. The Philippine delegation would vote for the draft resolution under discussion.

46. Mr. JUNG (India) regretted that he would not be able to vote for the draft resolution submitted to the Council for reasons of principle.

47. Many obstacles had been encountered in the study of freedom of information. The Sub-Commission, which had been specially set up to study the whole problem, had been discontinued after four years of work, which had remained unfinished. It had recommended that its functions should be transferred to an *ad hoc* group of experts and the Indian Government had recognized the need for the appointment of such a group. On the other hand, at the fourteenth session of the Council, the Social Committee had recommended² that the Secretary-General himself should prepare a report on the matter.

48. Contrary to both those recommendations, the Council had decided to appoint a rapporteur. His delegation had been opposed to the idea of transferring to a single individual powers previously vested in a sub-commission. Its opposition had been based on arguments of principle. Within a commission something in the nature of a mean was established, which was the end product of the views of all of its members; that procedure provided some guarantee of moderation and impartiality. Without casting any doubt upon the personal objectivity of the Rapporteur, it was

open to question whether it was wise to give him the same privileges as those granted to a commission.

49. Mr. BORIS (France) welcomed the amendments which the Rapporteur himself had made to the original text of his resolution. The revised text met a logical need and would ensure continuity of the Council's work.

50. The question had already been discussed at length at the Council's ninth session and resolution 240 C (IX) made no reference to the nature of the communications to be made to the Rapporteur. In those circumstances, his delegation had no objection to the text submitted to the Council.

51. As regards the Yugoslav representative's comments, he thought there would be no difficulty in adapting the provisions of resolution 75 (V) to permit a single individual to discharge the functions originally assigned to a commission. Provided that there was agreement on the substance of the matter, he thought there was no need to amend the text of the draft resolution, particularly as the Yugoslav representative had raised no objection of principle against the substitution of a rapporteur for a collective body.

52. The French delegation did not share the objections of the Indian delegation. In its view, it was more important to bear in mind that the communications addressed to the Secretary-General should be examined with great care and appraised at their true value. On that point, he agreed with the Belgian representative's remarks. He was convinced that the Rapporteur was fully aware of his responsibilities and that he would show the penetration and impartiality required. The Council expected the Rapporteur to present not a critical survey but a report containing constructive definitions, first, of the problems which justified international action in the field of information and, secondly, the form such action should take.

53. Mr. MUÑOZ (Argentina) said that if it could be convinced that the Rapporteur really needed the communications in question, the Argentine delegation would be the last to oppose the request contained in the draft resolution; but it felt that the proposed solution had more drawbacks than advantages.

54. As pointed out by the Belgian and Venezuelan representatives, one of whom had enquired about the nature and the other about the number of the communications the Rapporteur intended to examine, the draft resolution raised the question of the Rapporteur's competence and terms of reference. He asked how the Rapporteur intended to use the abundant documentation which would be put before him, whether he would apply fully the provisions of resolution 75 (V), in particular those of the preamble, and whether he intended, in specific cases, to approach the governments concerned. The answers to those questions were of capital importance, especially since the earlier resolutions dealt with human rights in general and referred to freedom of information only as part of that larger whole.

55. As the Yugoslav representative had emphasized, the members of the Council must, before taking a decision, know the exact scope of the Rapporteur's draft resolution. Therefore, instead of referring to previous resolutions in a vague and disconnected manner, that draft should clearly define the interpretation to be given to those texts. As it stood, the Rapporteur's

² *Ibid.*, Annexes, agenda item 13, document E/2251, C.

draft resolution raised the question of the jurisdiction of States in so far as it permitted interference in their internal affairs.

56. Mr. López' report should seek to improve conditions in the field of information and to ensure the fullest enjoyment of freedom of information. It should therefore represent a constructive effort and in so far as possible avoid raising questions which fell within the national jurisdiction of States.

57. Mr. KOTSCHNIG (United States of America) remarked that undue attention should not be paid to small objections, lest the Council should lose sight of its goal. The Rapporteur had a difficult task to carry out, and it was the Council's duty to help him by providing the best possible conditions.

58. He recalled that in resolution 240 B (IX) the Council had requested the Secretary-General to compile and distribute twice a year to members of the Sub-Commission on Freedom of Information and of the Press a list containing a brief summary of each communication received from any legally constituted national or international Press, information, broadcasting or newsreel enterprise or association, relating to principles and practices in the field of information. It would be illogical now to deny the Rapporteur access to the information collected.

59. It had been said that the Rapporteur might receive various complaints against governments and that many such complaints might be unfounded. According to the draft resolution under discussion, those communications would be dealt with in conformity with the procedure defined in resolutions 75 (V) and 116 (VI). In that connexion, he recalled that the Commission on Human Rights itself, while having the right to take cognizance of those communications, was not entitled to act on any claims made in them. Moreover, according to the procedure laid down in resolution 75 (V), the Rapporteur would simply review the confidential list of communications and would consult only such communications as related to the basic principles of freedom of information.

60. In view of the foregoing considerations, the United States delegation did not consider it advisable to make any changes in the draft resolution submitted by the Rapporteur and agreed with the French representative that the Council must have confidence in the Rapporteur. He would therefore vote in favour of the Rapporteur's proposal (E/2345/Add.1).

61. Mr. HSIA (China) had listened with interest to the views expressed by the various representatives and had been particularly struck by those put forward by the United States and French representatives. When the Council had appointed the Rapporteur, it had been understood that he would be given all the necessary facilities to enable him to do his work. There was no reason why he should not be entitled to consult the communications dealing with freedom of information. If he had requested permission to do so, it was simply because he wanted to be certain of the Council's approval. The resolutions mentioned in his draft resolution were perfectly clear and were limited in scope, as the United States representative had pointed out. The Chinese delegation would therefore vote for the draft resolution.

62. Mr. SAKSIN (Union of Soviet Socialist Republics) said that in his draft resolution the Rapporteur

was asking for the right to use communications relating to freedom of information that might be sent by any individual or organization. Despite what some representatives had said, the question was far from being simple and it was impossible to arrive quickly at a favourable decision.

63. As the Indian representative had rightly pointed out, the Rapporteur's proposal would give a single person possibilities which had not been open to a sub-commission composed of representatives of a number of Member States; there was every justification for serious doubts about the soundness of such a proposition. The Argentine representative for his part had pointed out that if the Council approved the draft resolution without thorough study, it would run the risk of interfering in the internal affairs of States and even of encroaching on their sovereignty; that was indeed a serious warning which should be carefully heeded.

64. The USSR delegation was of the opinion that the Rapporteur's proposal ran counter to the Charter. There was in fact nothing in the Charter permitting the United Nations or one of its organs—in the present case, the Economic and Social Council—to examine communications from individuals or any organizations whatever. That that was so was easy to understand, for the United Nations was composed of sovereign States, and it would endanger its prestige if it agreed to take notice of complaints of that kind which more often than not were of a slanderous nature. The Charter provided only one exception to that rule and that was for petitions from Trust Territories. There the provision was logical, as the inhabitants of those Territories were not represented in the United Nations or in non-governmental organizations with consultative status which were entitled to send communications to the United Nations on the same basis as States.

65. True to its unshakable determination to defend the Charter, the USSR delegation considered that the Economic and Social Council should reject the Rapporteur's draft resolution as its adoption would constitute an infringement of the Charter. With all due respect to the Rapporteur—to whose personal and moral qualities the USSR delegation had had occasion to refer at the fourteenth session of the Council—he would vote against the proposed draft resolution for the reasons of principle he had just given.

66. Mr. LANZA (Uruguay) said that in Uruguay there were no barriers to the full enjoyment of freedom of information and proceeded to read out article 29 of the Uruguayan Constitution which guaranteed absolute freedom of thought and expression in all forms. Uruguay, therefore, had always supported and would continue to support all measures designed to establish those guarantees at an international level. The appointment of a Rapporteur on Freedom of Information had been a great step forward in that regard; the facilities he now asked for would make his task easier, and the Uruguayan delegation would therefore vote in favour of the Rapporteur's draft resolution.

67. M. LOPEZ (Philippines), Rapporteur on Freedom of Information, said that he had not thought that his request would meet with any opposition. He wished, in the first place, to thank the representatives who had made clear the reasons for his request.

68. He was in a rather peculiar position. In the Sub-Committee on Freedom of Information and of the Press he, like the representatives of India and Egypt, had voted together with the majority in favour of a proposal to establish a permanent body of experts on freedom of information. That proposal had, however, been rejected by the Economic and Social Council which had appointed a single Rapporteur — himself. He therefore felt that he was entitled to expect from the Council the co-operation he needed in order to be able to carry out the task which it had entrusted to him. He could not stress too strongly the fact that the task had, so to speak, been forced upon him in spite of his stand in the Sub-Commission on Freedom of Information and of the Press.

69. As regards his draft resolution concerning which a number of representatives had asked for clarification, he pointed out that he would concern himself only with communications which related to freedom of information and emanated from national or international legally constituted enterprises or associations. The Secretariat had received over 25,000 communications relating to human rights, and he would be able to study only a small number of them in the two or three weeks remaining to him for the preparation of his report; he would therefore clearly confine himself to those communications which were relevant to the study he had been asked to carry out. Moreover, in accordance with the letter and spirit of resolution 240 (IX), he did not intend to consider communications emanating from individuals or non-professional organizations. And, where a relevant communication contained criticism of a given government, he imagined he would receive a summary of it only, without the name and address of the author. He hoped that those explanations would dispel the doubts expressed by certain delegations.

70. He recalled that at the fourteenth session there had been some question of asking the Secretary-General to prepare a report on the question of freedom of information. It might be asked what would have been the result if that course had been adopted. Obviously the Secretary-General would have been free to use any of the communications addressed to him that he considered of interest. Since the Economic and Social Council had chosen to appoint a Rapporteur directly under its authority, it was only logical and fair that he should be granted the same facilities which the Secretary-General would have enjoyed without having to ask for them.

71. On the other hand, in its resolution 442 C (XIV) the Economic and Social Council had specified that the Rapporteur should prepare his report in co-operation with the Secretary-General. It might thus be argued that under his terms of reference the Rapporteur was entitled to ask the Secretary-General to communicate to him all documents in his possession. If the Rapporteur had made such a request to the Secretary-General the latter could not have refused it without violating resolution 442 C (XIV). Furthermore, under his terms of reference the Rapporteur must also enlist the co-operation of the professional non-governmental organizations concerned, both national and international; he had done so by writing to over 600 information enterprises and professional organizations. Many of them had answered, and he thought that it would be undesirable to make a distinction between a reply

to a direct request and a communication spontaneously addressed to the Secretary-General. That was another argument in support of the draft resolution.

72. In reply to the Argentine representative, he wished to emphasize that he did not intend to approach governments with regard to communications he might examine; it would be physically impossible for him to engage in such correspondence for lack of time. Further, he would not mention in his report the communications he might read. All he wanted was to obtain the widest possible over-all view of questions relating to freedom of information.

73. He again stressed that he was asking for certain facilities solely in order to be able to carry out in the best possible way the task which had been entrusted to, not to say, imposed upon, him by the Council. He could assure the Council that if those facilities were accorded him he would use them with the greatest possible discretion and with the realization of his responsibility towards the Council and all Member States. His report, better than his words, would justify the confidence which he was asking the Council to have in him.

74. Mr. FENAUX (Belgium) thanked Mr. López for his explanations. He noted that all representatives who had spoken had expressed their delegations' confidence in Mr. López; that confidence was so natural and justified that the Belgian delegation had not considered necessary to mention it.

75. Mr. MUÑOZ (Argentina) wished to explain his vote. As the Belgian representative had said, all the representatives had the greatest confidence in Mr. López. He (Mr. Muñoz) had listened with great interest to the Rapporteur's explanations which, together with the clarifications made by certain representatives, had convinced him that the Rapporteur would handle the communications that might come to his notice with wisdom and discretion. The Argentine delegation would therefore vote in favour of the draft resolution contained in document E/2345/Add.1.

76. The Rapporteur could not be denied the right to examine communications addressed to the Secretary-General concerning freedom of information; the Argentine delegation noted, however, that he would refrain from making any references whatever in his report to communications containing criticism of or complaints against governments.

77. Mr. KOS (Yugoslavia) said that the purpose of his previous statement had been solely to elicit certain information; it had in no way been intended to convey any doubt concerning the Rapporteur. He was satisfied with Mr. López' explanations and would vote in favour of the draft resolution. He merely hoped that the facilities extended to Mr. López would not result in delaying the preparation of his report, which had to be submitted to the Council at its sixteenth session.

78. Concerning the questions to be dealt with in the report, the Yugoslav delegation was glad to note that the Rapporteur would take into account the suggestions made during the discussion in the Third Committee. It wished once again to draw attention to the economic obstacles in the way of complete freedom of information, especially in under-developed countries.

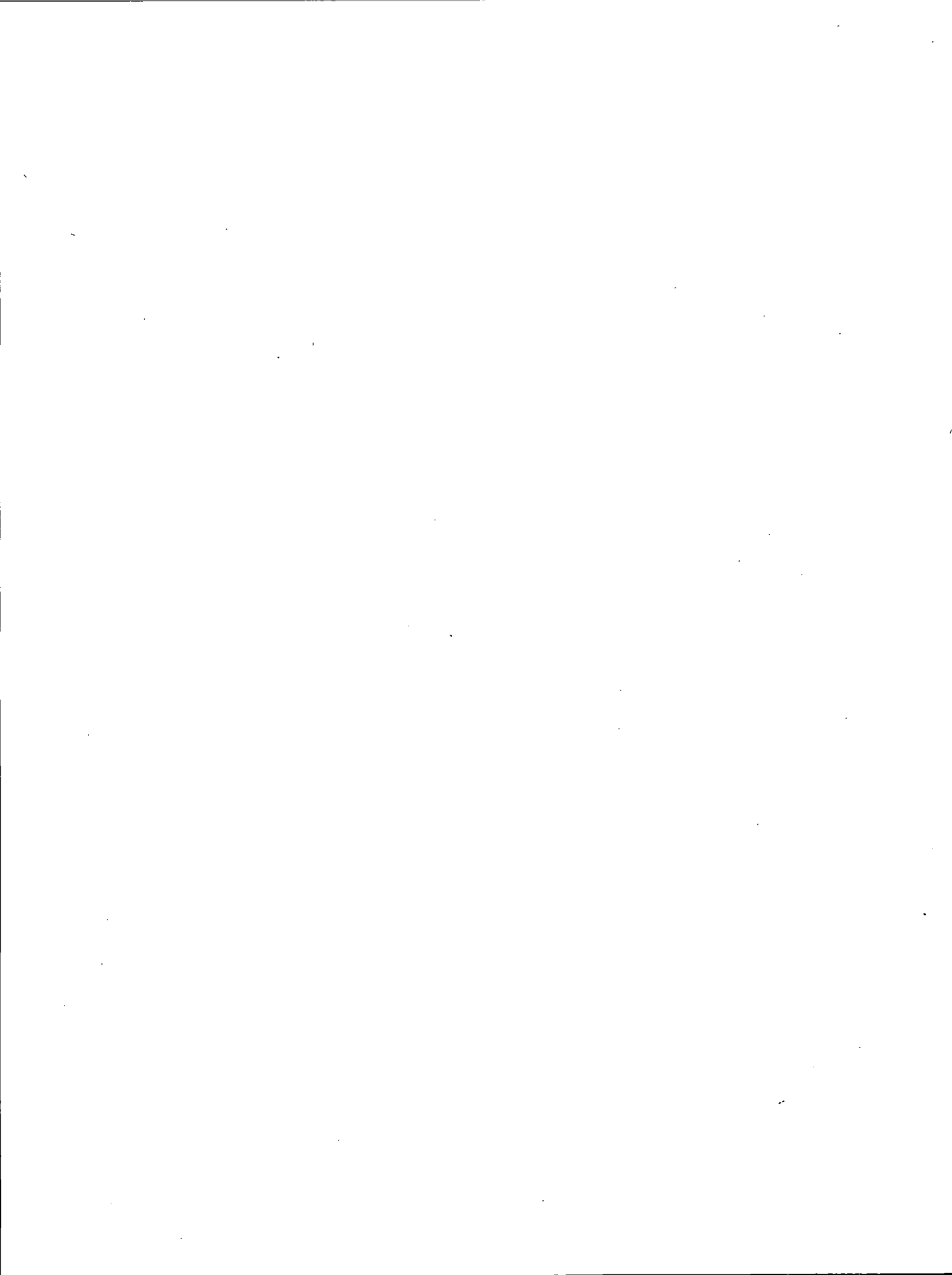
79. The PRESIDENT put to the vote the Rapporteur's draft resolution (E/2345/Add.1).

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

80. Mr. EL-TANAMLI (Egypt) said that he had voted in favour of the draft resolution. Although it had been opposed in principle to the appointment of a Rapporteur, the Egyptian delegation had full confidence in Mr. López, knowing that he would discharge his responsibilities with great wisdom.

81. Mr. TYKOCINSKI (Poland) said that he had voted against the draft resolution because it was his view that the Rapporteur should not examine any communications from individuals or organizations which might contain criticism of or complaints against governments. Consideration of such communications would constitute a violation of the Charter and an infringement of the sovereignty of States.

The meeting rose at 1 p.m.





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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile, Czechoslovakia, Syria.

The representatives of the following specialized agency: International Labour Organisation.

Non-governmental organizations: (b) Hearings by the Council Committee on Non-Governmental Organizations under rules 84 and 85 of the rules of procedure of the Council and applications for hearings by the Council under rule 86: report of the Council NGO Committee (E/2390)

[Agenda item 24 (b)]

1. Mr. MEADE (United Kingdom), Chairman of the Council Committee on Non-Governmental Organizations, in presenting the Committee's report (E/2390) drew special attention to the recommendation that the World Federation of Trade Unions should be heard in connexion with item 17.¹ The WFTU had requested the Committee to recommend that the discussion should be deferred because of the absence of the organization's representative. The Committee had decided that it was competent to recommend that the organization should be heard but not to make any recommendation on when it should be heard and had noted that any delegation would be free to raise the question of deferment in the Council itself.

2. The Committee had requested him when reporting to the Council to state that the request for deferment had been made but that the Committee had taken no action in the matter.

3. Mr. KULAGA (Poland) considered that, in accordance with the request of the WFTU, the debate on item 17 should be postponed in order to allow representatives of that organization to take part.

¹ "Allegations regarding infringements of trade union rights received under Council resolution 277 (X)."

4. Mr. OVERTON (United Kingdom) would agree to the question being adjourned until the morning of Wednesday, 8 April.

5. Mr. SAKSIN (Union of Soviet Socialist Republics) supported the Polish proposal. The Council was getting through its agenda with commendable speed, thanks to the efficiency of the President. In his view the matter should be postponed until the arrival of the WFTU representatives.

6. Mr. STERNER (Sweden) observed that the fact that the WFTU representatives had not been granted visas for entry into the United States was evidence that the Headquarters Agreement was not being implemented. It would be possible to discuss that question in connexion with another item of the agenda. In the case in point, however, there was a WFTU representative in New York.

7. He supported the United Kingdom proposal that the item should be deferred for two days.

8. Mr. KOTSCHNIG (United States of America) agreed to the United Kingdom proposal, but not on the grounds put forward by the representative of Poland.

9. Mr. SAKSIN (Union of Soviet Socialist Republics) suggested postponing the question until Thursday, 9 April.

10. Mr. OVERTON (United Kingdom) agreed to that proposal.

11. Mr. KULAGA (Poland) maintained the original proposal which he had submitted to enable the WFTU representative to attend the discussion. If his proposal was rejected, he would vote for postponement until Thursday, 9 April.

12. The PRESIDENT put the two proposals to the vote.

The Polish proposal was rejected by 11 votes to 1, with 6 abstentions.

The USSR proposal was adopted by 17 votes to none, with 1 abstention.

13. Mr. KOTSCHNIG (United States of America) recalled that, in the NGO Committee, the representative of the United States had objected on procedural grounds to permitting the WFTU representatives to speak on item 34² of the Council's agenda. His delegation still maintained that position.

14. Mr. MUÑOZ (Argentina) asked what reasons the NGO Committee had found to justify the WFTU's intervention on a question which was not related to that organization's activities.

15. Mr. MEADE (United Kingdom), Chairman of the Council Committee on Non-Governmental Organizations, cited a letter from the WFTU requesting

² "Admission of the representative of the Women's International Democratic Federation for participation in the Commission on the Status of Women, in accordance with the resolution adopted by the Commission."

the right to intervene on item 34 and to explain its interest in the question to the NGO Committee. The Committee had approved that request by a majority vote.

16. Mr. BRACCO (Uruguay) said that his delegation had voted with that majority on the understanding that any non-governmental organization had the right to intervene on such a question as the admission of another non-governmental organization to participation in the work of the Council or its subsidiary bodies.

17. Mr. MUÑOZ (Argentina) reserved his delegation's position regarding the advisability of making it a general rule that a non-governmental organization should automatically be granted a hearing on any item of the Council's agenda in which it had some interest. Obviously, a non-governmental organization with consultative status was entitled to intervene on matters directly related to its sphere of activity. It was not competent, however, to discuss general questions on the Council's agenda, such as item 34.

18. The PRESIDENT asked the Council to approve the recommendations of the Council Committee on Non-Governmental Organizations (E/2390, section A).

The recommendations were approved.

Non-governmental organizations: (a) Applications and re-applications for consultative status: report of the Council NGO Committee (E/2368)

[Agenda, item 24 (a)]

19. Mr. MEADE (United Kingdom), Chairman of the Council Committee on Non-Governmental Organizations, introduced the Committee's report (E/2368) which consisted of a draft resolution containing the positive recommendations and an annex containing the negative recommendations.

20. Mr. FENAUX (Belgium) was in agreement with the majority of the recommendations made in the document, the only exception being that concerning the World Federation of Catholic Young Women and Girls, which had applied for reclassification from the register to Category B. In the opinion of the Belgian delegation the organization's request should be granted.

21. The World Federation of Catholic Young Women and Girls had been in existence for twenty-seven years and it had ten million members in ninety-four countries. It was doubly universal — both as a world organization and as a Catholic organization — and universality was one of the guiding principles adopted by the Council in its classification. The scope and continuity of the Federation's activities were such as to justify its inclusion in Category B. It had consultative status with UNESCO and made a valuable contribution to that organization's work. It could be extremely useful to several of the Council's functional commissions, such as the Commission on Human Rights, the Social Commission and the Commission on the Status of Women.

22. On two occasions during recent months Miss Henderson, the Director of the Division of Social Welfare, had congratulated the Federation — once for its report on its social activities in Brazil and once for its study on social centres in Canada, Mexico and India.

23. Accordingly, he proposed that the recommendation concerning the World Federation of Catholic Young Women and Girls should be referred back to the NGO Committee for reconsideration during the current session of the Council.

24. Mr. MUÑOZ (Argentina) and Mr. RIBAS (Cuba) supported that proposal.

The Belgian representative's proposal was adopted.

25. Mr. BRACCO (Uruguay) supported the Committee's report as a whole and was glad to note the recommendation to grant the Inter-American Press Association consultative status in Category B. He regretted that the Committee had recommended placing the International World Calendar Association on the register rather than in Category B and hoped that the Association would be reclassified at the next session.

26. Mr. SAKSIN (Union of Soviet Socialist Republics) proposed that, in line with the decision just taken regarding the World Federation of Catholic Young Women and Girls, the NGO Committee should also be asked to reconsider its recommendation that Category A consultative status should not be granted to the Women's International Democratic Federation and the World Federation of Democratic Youth. Those two were both highly important organizations and fully deserved to be placed in Category A. The Commission on the Status of Women had adopted a resolution (E/2386) supporting the Women's International Democratic Federation and, at the Commission's request, an item regarding the representation of that organization had been included as item 34 of the Council's agenda.

27. In reply to a question asked by Mr. TSAO (China), Mr. MEADE (United Kingdom), Chairman of the Council Committee on Non-Governmental Organizations, explained that the status of the World Federation of Democratic Youth was not on the Committee's agenda for the current session. The provisional agenda did include consideration of the status of the Women's International Democratic Federation, not from the point of view of granting it consultative status in Category A, but because a proposal had been made to remove it from Category B.

28. Mr. OVERTON (United Kingdom) said that no parallel could be drawn between the recommendation concerning the World Federation of Catholic Young Women and Girls and the two organizations mentioned by the USSR representative because the Committee had simply deferred its decision on the former organization but had made a specific negative recommendation on the other two. The World Federation of Democratic Youth had repeatedly applied for reclassification and the Council had consistently refused that request. As for the Women's International Democratic Federation, the question shortly to be considered by the NGO Committee was not whether it should be placed in Category A but whether it should keep its status in Category B. His delegation had voted in favour of the decisions taken by the NGO Committee and saw no reason to ask the Committee to reconsider them.

29. Mr. KOTSCHNIG (United States of America) agreed with the United Kingdom representative and emphasized that the Council had already repeatedly discussed the status to be given to the Women's International Democratic Federation. If the matter was

referred back to the Committee, it would simply mean that, instead of discussing it twice at each session, the Council would be obliged to discuss it four times, twice in the Committee and twice in plenary session. The resolution adopted by the Commission on the Status of Women had nothing to do with the type of consultative status to be granted to the Women's International Democratic Federation and therefore could not be advanced in support of the USSR representative's proposal.

30. Mr. SAKSIN (Union of Soviet Socialist Republics) emphasized that it was precisely because of the Committee's negative decision in the past that he was now asking it to reconsider its decision. If the question of the World Federation of Catholic Young Women and Girls was to be reviewed, he saw no reason to discriminate against other organizations. The two organizations which he had mentioned were extremely important and played an active part in defence of the principles of the Charter and in the cause of peace. He was surprised that the United States representative should be more concerned about the time spent by the Council in discussing the matter than in the actual merits of the two organizations.

31. Mr. KULAGA (Poland) supported the USSR proposal and emphasized that the two organizations concerned were both very powerful and highly representative. They both worked for peace and in the interests of their members and they both deserved to be placed in Category A.

32. The PRESIDENT put the URSS representative's proposal to the vote.

The proposal was rejected by 9 votes to 4, with 5 abstentions.

33. Mr. KOS (Yugoslavia) explained that he had abstained from voting on the USSR proposal because he considered that the consultative status already granted to the two organizations was quite adequate.

34. The PRESIDENT then called for a vote on the draft resolution submitted by the NGO Committee.

35. Mr. SAKSIN (Union of Soviet Socialist Republics) announced that he would vote against admission to consultative status of all organizations of which Spain or the Federal Republic of Germany were members. He asked for a separate vote on each organization.

36. After a brief exchange of views, the PRESIDENT explained that a separate vote would be taken on each of the organizations mentioned in the draft resolution recommended by the NGO Committee for adoption by the Council (E/2368). Before each vote, the Secretary would indicate whether or not Spain or the Federal Republic of Germany were members of the organization concerned. Accordingly, he called for a vote on the organizations to be placed in Category B under paragraph 1 of the draft resolution.

The Inter-American Press Association was approved by 17 votes to none, with 1 abstention.

The International Society of Social Defence was approved by 15 votes to 2, with 1 abstention.

The International Union for Inland Navigation was approved by 16 votes to 2.

The Pan-Pacific Women's Association was approved unanimously.

37. The PRESIDENT then called for a vote on the organizations to be transferred to Category B under

paragraph 2 of the draft resolution.

The confédération internationale du crédit populaire was approved by 16 votes to 2.

The International Federation of Journalists was approved by 16 votes to 2.

The International Movement for a Brotherly Union of Races and Peoples was approved by 16 votes to 2.

The International Union of Producers and Distributors of Electric Power was approved by 16 votes to 2.

38. The PRESIDENT noted that the organizations listed in paragraph 3 of the draft resolution were to be placed on the register.

The Centre of International Relationships for Wholesale Trade was approved by 16 votes to 2.

The Federation of International Furniture Removers was approved by 15 votes to 3.

The International Confederation of Professional and Intellectual Workers was approved by 16 votes to 2.

The World Calendar Association, International, was approved by 14 votes to 2, with 2 abstentions.

39. The PRESIDENT, noting that in paragraph 4 the NGO Committee was requested to reconsider reclassification from the register to Category B, recalled that a vote had already been taken on the World Federation of Catholic Young Women and Girls.

The request from the International Federation of Free Journalists was approved by 16 votes to 2.

Paragraph 5 of the draft resolution was adopted by 16 votes to 2, subject to further action by the NGO Committee during the current session on the World Federation of Catholic Young Women and Girls.

40. Mr. SAKSIN (Union of Soviet Socialist Republics) moved the following draft resolution³ under item 24 (a) of the Council's agenda:

"The Economic and Social Council,

Acting in pursuance of Article 71 of the Charter, which states that the Council may make suitable arrangements for consultation with non-governmental organizations which are concerned with matters within its competence;

Considering that the Women's International Democratic Federation and the World Federation of Democratic Youth could be of assistance to the Economic and Social Council in its discharge of the functions assigned to it by the Charter;

Decides to grant category A consultative status to the Women's International Democratic Federation and the World Federation of Democratic Youth."

41. The PRESIDENT put the USSR draft resolution to the vote.

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

42. Mr. EL-TANAMLI (Egypt) explained that while he had voted in favour of the earlier USSR proposal to have the NGO Committee reconsider the status of the WIDF and the World Federation of Democratic Youth because he considered it procedural, he had abstained in the vote on the second USSR proposal because it had the effect of a decision on substance.

The meeting rose at 4.40 p.m.

³ Later distributed as document E/L.483.





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President : Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Czechoslovakia.

The representatives of the following specialized agencies: International Labour Organisation.

Access to Headquarters of representatives of non-governmental organizations

1. The PRESIDENT announced that Mr. Metall, the alternate representative of the International Labour Organisation on the Council, and Mrs. Metall had been the victims of a motor-car accident. He considered that he was expressing the feelings of all the members of the Council in wishing them a quick recovery.

2. He recalled that the Polish delegation had asked for further information (674th meeting) about the applications for visas to come to Headquarters for the session of the Council submitted by Mrs Luckock, representative of the Women's International Democratic Federation, and Mr. Dessau, representative of the World Federation of Trade Unions. He had contacted the United States delegation, which had consulted the competent authorities. The United States representative was now able to make a statement on the matter.

3. Mr. WADSWORTH (United States of America) said that the United States Government had been unable to grant Mrs. Luckock and Mr. Dessau the visas which they had requested. In connexion with the case, the United States had exercised the right to safeguard its security, which it had specifically reserved in section 6 of the Joint Resolution (Public Law 357), adopted by the 80th Congress, which authorized the Government to enter into the Headquarters Agreement, and in the United States representative's note of 21 November 1947 which had brought the Agreement into effect.

4. The United States Government was also replying to the Secretary-General's request for information

garding Mrs. Luckock, transmitted to it on 19 March 1953.

5. His Government had decided to refuse the visas only after having carefully considered the matter and in full recognition of its responsibilities towards the United Nations.

6. Mr. BIRECKI (Poland) stressed the importance of the statement which the Council had just heard. The Government of the host country was clearly pointing out that it refused to allow the representatives of WFTU and WIDF to come to Headquarters to take part in the Council's work. The texts cited to justify that position were not international agreements, but decisions adopted unilaterally by the United States. The Polish delegation considered that there was a flagrant violation of the Headquarters Agreement. The host country was trying to influence the work of the United Nations, and the Council should not remain indifferent to such attempted interference.

7. The Council had always drawn great benefit from WFTU's co-operation. It was on the initiative of that body that the Council had decided, six years before, to concern itself with the infringements of trade union rights. The vagueness and lack of precision in the reasons adduced by the United States Government to explain its decision would be noted. At the thirteenth session of the Council, the United States had already tried to refuse visas to two representatives of WFTU, without giving any specific reasons. At that time the Council had been able to persuade the Government of the host country to change its position. It seemed again necessary to make the United States understand that it must not interfere in the work of the United Nations by trying to influence it indirectly.

8. Mr. STERNER (Sweden) considered the matter to be important. He proposed that the Council should ask the Legal Department for an opinion on the legal aspects of the United States Government's decision.

9. Mr. BORIS (France) supported the proposal.

10. The PRESIDENT pointed out that the Legal Department could not form an opinion until it had taken cognizance of the statement made at the meeting by the United States representative and of the letter which the United States Government was sending to the Secretary-General.

11. Mr. KORNEEV (Union of Soviet Socialist Republics) thought that the Council must try to find some way enabling the WFTU representatives to participate in its work. WFTU had 80 million members in 60 different countries and was the most representative international trade union organization. It had made a substantial contribution to the work of the United Nations, particularly to that of the Council. In that connexion, he quoted a letter, in which the Secretary-General had recognized the value of WFTU's co-operation. He had stressed, in particular, that

WFTU had transmitted most interesting information to the United Nations and had drawn attention to facts which governments had not mentioned. It was due to WFTU's action that the United Nations had concerned itself with the infringements of trade union rights and had recommended the application of the principle of equal pay for equal work. That action was in strict conformity with the letter and spirit of the Charter. The Secretary-General had added that WFTU had always seriously and competently performed its assignments within the framework of United Nations work.

12. For all those reasons, he hoped that the President of the Council and the Secretariat would do everything they could to induce the United States Government to reconsider its decision on the visa applications.

13. The PRESIDENT drew attention to item 34 of the Council's agenda, "Admission of the representative of the Women's International Democratic Federation for participation in the Commission on the Status of Women, in accordance with the resolution adopted by the Commission", which was related to the point at issue. It would be expedient to discuss it at the earliest opportunity. He would submit a proposal to that effect as soon as the Legal Department could give its opinion on the compatibility of the United States Government's decision with the Headquarters Agreement.

Allegations regarding infringements of trade union rights received under Council resolution 277 (X) (E/2333 and Add.1-37, E/2333/Add.17/Corr.1, E/2333/Add.30/Corr.1, E/2335, E/2370, E/2371, E/L.471 and Corr.1 and E/L.484)

[Agenda item 17]

14. The PRESIDENT called upon delegations to take up the allegations regarding infringements of trade union rights and listed the documents on the matter before the Council.

15. Mr. KORNEEV (Union of Soviet Socialist Republics) recalled that trade union rights were fundamental human rights and that the matter which the Council was taking up concerned millions of organized workers. For those two reasons it deserved to be studied in detail. He had considered it to be his duty to stress the point in his capacity as representative of the USSR trade unions on his delegation.

16. It was unfortunate that since 1947, when the matter had first been submitted to the Economic and Social Council on the initiative of WFTU, the Council had adopted no resolution to defend the rights of the workers against the machinations of certain employers and governments. In all the capitalist countries there were systematic infringements of trade union rights. Governments adopted antidemocratic measures to limit the right to strike and the arbitrary arrests of trade union leaders were increasing. Yet the General Assembly had adopted resolution 128 (II) at its second session, in which it had recognized that trade union freedom of association was an inalienable right, the exercise of which was essential to improvement of the life of the workers and to their economic well-being. It was clear from the communications received by the Council that the governments of the

capitalist countries completely disregarded such considerations.

17. He would confine himself to underlining some facts which were sufficient to show the seriousness of the situation. WFTU had mentioned the illegal arrest in France of Mr. Alain Le Léap, Secretary-General of the General Confederation of Labour, who had been imprisoned for his activities against war (E/2333/Add.15). The same organization had protested against the murder in Tunisia of Mr. Ferhat Hached, Secretary-General of the UGTT (E/2333/Add.24). Several trade union organizations had drawn the Council's attention to the attitude of the French authorities in Tunisia and Morocco (E/2333/Add.1, 2, 12, 13, 20, 28, 31, 33 and 34). In France, the Government was persecuting the trade unions. There was a series of searches and arrests; it was known further that a warrant had been issued for the arrest of Mr. Benoit Frachon.

18. The Italian authorities for their part were preventing Mr. Giuseppe di Vittorio from carrying out his duties as President of WFTU (E/2333/Add.8). In Italy, 136,000 workers had been dismissed between 1949 and 1952, 5,000 of whom had been trade union leaders. Fifty-three thousand workers had been tried and 24,000 sentenced: their sentences totalled 75,000 months of imprisonment. During the same period, 38 workers had been killed in the course of strikes and social disturbances. There had been violent disorders in November 1952 in the Salerno area, where the police had displayed unprecedented brutality.

19. The same atmosphere prevailed in the United States, as the allegations of the Federation of Greek Maritime Unions (E/2333/Add.21) and the Trade Union International of Seamen, Inland Waterway Workers, Fishermen and Port Workers (E/2333/Add.26) showed. An anti-trade union act, the Taft-Hartley Act, was in force in that country. Prominent United States personalities had themselves recognized its iniquitous character. Senators had not hesitated to state that the Act was designed to suppress trade union freedoms and, according to the *New York Herald Tribune* of 4 March 1953, members of Congress had asserted that the Taft-Hartley Act was unfair and despotic.

20. WFTU had pointed out that terroristic methods were being used against trade union leaders in Japan (E/2333). The same was true of Western Germany, where the Bonn authorities had reintroduced hitlerite anti-labour legislation on 19 July 1952, thus depriving the workers of the legitimate benefits they had won back after the collapse of nazism. That was the situation in the capitalist countries.

21. It was quite different in the USSR. There the trade unions enjoyed the fullest freedom and played an important part in the country's economic and social life. There was no exploitation of the workers; the means of production, the factories and the means of transport belonged to the people and not to a capitalist caste. Workers in the Soviet Union worked for themselves in the communal interest and not to provide selfish exploiters with gigantic profits. The Constitution and Labour Code guaranteed every citizen full trade union rights. Article 126 of the Constitution specifically proclaimed the right of association; article 151 of the Labour Code defined the role of the trade

unions and recognized their legal capacity to negotiate and conclude agreements on behalf of the workers. The Central Labour Council prepared bills on all matters pertaining to the working masses and submitted them to the legislature; it ensured that the legislation in force was respected. In the factories, the works councils carried out important duties; article 158 of the Labour Code recognized their right to represent the workers and employees and to defend them before the administration. They were also entitled to refer to the authorities whenever the physical and material interests of the workers were at stake both in connexion with their wages, security and insurance and in cultural needs and general welfare. In the USSR no labour legislation was adopted without the prior agreement of the trade union organizations.

22. Many advantages were enjoyed by workers in the Soviet Union as a result of the social insurance legislation, and under the Act of 10 September 1933 the administration of social insurance had been entrusted to the trade unions. The Soviet trade unions administered 1,300 holiday camps, sanatoria and nursing homes; in 1952 more than four million workers had thus been able to recuperate at very small or no cost.

23. In addition workers in the Soviet Union were entitled to a large number of benefits. Like the rest of the population, they were given free medical care. In the case of sickness or professional disability, miners, chemists, iron and steel workers and workers in certain other industries received benefits which might amount to 80 or even 100 per cent of their wages.

24. In the USSR the workers did not pay any social insurance contribution; the assets of the Social Insurance Fund, which was responsible for paying all benefits, were composed entirely of the contributions of enterprises and organizations. In 1952 the budget of the miners' trade unions had been almost 2,000 million roubles, and that of the textile workers' unions almost 1,000 million roubles. The total expenditure on social insurance in 1952 had been 21,400 million roubles, or two and a half times as much as in 1940.

25. In the face of those facts, all the efforts of the International Confederation of Free Trade Unions to make the world believe that trade union rights were not respected in his country were doomed in advance.

26. There was no better proof that such allegations were pure slander than the testimony of many trade union leaders and workers' delegations which had visited the Soviet Union. In that connexion various passages from a report by Mr. James Carey, who had visited Russia in 1945, would be cited. That American trade union leader could not be suspected of the slightest sympathy for the Soviet Union, but he had been unable to refrain from noting how much attention was paid to the workers' interests in the Soviet Union or from stating that everything that he had seen had merely increased his pride at being linked to the Soviet trade union movements through the World Federation of Trade Unions. Furthermore, Mr. Philip Murray himself had written a preface to Mr. Carey's report in which he had emphasized its importance for anyone who wished to learn the truth about the Soviet trade unions and had expressed the hope that the information in the report would help to lessen hostility

towards the Soviet Union and re-establish the friendship which was so necessary for world peace.

27. A passage from a report published by a delegation of Canadian workers which had visited Russia in 1952 denied the assertion that the Soviet trade unions were controlled by the State; on the contrary, they played a decisive role not only with regard to the welfare of the workers, but also in matters of legislation.

28. His delegation had nothing to fear from a comparison between the situations of the workers in the USSR and of the workers in the capitalist countries. It asked the members of the Council not to shirk their responsibilities. The Council had no right to disregard the allegations of infringements of trade union rights contained in the many communications it had received. The workers' right to organize was inalienable. The trade unions should be protected against any interference by any State authority. It was inadmissible that it should be possible to disperse trade unions or close them down simply by administrative or legal decisions, or that the workers' leaders should be obliged to answer for their trade union-activities before the courts. Lastly, the power of the trade unions to unite in federations or confederations must be ensured, together with their right to join together in international bodies.

29. Mr. MICHANEK (Sweden) recalled that, ever since Sweden had been a member of the Economic and Social Council, it had always maintained that no allegation regarding trade union rights should be examined in substance until the government concerned had first had an opportunity to submit its observations. Since employers, workers and governments were represented in the International Labour Organisation, it seemed to be the most appropriate body to consider allegations received by the Council. Sweden had therefore approved the Council's decision to transmit all complaints against States members of the International Labour Organisation to the International Labour Office.

30. The Council's debates must not be allowed to degenerate into political recriminations and the governments against which accusations had been made should not be condemned without a hearing. The governments of Member States must show goodwill if they wished to contribute to the successful defence of human rights, of which trade union rights were an integral part. The procedure established by the Council would be successful only to the extent to which governments were prepared to abide by it.

31. His delegation was happy to note that on that point it was in full agreement with the United Kingdom representative. The draft resolution which the Swedish and United Kingdom delegations were submitting to the Council jointly (E/L.484) was not intended to introduce any major changes in the decisions that the Council had already adopted. Part I of the draft resolution merely recalled the procedure laid down in the resolutions adopted at previous sessions; the last paragraph alone contained an innovation in that the Secretary-General would be requested, in future, to forward any allegations relating to States members of ILO whether Members of the United Nations or not, directly to the Governing Body of ILO. The Council should not undertake a preliminary consideration of allegations simply because they had been

addressed first to the United Nations. In any event, such allegations would come before the Council again and the revised procedure would certainly save time. As for allegations against States not members of ILO, his delegation hoped that the governments concerned would co-operate fully with the United Nations.

32. He felt that there need be no lengthy discussion of the proposed procedure, and hoped that the members of the Council would agree to it. The Council would have an opportunity to reconsider the question at its sixteenth session and it might be presumed that, by then, the views of ILO and of the Commission on Human Rights—which would doubtless have finished its work on the covenants on human rights—would be available.

33. It would serve no useful purpose at that juncture to follow the suggestion of the International Confederation of Free Trade Unions (E/C.2/343) that a special committee should be established to consider which cases were worthy of examination by the Council. It was doubtful whether such a committee would be able to do more than the Council itself. The Swedish delegation would not, however, object to considering ICFTU's proposal later in the debate.

34. Mr. MEADE (United Kingdom) said that he had little to add to the Swedish representative's statement.

35. He emphasized that the draft resolution adhered closely to the general procedure already established for the consideration of the three main classes of allegations. The only innovation—in the third paragraph of part I—was not revolutionary: precious time would be saved by empowering the Secretary-General to forward allegations immediately to the Governing Body of ILO.

36. In connexion with part II, he hoped that the Soviet Union would review its attitude and agree that the allegation relating to it should be considered in accordance with the provisions of Council resolution 277 (X).

37. He expressed the same hope with regard to part III, which referred to allegations relating to Spain and Romania.

38. Since the Allied Military Government of Trieste had submitted a reply (E/2335) disposing of the allegation relating to it and showing clearly that it was misconceived and irresponsible, he did not think that there should be any objection to part IV.

39. Lastly, he referred to the document (E/C.2/341) in which the World Federation of Trade Unions accused the Council of having evaded its obligations by deciding to refer the allegations submitted to it to ILO so that the latter body could make the necessary inquiries—which, incidentally, it was highly competent to do. By adopting resolution 277 (X) the Council had, on the contrary, proved that it did not mean to evade its responsibilities. It was the WFTU that had shown that it had absolutely no sense of responsibility by failing to consider the substance of the problem seriously and attempting to exploit it solely for purposes of political propaganda.

40. He hoped that the Council would adopt the draft resolution, the only purpose of which was to establish a procedure which would make it possible to expedite its work.

41. Mr. EZZAT (Egypt) said that he intended to speak later on the procedure to be adopted in considering allegations of infringements of trade union rights. For the moment he would confine himself to the accusations against the Egyptian Government in the communication from the Arab Trade Union Congress, Nazareth (Israel) (E/2333/Add.11).

42. After expressing his astonishment that there were enough Arabs in Israel to form a trade union, he stated that the accusations contained in the communication to which he had just referred were false and slanderous. The communication wilfully exaggerated an incident which should be reduced to its true proportions. There had on that occasion been no disorders caused by the dismissal of workers. A single incident had occurred when one worker had been suspended because he had insulted some nurses while they were on duty. There had been no labour dispute between employers and workers.

43. In any case, it was quite inadmissible in any well-ordered society that demonstrators should sack and pillage in defiance of the law on the pretext of ensuring justice for themselves. Courts capable of dealing with any possible dispute existed. The Ministry of Labour had offices in all the major towns, which had the necessary experience to deal with labour questions. Furthermore, Egypt had labour laws safeguarding the rights respectively of workers and employers. The right to form trade unions was guaranteed (Act No. 85 of 1942), wages were protected (Act No. 41 of 1944) and the system of collective bargaining was provided for by law (Act No. 76 of 1950).

44. Subsequent investigation had shown that the incident that had occurred on 8 August 1952 in an important textile centre near Alexandria had been prepared and organized by subversive groups. During the riot, in the course of which armed groups had forced the gates of a factory and had sacked and set fire to workshops, the police forces attempting to re-establish order had been attacked and a policeman and two soldiers had been killed. The damage had amounted to approximately 100,000 Egyptian pounds, or \$280,000. Following the riot, 29 persons had been arrested; two had been sentenced to death for having organized and led the riot and 14 had been freed. A number of persons had been sentenced to imprisonment.

45. Having placed the facts in their true perspective, he concluded with the hope that the Arab trade unions in Israel and their members would one day have the same rights as their Egyptian brothers.

46. Mr. LANZA (Uruguay) wished to make certain comments on the subject of trade union rights in Uruguay; he did so only because the allegations submitted to the United Nations by the Confederazione Sindacata Uniti in the Free Territory of Trieste (E/2333/Add.16) referred to a strike by the transport workers at Montevideo and denounced the measures taken by the Uruguayan Government.

47. Uruguay scrupulously respected the highest principles of social justice and had adopted a labour code of which it was justly proud. The allegation in question was such that his delegation felt compelled to make a short statement in reply.

48. The working classes in Uruguay had for many years enjoyed an unrestricted right of association and

the right to strike. However, the exercise of those rights had recently jeopardized the smooth functioning of the most essential public services. In March 1952 a large number of officials of the Ministry of Public Health had gone on strike in support of a demand for higher wages. Subsequently, the workers had engaged in a series of actions which had evidently been instigated from outside the country. That was why the Executive Authority, faced with imminent work stoppages or even a general forsaking of posts in the services under the Central Administration and of the autonomous State monopolies, had stated on 28 August 1952 that it would punish offenders either by applying administrative measures or by taking over the Judicial Authority.

49. Under article 168 of the Uruguayan Constitution, responsibility for public order and national security devolved upon the National Council of Administration. The National Council was authorized to take immediate steps to deal with aggression or internal disorders, subject to its submitting a report to the General Assembly or the Permanent Commission within twenty-four hours.

50. Despite the Executive Authority's warning, the public utilities had been practically paralyzed early in September 1952. The Executive Authority, realizing that it was faced with a crisis in discipline which was endangering the stability of institutions and the social order, had been compelled immediately to apply the security measures provided for under the Constitution. Parliament had supported it almost unanimously. Those measures having been taken, the essential public services had continued to function without interruption. All the officials and workers had immediately returned to work under the conditions prescribed by law. Before the end of September the National Council of Administration had suspended the application of the measures it had taken. There had been no regrettable incident.

51. Uruguay was a truly and deeply democratic country. The Government had applied only such constitutional measures as ensured a just balance of the rights and freedoms of each individual. Like French legislation, which was a model in matters of civil rights, Uruguayan legislation stipulated that the exercise of the right to strike, recognized in the Constitution, should not jeopardize public order. Freedom of association and the right to strike were not endangered when the Government, strictly as an emergency measure, had to take steps to maintain order and ensure the functioning of the essential public services. All those who knew Uruguay, where everyone enjoyed absolute freedom of movement, could testify that the rights of all the workers were scrupulously observed there.

52. The Uruguayan delegation could not remain silent before the allegations of the Confederazione Sindacati Uniti of the Free Territory of Trieste in connexion with an isolated incident which had had no repercussions but might mislead those who were unaware of Uruguay's tradition in civil rights and labour legislation. In that connexion, he read article 57 of the Uruguayan Constitution relating to the organization of trade unions, the establishment of courts of mediation and arbitration, and the right to strike.

53. Mr. FENAUX (Belgium) said that his country had always been keenly interested in trade union

rights and paid particular attention to allegations of infringements of those rights; the frequent interventions of the Belgian delegation were evidence of that interest. It would be recalled that it had been on the initiative of Sweden and Belgium that the Council had adopted resolution 351 (XII) which had carefully regulated the procedure for the examination of allegations on the basis of resolution 277 (X).

54. That procedure had functioned as satisfactorily as the means of action available to the Council had permitted; in regard to States which did not come within the purview of the United Nations, the Council's authority was in fact purely moral. Experience had shown, however, that the transmission to ILO of allegations against its members had functioned too slowly, in view of the fact that allegations received by the Secretary-General had first to be submitted to the Economic and Social Council. The Council was, however, ill-equipped to examine such allegations and had to entrust that task to a body with the requisite expert knowledge. The Governing Body of ILO had all the necessary authority and its membership appeared to provide the necessary guarantees that it would act objectively in deciding on the admissibility of allegations and in transmitting them to the Fact-Finding and Conciliation Commission on Freedom of Association after notifying the government against which the allegation was directed.

55. At its tenth session, the Council had decided by a large majority — twelve out of the fifteen members present — to accept, on behalf of the United Nations, the services of ILO and its Fact-Finding and Conciliation Commission (355th meeting). The Council had had no cause to regret its decision; ILO undertook a very careful examination of allegations on the basis of the relevant documents, reports from its local correspondents, the reply of the government concerned and tripartite discussions.

56. For those reasons the Belgian delegation supported the joint draft resolution (E/L.484), part I of which amended the provisions of resolution 277 (X) and authorized the Secretary-General to forward allegations to ILO directly. It might be objected that such a procedure would deprive the Council of an opportunity of examining complaints. He had already answered that objection in advance by pointing out that the Council was ill-equipped to examine complaints and should confine itself to those which it was absolutely impossible to refer to a specialized agency. The real danger would be for the Council to allow itself to be drawn into a discussion of all cases on a strictly political basis, a regrettable procedure which consisted in using infringements of trade-union rights as a pretext for raising controversial issues and for attacks on different political systems.

57. The Belgian delegation did not consider that the Council would be abdicating its authority by entrusting to the most highly esteemed of the specialized agencies the task of examining allegations which it itself was not competent to appraise with the necessary objectivity. The Council's role should be to lay down the guiding principles and the general policy; there was no question of its abandoning that role.

58. The remaining sections of the joint draft resolution merely called for the implementation of the procedure already established, as the United Kingdom

representative had pointed out. The operative part of section II had been drafted in terms which were extremely moderate, having regard to the default of the government concerned. The Belgian delegation had no comments to make on the allegations referred to in the other sections. It would vote for the draft resolution, as a whole, submitted by the United Kingdom and Sweden.

59. The PRESIDENT called upon the representative of the International Confederation of Free Trade Unions to make a statement.

60. Miss SENDER (International Confederation of Free Trade Unions) said that the nature of a society was determined by the part played by its workers. That part had changed considerably since the beginning of the century and was still developing. The aim was to ensure that the workers should participate as fully as possible in decisions as to their role in production and their own living conditions. It was in that spirit that the Economic and Social Council, in its resolution 277 (X), had decided, in co-operation with the International Labour Organisation, to institute a procedure to deal with allegations regarding infringements of trade-union rights.

61. Those who had contributed to the establishment of the procedure had known perfectly well that it was an entirely new approach and chiefly in the nature of an experiment. It had been clear to them that the procedure would require review and possible change. The chief difficulty appeared to be the definition of "infringements of trade-union rights". Indeed, it was often difficult to make a clear distinction between political and purely trade-union matters. That was obvious from the number of vague communications with which the Council had been bombarded.

62. The ICFTU, for its part, had done its best to submit to the Council only strictly trade-union matters, within the meaning of the agreement reached between the United Nations and the ILO. However, it had to state that it had not been completely satisfied with the functioning of the system. In fact, many allegations presented by ICFTU were still pending, despite the fact that they had been submitted with complete impartiality and had been based on absolutely trustworthy information. Among them were the allegations concerning Argentina (E/2154/Add.2, and 33), in which ICFTU referred to certain decrees and pointed out that their effect was to suppress most of the trade-union rights in Argentina. Although the first allegation was dated 7 December 1951, no action had so far been taken on it. That was also the case with respect to the allegations concerning Venezuela (E/2154/Add.25 and 47, E/2333/Add.22) and to a communication from the General Workers' Union of British Honduras (E/2333/Add.27) which said that the Government was infringing freedom of association. The last, however, was a relatively recent allegation and the observations of the colonial Power concerned had not yet been received.

63. The first allegations presented by ICFTU had been in connexion with infringements of trade-union rights in the Soviet Union. On 2 July 1948, ICFTU had transmitted to the United Nations a communication (E/841) setting forth violations of trade-union rights in the USSR in great detail. That document had been communicated to the Government of the Soviet Union,

as had been a communication dated 26 December 1950 (E/1882)¹ and a more recent allegation which had brought additional information to the Council's notice. The ICFTU now had very full data which showed that the so-called trade unions in the USSR were completely dominated by the Communist Party.

64. At its seventh session in September 1938, the All-Union Central Council of Trade Unions of the USSR had adopted a provision designed to strengthen the party's position in the trade unions. *Trud* (organ of the Central Council) had stated on 15 September 1938 that all trade unions functioned under the direction of the Communist Party, which alone guided the workers of the Soviet Union in their struggle to strengthen and improve the socialist order. Thus, the subordination of the trade unions to the Communist Party was assured by their own by-laws.

65. At its thirteenth session, the All-Union Central Council of Trade Unions of the USSR had listed the tasks before the trade unions. Although the list was too long to be quoted in full, a partial extract was certainly enough to show that the trade unions exercised their functions mainly in the social services and in communal services.

66. According to *Trud* of 19 February 1947, the purpose of collective agreements was to ensure fulfilment and even over-fulfilment of the targets of the State's production plan by the Industrial establishment concerned. The chief provision of the contracts was therefore an increase in the output of every worker. *Trud* stated further that labour discipline must be strengthened, as without that the obligations laid down in the collective agreements could not really be discharged. *Pravda* had stated on 21 February 1947 that any change in the workers' wage system could be made only by decision of the Government. That rule applied even when collective agreements had been concluded. However, that did not mean that management and labour in industrial establishments should not be concerned with wage questions; they should endeavour to create conditions which would bring about an increase in labour productivity and, consequently, an increase in wages.

67. Those excerpts clearly showed that the character of the trade unions in the USSR had not undergone any basic change for a long time. The trade unions received their instructions from the Communist Party and their chief task was to discharge administrative functions unrelated to the fundamental question of wages and hours of work. Thus, trade unions in the USSR did not play the part generally expected of organizations devoted to the defence of trade-union rights. However that might be, the United Nations was not at the moment in a position to investigate the exercise of trade-union rights in the Soviet Union and the peoples' democracies.

68. ICFTU felt that the Economic and Social Council should consider, and if possible, solve the following two problems: First, in order to protect the Council from being bombarded with allegations not always relevant or justified — relating to infringements of trade-union rights the United Nations should, in co-operation with the ILO, establish criteria with regard to the contents of the allegations. The criteria should be such

¹ See *Official Records of the Economic and Social Council, Twelfth Session, Annexes, agenda, item 14.*

as not to lend themselves to too broad an interpretation. Secondly, ICFTU had submitted a statement (E/C.2/343) on the treatment of allegations of violations of trade union rights in States Members of the United Nations but not members of the International Labour Organisation. The Soviet Union had not replied to the communications transmitted to it under Council resolutions 277 (X) and 351 (XII) and the present procedure clearly favoured Member States not members of ILO which did not agree to refer a case to the Fact-Finding and Conciliation Commission established by that agency. That was why ICFTU suggested a procedure similar to that applied by ILO in considering allegations presented against Member States which did not belong to ILO. The Economic and Social Council might set up a committee which would: (a) determine whether the cases presented were worthy of being considered by the Council and make a recommendation in

that connexion; (b) assuming that the cases were worthy of being submitted to the Council, recommend suitable measures of a different type designed to safeguard the rights relating to freedom of association which were involved.

69. ICFTU hoped that the Council would consider that problem and that it would find a way to restore equality in the treatment of all cases of allegations regarding infringements of trade union rights. Should the Council not consider it advisable to study ICFTU's suggestion at its current session, she could only hope that the Soviet Union and some other countries would reply to the communications forwarded to them under the provisions of Council resolution 277 (X) and 351 (XII) before the sixteenth session.

The meeting rose at 12.45 p.m.





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President: Mr. Raymond SCHEYVEN (Belgium.)

Present:

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

Observer from the following country: Chile.

The representative of the following specialized agency: International Labour Organisation.

Allegations regarding infringements of trade union rights received under Council resolution 277 (X) (E/2333, E/2333/Add.1-37, E/2333/Add.19/Corr.1, E/2333/Add.30/Corr.1, E/2335, E/2370, E/2371, E/L.471 and Corr.1, E/L.484, E/L.488 and E/L.489) (concluded)

[Agenda item 17]

1. Mr. WADSWORTH (United States of America) observed that since the present procedure for dealing with allegation of infringements of trade union rights had been in existence, sixty-eight such allegations had been submitted to the Economic and Social Council or the International Labour Organisation. Two major facts had emerged: first, the ILO had given careful consideration to the cases referred to it and in a number of cases had been able to obtain the co-operation of governments in acting to remove obstacles in the way of freedom of association. It had effectively used persuasion and discussion as a means to achieve greater freedom of association. It therefore seemed desirable that any allegation of infringements of trade union rights against members of ILO should be referred to that organization as quickly as possible. Part I of the draft resolution submitted by Sweden and the United Kingdom (E/L.484) would achieve that end and the United States would therefore support it. Its adoption would not deprive the Council of the right to discuss any particular case, as it could do so at any time on the basis of the ILO report. The proposed procedure would put into effect the provisions of resolution 277(X) and would save time and expense.

2. The second fact, which had presented a difficulty, was that three States, the USSR, Hungary and Czechoslovakia, had failed to co-operate by answering communications. A well-documented case against the

USSR had been presented by the ICFTU nearly two and a half years previously.¹ The Soviet Union had been asked three times to submit observations on the allegations but had failed to reply.

3. The fact that the Soviet Union recognized the Council's competence in the matter of trade union rights had been made clear by their representatives at various sessions of the Council — notably the ninth, the twelfth and the current one. The interest shown in the subject by the USSR and its recognition of the Council's competence would be helpful signs if it were not for the fact that that country apparently considered that the tests it agreed to apply outside the Soviet Union must not apply inside its territory.

4. The representatives of the USSR Government defined the attitude that would be taken by the Soviet trade unions with a positiveness that appeared strange if those unions were indeed free and independent, as they alleged. Furthermore, the Soviet Union's concern for the defence of trade union rights was not only limited to non-communist countries; it seemed to think that such rights should also be limited to those countries. Apparently the view of the USSR was that workers outside the Soviet bloc were entitled to better conditions than those within it.

5. The inconsistency of the arguments of the representative of the Soviet bloc was revealed at every turn. The representative of the USSR had described to the Council in detail the rights trade unions should have in non-communist countries. Those were sound concepts which could be generally accepted. There was one fundamental right on which all the others were based — the right to exist and to organize freely. That fundamental right did not exist in the Soviet Union. It was granted only in conformity with state concepts and subject to governmental interpretation of the interests of the working people. The Soviet Labour Code and conditions, about which the ICFTU had complained, demonstrated the realities of the situation. The truth was that there were no free trade unions in the USSR in the sense of the ILO Convention and in the commonly accepted meaning of trade unionism. The Constitution of the USSR deprived workers not only of the right to organize freely but also of the right to strike. Workers voluntarily leaving a state co-operative or communal enterprise were brought to trial and were liable to be sentenced to two or more months' imprisonment, while mere absenteeism was punishable by correctional labour up to six months with a reduction in wages of up to 25 per cent.

6. The Council had waited for two years for the USSR to co-operate in the examination of the allegations lodged against it. The time had come when the Council should consider taking further steps in

¹ See *Official Records of the Economic and Social Council, Twelfth Session, Annexes*, agenda item 14, document E/1882, IV.

the matter. The USSR had attempted to use the question of trade union rights as a political weapon against the non-communist States. The Council would be remiss towards the States which had co-operated with it and with the ILO if it did not take some definite action.

7. Unless there was a change of attitude on the part of the USSR it would seem that a point had been reached at which the alternative action called for by Council resolution 277 (X), paragraph (c) (iii) had become imperative. Several courses were open to the Council. The ICFTU had proposed that cases should be examined by an *ad hoc* committee appointed by the Council. That was the procedure adopted by ILO, and it had much to recommend it. Or the Council might give the allegations the widest possible publicity and draw the world's attention to the fact that the USSR had consistently refused to co-operate with the United Nations on an issue of importance not only to the USSR but to all Member States and to workers throughout the world.

8. The joint draft resolution was evidently inspired by the hope that the USSR might yet be willing to co-operate with the United Nations. The United States delegation was not willing to commit itself at that stage of the debate. Its final decision would be dictated by the course of the debate and particularly by the attitude of the USSR delegation.

9. The Soviet Union representative had spoken eloquently of his country's social security system, welfare measures, sickness and death benefits and similar matters. It was not those issues, however, that were before the Council. All the members of the Council could describe the social security systems of their own countries. The social security system of the United States gave American workers a higher standard of living than that of Russian workers; that, however, was not the point. The point was whether in the USSR there were trade unions and whether they were or were not under the direction of the State and of a single party which represented a small minority of the Russian people. No answer had been vouchsafed to those questions except assertions that the allegations of the ICFTU were lies and slander. That seemed to indicate that there was substance in those allegations.

10. In reply to the remarks made by the USSR representative and that of the WFTU regarding conditions in the United States, he said that similar allegations had been made at earlier sessions of the Council and that the Council had decided to transmit them to ILO. The United States Government had communicated to ILO full and detailed replies and in each case ILO had found the allegations to be without foundation. If new allegations were transmitted to ILO, the United States Government would again fulfil its obligations and submit complete replies.

11. The Taft-Hartley Act, as was well known, had been arrived at by democratic processes and under democratic guarantees. At the present time steps were being taken to improve it. Senator Taft had himself suggested nearly fifteen amendments to the Act. It was also well known that membership of the American labour unions was higher than it had ever been, as was also the standard of living of their members.

12. He considered the draft resolution dealt appropriately with the remaining cases before the Council.

He stated that the resolution would keep all but the Trieste case before the Council for review. It was the expectation of the United States that the Secretary-General would continue to report to the Council on the degree of co-operation received. In the United States view, that could be done once a year when the Council considered the report of ILO.

13. Mr. BIRECKI (Poland) said that the large number of allegations of infringements of trade union rights showed that fundamental rights were being denied in more and more countries and that certain governments were intensifying their action against the working classes. Twenty-eight of the allegation dealt with the arrest, imprisonment, deportation and even murder of trade union leaders. There were complaints about conditions in Tunisia and Morocco, as well as complaints from countries that were not under foreign domination. On various pretexts the most highly respected leaders of the workers had been imprisoned. In the United States, for instance, the majority of the workers were subject to persecution. The Taft-Hartley Act was so unpopular that the authors had had to introduce amendments during the electoral campaign.

14. It was the Council's duty to shoulder its responsibility to protect trade union rights throughout the world. The Council should not be unduly influenced by representatives who spoke of trade union rights in their own countries and at the same time advocated a procedure of passing the allegations to ILO and taking no action on them. The history of ILO showed the fate that befell allegations of violations of trade union rights referred to that organization.

15. From the beginning of the Council's existence, the WFTU had proposed that the question of the infringement of trade union rights should be placed on the Council's agenda and in 1947 the Council had decided to accede to that request.

16. The Government that wished allegations to be referred to ILO and that attacked the WFTU was the same Government that was refusing visas to representatives of the WFTU. That fact showed more clearly than any words what the real situation in the United States was.

17. The Polish Government would welcome a public examination of the question in the Economic and Social Council in order that public opinion might be enlightened.

18. Allegations submitted to ILO were simply filed away. In one case where a working class leader had been killed, the excuse for taking no action had been that his name was wrongly spelled and that there was some doubt of his identity. Another example of the "justice" of the ILO was that, when charges had been made regarding conditions in France, the authority who had been chosen to decide whether or not those charges should be studied was Mr. Ramadier, a Frenchman.

19. In every case the explanation offered by the government concerned was accepted without question. The tripartite basis of ILO ensured a majority of employers and government representatives. Some of the most powerful trade unions in various countries were not represented in ILO.

20. The suggestion that allegations of infringements of trade union rights should be passed to ILO was not the only stratagem designed to prevent public opinion

from being enlightened. Another method was the slandering of the trade union movement in the USSR, as illustrated by the speech of the United States representative. His efforts to slander the trade unions of the People's Democracies showed that there was no real evidence to support his arguments. As for the ICFTU, it did not attempt to defend the interests of the workers but merely sought new slanders against the USSR and the People's Democracies. All well-informed people knew that the Governments of the USSR and the People's Democracies carried out the desires of the workers by improving their standard of living, and that no obstacle was placed in the path of such improvement, as it was in the capitalist countries.

21. The procedure suggested in the draft resolution was illegal and prejudicial to the United Nations and contrary to the interests of the workers.

22. Mr. JUNG (India) said he was inclined to share the view of the Swedish representative that the trade union rights the Council was discussing formed an important part of human rights and needed protection. The Council had not, however, so far evolved any adequate procedure to deal with such cases. On the other hand, there was little the Council could do except to discuss concrete cases submitted to it. He was not altogether satisfied with the new proposal that allegations of infringements of trade union rights should be automatically referred to ILO, as that procedure would prevent the Council from taking cognizance of the cases. One great advantage, however, would be the saving of time, and to that extent he would support part I of the draft resolution (E/L.484), on the understanding that a summary of the allegations referred to the ILO would be submitted to the Council for information or discussion as the Council might wish. He was submitting a formal amendment to that effect which would add the words "provided a summary of allegations so referred is submitted to the Council for information or discussion, as the Council might wish" at the end of the last paragraph of part I (E/L.488).

23. With regard to parts II, III and V, so long as allegations were not inspired by political motives the questions relating to infringement should always be answered by the government concerned.

24. A slightly different phraseology was used in part II from that of parts III and V, the words "Noting with concern" being used in the former and "Noting" only in the other two cases. That discrepancy should be rectified.

25. He asked that the draft resolution should be put to the vote paragraph by paragraph.

26. The PRESIDENT called upon the representative of the World Federation of Trade Unions to make a statement.

27. Miss KAHN (World Federation of Trade Unions) stated that her organization felt obliged to express, in the name of its 80 million members, the members of other trade union organizations and of all unorganized workers, its concern at the implications of the joint draft resolution before the Council.

28. The WFTU did not agree with the majority of Council members as to whether the ILO was the most competent organ to deal with trade union rights. United Nations bodies had, in recent months, recognized the seriousness of the problem of trade union

rights and the WFTU would regard a failure by the Council to face the problem squarely as extremely disturbing. The infringement of trade union rights vitally affected the economic and social development of the world and was of vital consequence to the Council.

29. The complaints brought before the Council did not pertain to the normal conflicts of labour with management over wages, hours and working conditions. In virtually every case they related to the abrogation of the most fundamental rights of workers to organize, to maintain unions, to carry on their activities, to hold meetings, to elect their own representatives, to participate in international labour bodies and to function as organized groups. Groups and individuals whose fundamental rights were violated inevitably expressed their resentment. The WFTU hoped that the Council would examine what lay behind those complaints.

30. In that connexion she referred to the complaints mentioned in documents E/2333/Add.10, 17, 21, 30, 35 and 36, dealing with denial of trade union rights to workers in Greece. Similar charges had been studied by ILO and the main tenor of the conclusions reached by ILO appeared to be to congratulate the Greek Government on its clemency in suspending death sentences and replacing them in many cases with life imprisonment. If the situation had really improved and trade union rights had been restored, as stated by the Greek Government, the WFTU would be satisfied, but that was not the case and it was therefore unable to accept or be satisfied by the findings of ILO or the statement of the Greek Government on the matter (E/2371).

31. A similar situation existed with regard to the WFTU complaint against the Union of South Africa (E/2333/Add.7). That complaint had been submitted to the Council after the trade unionists of South Africa had appealed for world support in their struggle against the anti-union *apartheid* laws promulgated in that country. Since the events referred to in the complaint, the situation had worsened. Several of the union leaders had been sentenced to imprisonment on charges of violating arbitrary orders abridging trade union rights. The *Ad Hoc* Political Committee of the General Assembly had heard statements on the question² and the trade union movement had rallied to unite for the defence of all workers irrespective of race or colour. Surely the seriousness of that situation warranted the Council's attention.

32. No group of complaints showed more convincingly to what extent trade union rights were withheld in certain countries than the group concerning Morocco and Tunisia (E/2333/Add.1, 2, 12, 13, 20, 23, 24, 28, 31, 32, 33, 34 and 37). The Council would recall the horror with which the news of the assassination of Farhat Hached had been received. Specific reference to the trade union situation in Tunisia and Morocco had been made in the First Committee by the representatives of Afghanistan, Egypt, India, Indonesia, Iraq, Lebanon, Pakistan, Saudi Arabia, Syria and Yemen,³ who had stressed the relationship of their allegations to basic economic factors. Each of them had illustrated the regrettable fact that the trade unions

² See *Official Records of the General Assembly, Seventh Session, Ad hoc Political Committee*, 13th to 21st meetings.

³ *Ibid.*, *First Committee*, 543rd, 547th, 550th, 548th, 550th, 547th, 552nd, 551st, 546th and 551st meetings respectively.

in Tunisia and Morocco were denied fundamental rights, because they challenged the economic structure of those countries and the high profits reaped by the French colonists. That was clearly proved by the singular impartiality with which the trade union leaders of those countries had been attacked, arrested, harassed and prevented from travelling freely whether they belonged to the UGTT, Mr. Hached's organization, or to the USTT affiliated with the WFTU. She then drew attention to the detailed complaint presented in document E/2333/Add.1.

33. The seriousness of the situation in Tunisia and Morocco had been recognized by the General Assembly in resolutions 611 (VII) and 612 (VII). As pointed out in document E/C.2/341, the WFTU felt that the Council should call upon the French Government to permit the free exercise of trade union rights in Tunisia and Morocco.

34. In view of the fact that a proposal had been submitted to refer such complaints to ILO, she recalled the provisions of the ILO Constitution and the consequent inequity of referring to that body complaints concerning Non-Self-Governing Territories.

35. One case of the deepest concern to the WFTU was the illegal detention, since 10 October 1952, of its Vice-President, the Secretary-General of the French General Confederation of Labour (CGT), Mr. Alain Le Leap, as his arrest, together with that of other leaders of the Confederation on 24 March, seemed designed to undermine the leadership of an organization which represented the overwhelming majority of French workers. Mr. Le Leap had been imprisoned for six months and had been denied the constitutional right of bail and even the rights of a political prisoner. The nature of his interrogation before Judge Michel had clearly proved that the charge against him pertained to his trade union activities and beliefs. He was technically charged with undermining the morale of the army and nation and of activities designed to destroy the authority of France in territories for which it was responsible. He was in peril because of his militant leadership of the Confederation in the struggle for improved conditions for all workers, for the right to work and for peace. Since his arrest, violations of trade union rights had increased in metropolitan France and in all French territories.

36. Just nine months previously, the Council had discussed (631st and 632nd meetings) the trial of Gregorio López Raimundo and twenty-six other leaders of the Barcelona strike. Tremendous world-wide pressure, including the attention given to the matter by the Council, had undoubtedly influenced the sentences imposed. A British barrister, Mr. David Widicombe, who had attended the trial, had stated that it had aroused unusual interest outside Spain, because the prisoners had been charged, among other things, with participation in the Barcelona strikes of March and May 1951 which had been the first open acts of opposition to the Franco régime.

37. The prisoners, who had been tried by a military court, had been charged with "the revolutionary activity of participation in the strikes of 1951". The *New Statesman and Nation*, of 27 December 1952, had carried a report that world protests had led to the liberation of twenty-three prisoners but that Mr. Raimundo had been transferred to the notorious Penal

del Dueso in Santander. Later information indicated that Mr. Raimundo's life was in danger, as he had been since brought to Madrid and imprisoned pending trial by a military court which was preparing a new charge against him.

38. The two documents before the Council dealing with Spain, E/2334/Add.4 and E/2334/Add.5, gave only a cursory picture of the situation, but it was scarcely necessary, after thirteen years of the Franco dictatorship, to recall the miserable plight of the Spanish workers. The Council, by adopting a firm position towards the latest outrageous attempt to re-try Mr. Raimundo and retain him indefinitely in prison, could save his life and obtain his freedom.

39. In connexion with the Saar, she recalled that the WFTU had defended, before the fourteenth session of the Council (648th and 649th meetings), the interests of the workers of the Saar, who had been denied the fundamental rights of collective bargaining and trade union recognition (E/2154/Add.43). The situation had deteriorated since then and the WFTU had filed a complaint (E/2333/Add.19, and Corr.1) against the attacks on the leadership of the Miners' Federation of the Saar. The general assembly of that union had taken note of those attacks and had adopted a resolution declaring that the police action in deposing the officials and raiding and seizing union offices and property on 20 November 1952 had in no way been warranted by the circumstances and had been incompatible with the union's statutes and with the law. The incident had aroused widespread concern in the Miners' Union of the Federal Republic of Germany. The fact that the leaders of the union had successfully obtained a temporary injunction did not relieve the Saar Government of its responsibility for the illegal raids of 20 November 1952.

40. That incident showed that the situation in the Saar continued to be extremely serious and warranted action by the Council to ensure that the Saar workers enjoyed fundamental trade union rights. The WFTU once again pointed out that it was speaking on behalf of all workers, irrespective of the fact that the Saar workers, whose case the WFTU had sponsored, were not affiliated with the WFTU.

41. By adopting the draft resolution under discussion (E/L.484), the Council would be relegating to a specialized agency functions which it should itself exercise, as the WFTU had pointed out in document E/C.2/341. To try to justify such a measure on the pretext that it would expedite action was hardly convincing, when one recalled that, under ILO procedure, no case had yet reached the Fact-Finding and Conciliation Commission. The ILO had dismissed every complaint submitted by the WFTU and virtually all complaints submitted by other unions on receiving explanations from the governments concerned.

42. The draft resolution would eliminate from the record the frequent expressions of concern by the Council about violations of trade union rights and would substitute an automatic procedure, which might simplify the situation for the Council but which would make it much more difficult for the workers concerned. Many of the complaints came directly to the United Nations from local unions which expected it to respect its obligations and to protect their rights. To transfer the complaints to ILO was not similar to referring

certain complaints to the Commission on Human Rights, as the latter was a subsidiary organ of the Council, whereas the former was a specialized agency.

43. The Belgian representative had stated that morning that the function of the Council should be one of policy-making, a view which she shared. The Council could fulfil that function in respect of trade union rights only if it continued to receive and circulate complaints and discuss, not just the report of ILO; but the entire trade union situation. A policy statement by the Council, calling on Member States to respect and defend trade union rights, was long overdue.

44. Mr. MUÑOZ (Argentina), with reference to part I of the draft resolution (E/L.484), said, that the Council was not the proper forum for discussing allegations regarding infringements of trade union rights directed against States members of ILO, as such allegations should be referred to ILO under Council resolution 277 (X). He wished to place on record the fact that there was no communication regarding his country for consideration by the Council. Part I of the draft established a procedure whereby such allegations would be sent automatically to the Fact-Finding and Conciliation Commission. He agreed with the procedure involved, but reserved his Government's attitude in the ILO.

45. He saw no reason for the reference, in part I, to resolutions 351 (XII) and 444 (XIV), particularly as the first paragraph of part I recalled the "procedures already adopted" in those resolutions and as resolution 444 (XIV) did not refer to States members of the International Labour Organisation.

46. As far as the substance of part I was concerned, he considered it to be the intention of the sponsors that documents referring to such allegations should not be circulated to members of the Council, but sent automatically to ILO.

47. He had certain doubts regarding the Indian amendment (E/L.488), as he considered that it conflicted with the principle of part I of the draft resolution. If his interpretation of part I was correct, he was prepared to vote for it subject to the reservations he had made.

48. In view of the fact that part II referred to a Member of the United Nations, which was not a member of ILO, it was worded in moderate terms. On the other hand, a State which was not a member of ILO but a member of the Council had the opportunity of replying, in the latter body, to allegations concerning it. Again, it was not expedient to request a written reply when it was known that the response would be negative.

49. The Council must also refrain from transforming a technical matter into a political issue. Lastly, whatever procedure was adopted with regard to allegations against Member States, not members of ILO, must have the agreement of the States concerned in order to be effective. For those reasons he would abstain in the vote on part II.

50. With reference to part III, referring to States which were not Members of the United Nations or of ILO, it was his delegation's firm belief that the United Nations could not create a category of States with certain obligations towards it but without any of the rights conferred by membership. Under Article 2, paragraph 6, of the Charter the sole exception was that

the United Nations could act, in the case of non-member States, when such action was necessary for the maintenance of international peace and security. He would therefore vote against part III.

51. He did not consider the action envisaged in part IV within the competence of the Council, but as the authorities concerned did not object, he would merely abstain from voting and would adopt a similar position with regard to part V.

52. Mr. EL-TANAMLI (Egypt) recalled that, at the morning meeting, his delegation had shown, in connexion with the allegations in document E/2333, that there had been no infringement of trade union rights in Egypt.

53. He was surprised that certain representatives had so far remained silent despite the fact that serious charges had been made against their countries. In document E/2333/Add.1, for example, certain general allegations had been made and specific facts adduced in respect of Morocco, which should alarm the conscience of the world. Document E/2333/Add.2 referred to violations of trade union rights in Tunisia. He was not asserting that all the allegations were founded, but they could not be ignored. He did not wish to embark on a political discussion, which would be more fitting in other United Nations forums, but felt obliged to raise the matter in view of the silence of the representatives concerned.

54. Being aware of the Council's responsibility for the protection of trade union rights, he could not accept the procedure outlined in the joint draft resolution which would transfer that responsibility to another organ. Even with the Indian amendment (E/L.488), many representatives might adopt an attitude which would prevent the Council from exercising its responsibilities in the matter. But, provided that delegations could discuss in the Council cases of interest to them, he was prepared to accept part I with the Indian amendment.

55. He saw little point in separating parts I and II, which seemed to be identical except for the names of the countries involved.

56. Part IV was inconsistent with the rest of the draft resolution as a whole, since it involved a decision by the Council, whereas other allegations were to be referred directly to ILO.

57. Mr. TANGE (Australia) agreed in general with the statement made by the Swedish representative at the previous meeting. He fully supported part I of the draft resolution and endorsed the principle that allegations concerning States members of ILO should be referred to ILO. Any other attitude would in fact be inconsistent with the Council's responsibility to co-ordinate the work of the specialized agencies and to see that matters falling within the competence of one of the agencies were referred to that agency. Consequently, he could not support the Indian amendment.

58. With regard to States which were not members of ILO, his delegation had already expressed the view at the tenth session (355th meeting) that the Council's power to interfere was essentially limited because of the absence of any specific provisions in the Charter or of any formally ratified international instrument imposing specific obligations on States with respect to trade union rights. It was unfortunate that certain States which were not members of ILO had refused to

co-operate. It would seem that the USSR had no doubts as to the Council's competence in the matter, since it was persistently bringing up allegations for its own purposes. At the same time, however, it consistently refused to answer the charges brought against it. Governments and the general public could draw their own conclusions from that attitude. All that the Council could do was to urge the voluntary collaboration of the three governments which were not members of ILO and which had failed to reply to the charges brought against them. Consequently, he was prepared to support parts III and V of the draft resolution and the operative part of part II, although, like the Indian representative, he questioned the propriety of the special wording "Noting with concern" which was used in the preamble to part II.

59. Finally, he supported part IV of the draft resolution since the Allied Military Government of Trieste had answered the allegations satisfactorily.

60. Mr. JOBERT (France) felt that the existing procedure, whereby allegations regarding infringements of trade union rights by States members of ILO were referred to that organization, should not be denounced as ineffective, because it had in fact produced results. It was wrong to assert that the decisions adopted at Geneva were a method of filing away the complaints brought to the Council's attention. The recommendations of the Committee on Freedom of Association had not been without effect on the development of the trade union situation in many countries. The Committee had, for example, noted that certain national legislations were not entirely compatible with the principles of Conventions 87 and 98 and had suggested that they should be reviewed by the governments concerned.

61. The WFTU representative had stated that the procedure of referring allegations to ILO did not ensure the adequate protection of trade union rights. In that connexion, he wondered whether those rights had been better protected when the Council had dealt with the complaints concerning States which were not members of ILO.

62. In reply to the Polish representative, he pointed out that, under the procedure established by ILO, the Chairman of the Committee on Freedom of Association was not allowed to participate in a discussion relating to charges against his own country.

63. The procedure outlined in the draft resolution could expedite the consideration of complaints. It should, however, be noted that the Council had already established, by resolution 277 (X), a procedure which was already operating effectively and which at least enabled the Council to take an immediate decision, if a State which was a member of ILO declined to reply to allegations transmitted to it.

64. In regard to the Egyptian representative's statement, he recalled that the French delegation had replied on several occasions, in the Committee on Freedom of Association, to the charges made regarding French protectorates. The Committee had recently studied many complaints in respect of Tunisia and had decided to file them as they did not merit further study.

65. The WFTU representative had remarked that certain French trade union leaders had been arrested and had deplored the fact that Mr. Le Leap had not been treated as a political prisoner. In fact, Mr. Le Leap had used the power officially conferred on him under

French trade union legislation to oppose governmental decisions and to sabotage national defence. His case came solely within the jurisdiction of the military authorities and proceedings had been taken under an article of the French Military Code.

66. The explanations given by the French Government in the Committee on Freedom of Association regarding the alleged violations of trade union rights in Morocco had led the Commission to refer the matter to a later session and to take into account the current conversations between the Resident-General and the Sultan on the trade union situation.

67. In regard to part V of the draft resolution he recalled that the case of the complaint addressed to the competent authorities of the Saar had been referred to the Committee on Freedom of Association. A commission of the Saar Diet was at present studying the matter and the Geneva Committee would be informed of the outcome in the near future. He therefore considered it inexpedient to bring the allegations once again to the attention of the Saar authorities, who were apparently acting in good faith. He would accordingly abstain in the vote on part V.

68. Mr. KORNEEV (Union of Soviet Socialist Republics) said that the draft resolution was totally unsatisfactory because its adoption would mean that the Council was divesting itself of one of its most important functions under the Charter. A glance at the nature of the allegations regarding infringements of trade union rights and at the way in which ILO had dealt with them in the past would suffice to show that the proposal to refer all allegations automatically to ILO was a definite step backwards. It was clearly useless to refer the allegations to ILO because it was a body made up principally of the representatives of monopolies and thus could not be expected to come to an objective decision.

69. He cited various examples to illustrate his argument. In Nigeria, in November 1949, the police had opened fire on a crowd of striking miners killing twenty-one of them and wounding fifty-one. After an investigation the United Kingdom Government had recognized that the police officer concerned had been at fault and he had been dismissed. However, nothing had been done to compensate the victims and the ILO Fact-Finding and Conciliation Commission had simply recommended that the matter be dropped. In connexion with a similar incident in Tunisia, the ILO Commission had again dismissed the case stating that the question was a political one, and when the United States trade unions had made specific complaints about the evils of the Taft-Hartley Act, the ILO Commission had decided that the allegations were too vague to warrant further study.

70. The ILO was obviously an undemocratic and unrepresentative organization since it had refused to admit to membership the French General Confederation of Labour and the major Italian trade union, in spite of repeated applications for admission from those two trade unions. Moreover, its Fact-Finding and Conciliation Commission was totally unequipped to deal with infringements of trade union rights since it had no trade union representatives among its members.

71. The United States representative and the representative of the so-called free trade unions had complained that the trade unions in the USSR were under

the control of the Communist Party. Doubtless those representatives would prefer the trade unions of the USSR to be ruled by some outside influence, but the people of the USSR were content with their own methods. It had also been argued that the trade unions in his country spent all their time dealing with questions of social insurance, housing, etc., and had no time for other questions. That, however, was not the case since the executive body of the Soviet trade unions had special branches to deal with every conceivable problem, including wages and salaries, industrial hygiene, housing, social insurance, sanatoria and vacations, etc.

72. The United States representative had referred to a law in the Soviet Union under which workers were not permitted to leave their jobs, but that had been a war-time provision and it no longer applied. Workers were perfectly free to change their jobs if they wished and there was a special bi-partite commission to deal with any disputes between the workers and the administrators.

73. As for the confederation of so-called free trade unions, it was clearly in the pay of United States monopolies and its aim was to split the workers of the world. It had not even had the courage to speak against the Taft-Hartley Act, although the United States trade unions had come out strongly against it. In his previous statement he had simply quoted from United States sources and had added nothing. In reply, the United States representative had inferred that, as the Taft-Hartley Act had been adopted as a result of democratic processes, it must necessarily be a democratic provision. The United States workers however did not share that view. He mentioned specific cases in which the Taft-Hartley Act had been used to compel trade unions to pay compensation for the effects of their strikes. The obvious conclusion was that the Act was intended to be a means of abolishing the trade union movement.

74. The United States representative had referred to the twelfth session of the Council and had appealed for a spirit of co-operation. He (Mr. Korneev) recalled that at the Council's twelfth session a proposal had been submitted which the USSR delegation had supported that, as trade union rights were primarily the concern of trade unions, a committee composed of trade union representatives should be set up to study the allegations. Unfortunately that proposal had not been accepted.

75. With regard to part II of the draft resolution, he emphasized that there could be no question of infringements of trade union rights in the USSR because the country was ruled by the working class and the labour legislation was worked out with the prior consent of the trade unions. For all the reasons he had given, he would vote against the draft resolution.

76. Mr. MICHANEK (Sweden) referred to the Indian amendment to part I of the draft resolution and emphasized that there was in fact no need for such a provision since the allegations concerning States members of ILO would automatically come before the Council in connexion with the ILO annual report. The advantage of that procedure was that the allegations would be investigated before they came up for discussion in the Council, an advantage which would be lost if the Indian amendment was adopted. Consequently he could not accept that amendment.

77. With regard to the expression "Noting with concern" in part II, he explained that that special wording had been employed because the country concerned in part II was a Member of the United Nations and should therefore feel a special obligation to co-operate. The other sections of the draft resolution dealt with non-member States and there the Council could simply express the hope that they would co-operate.

78. On the question of Trieste (part IV), the Indian representative must have misunderstood his earlier statement. He regretted that he did not know the exact facts of the case before the ILO.

79. Mr. JUNG (India) maintained his amendment to part I of the joint draft because he felt that the Council should retain the right to decide which cases were to be referred to ILO. A procedure under which all cases would automatically be referred to ILO would in his opinion be incorrect.

80. In addition, he proposed the deletion of the words "with concern" from the second paragraph of part II because their retention would only serve to introduce an element of controversy.

81. Mr. MENDEZ (Philippines) agreed with the point raised by the Argentine representative in connexion with part IV and proposed that the last paragraph of that section should be redrafted to read: "Considers that the allegation is not within its competence to examine" (E/L.489).

82. Mr. MUÑOZ (Argentina) endorsed that amendment.

83. Mr. JOBERT (France) proposed that the first paragraph of part V should be redrafted to read: "Recalling the procedure established by the Council in its resolution 444 (XIV) paragraph 4 concerning an allegation (E/2154/Add.43) relating to the Saar". He also proposed that the final paragraph of that section should refer to "this allegation" rather than to "both allegations".

84. Mr. MEADE (United Kingdom) and Mr. MICHANEK (Sweden) accepted the French representative's amendments to part V. They also accepted the amendment to part I proposed earlier by the Argentine representative for the deletion of the reference to resolutions 351 (XII) and 444 (XIV).

85. Mr. MICHANEK (Sweden) regretted that he could not accept the Philippine amendment to part IV (E/L.489).

86. Mr. EL-TANAMLI (Egypt) submitted a formal proposal for the deletion of part IV.

87. Mr. MUÑOZ (Argentina) suggested that the five sections of the draft resolution should be treated as five separate draft resolutions and that they should each be introduced by the words: "*The Economic and Social Council.*"

88. Mr. MICHANEK (Sweden) said that he was prepared to leave that point for the President to decide.

89. The PRESIDENT decided that it would be best to treat the five parts as separate resolutions in accordance with the Argentine representative's suggestion. He then called for a vote on the five draft resolutions together with those of the amendments which had not been accepted by the sponsors.

The Indian amendment to draft resolution I (E/L.488) was rejected by 9 votes to 3, with 5 abstentions.

Draft resolution I, as amended, was adopted by 13 votes to 3, with 1 abstention.

The Indian representative's proposal to delete the words "with concern" from the second paragraph of draft resolution II was adopted by 7 votes to 5, with 5 abstentions.

Draft resolution II, as amended, was adopted by 13 votes to 2, with 2 abstentions.

Draft resolution III was adopted by 13 votes to 4.

The Egyptian proposal to delete draft resolution IV was rejected by 7 votes to 3, with 7 abstentions.

The Philippine amendment to draft resolution IV (E/L.489) was rejected by 7 votes to 4, with 6 abstentions.

Draft resolution IV was adopted by 10 votes to 3, with 4 abstentions.

Draft resolution V, as amended, was adopted by 14 votes to 2, with 1 abstention.

90. Mr. WADSWORTH (United States of America) explained that he had abstained in the vote on resolution II because of the deletion of the words "with concern". In his opinion, it was a matter of great concern that a Member State of the United Nations had

consistently ignored three requests to reply to the allegations concerning infringements on its territory.

91. Mr. MENDEZ (Philippines) explained that he had abstained in the final vote on resolution IV because he considered that the text without his amendment created a dangerous precedent.

92. Mr. EL-TANAMLI (Egypt) said that he had been obliged to vote against resolution I because of the rejection of the Indian amendment. He had voted in favour of resolutions II, III and V because he believed that States should submit their observations on the allegations concerning them. With regard to resolution IV, he had proposed its deletion because he considered that there was no reason for the Council to take a decision on the question. He had voted against the Philippine amendment because it raised the question of the Council's competence and he believed that the Council was competent to discuss infringements of trade union rights.

93. Mr. FENAUX (Belgium) referred to the decision to delete the words "with concern" from the preamble to resolution II. In general, his delegation was opposed to the inclusion of such expressions in preambles to resolutions, but in the case at issue the Council's concern had been perfectly clear from the discussion.

The meeting rose at 6.15 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observer from the following country: Brazil.

The representative of the following specialized agency: World Health Organization.

United Nations Narcotics Laboratory (Council resolution 436 F (XIV)) (E/2372, E/L.485 and Add.1, E/L.486, E/L.487 and Rev.1)

[Agenda item 23]

1. The PRESIDENT pointed out that the Council had before it a note by the Secretary-General (E/2372), a draft resolution submitted by the United States of America (E/L.485), a note by the Secretary-General on the financial implications of that draft resolution (E/L.485/Add.1) and amendments submitted respectively by France (E/L.486) and Belgium (E/L.487).

2. Mr. KOTSCHNIG (United States of America) presented his delegation's draft resolution (E/L.485). He thought that the proposal was quite clear and did not call for lengthy comment. The United States delegation did not think that the time was yet ripe to take a decision to establish and equip a narcotics laboratory at Headquarters. Progress had certainly been made in developing methods to determine the origin of opium seized in the illicit traffic, but it was not yet possible to say whether those methods could be absolutely guaranteed as effective and sure.

3. The United States was therefore proposing that the Council should take note of the report of the Secretary-General, should defer decision regarding changes in the existing arrangements, and should appoint an international committee of three chemists to arrive at conclusions as to whether the methods now being tested had been advanced to a point where they could be given practical application. The Council would reconsider

the question of a United Nations narcotics laboratory at its eighteenth session at the latest, in the light of recommendations from the Commission on Narcotic Drugs.

4. The United States delegation accepted without reservation the amendments proposed by the Belgian and French delegations. In order to facilitate consideration of the texts and the voting, it was prepared to incorporate the amendments in the draft resolution, which would accordingly become a joint proposal by Belgium, France and the United States of America.

5. Mr. MEADE (United Kingdom) pointed out that the Secretary-General's note dealt with two separate questions: the establishment of a United Nations laboratory in the Secretariat Building (paragraphs 2 to 6, paragraphs 11 to 18 and annex); and the expansion of the work of the Secretariat chemists (paragraphs 7 to 10).

6. As regards the establishment of the laboratory at Headquarters, his delegation agreed that the physical separation of the laboratory from Headquarters made for administrative inefficiency and practical difficulties. On the other hand, the cost of the arrangements proposed would be about \$90,000, a sum which appeared out of proportion to the equipment needs of a small laboratory and which was three times as much as had been estimated by the Commission on Narcotic Drugs. The major part of those costs, about \$67,250, would be devoted to opening the 39th floor of the Secretariat Building. It was possible that there was no other solution if the laboratory was to be installed in that building, but the cost was such as to justify a thorough examination of the question before a decision was reached. It would seem that the possibility of giving the work in progress on contract to an existing laboratory should be considered.

7. As regards the expansion of the work, the United Kingdom delegation was doubtful of the wisdom of a proposal which would lead to the Secretariat chemists being entrusted with a task amounting to detective work for governments. That would be a definite departure from the principle of purely scientific research. The detective work would consist of determining the origin of opium seized in the illicit traffic and could very well be carried out by the governments themselves; any laboratory, in fact, could use methods developed by the Secretariat chemists. Furthermore, it would be undesirable to place the Secretariat in the awkward position of having to provide scientific proof in cases which might lead to disputes between governments, all the more so since the proposed methods had not yet been fully developed.

8. If concrete results in combating the illicit traffic were required, efforts should be concentrated on the development of methods which would make it possible to attack the evil at its source, instead of proceeding to international inquiries on specific cases. Accordingly,

while fully appreciating the value of the work carried out by the Secretariat chemists, the United Kingdom delegation thought that there was no need for the time being to expand it, particularly since much research remained to be done.

9. The Secretary-General's note raised certain questions which the Commission on Narcotic Drugs had not studied; furthermore, the Commission's recommendation, referred to in paragraph 10 of the note, raised an important question of principle which should be further considered. His delegation consequently thought that the problem as a whole should be referred back to the Commission on Narcotic Drugs; the Council would need a detailed opinion from that functional body before it reached a decision.

10. He would vote for the United States draft resolution, as amended by Belgium and France; he would, however, be obliged to abstain from voting on paragraph 3 of the original text (E/L.485), as he had received no instructions from his Government on the subject and the proposal had financial implications. He asked that a separate vote should be taken on that paragraph.

11. Mrs. CISELET (Belgium) said that her delegation had studied the Secretary-General's note with considerable interest, as it attached great importance to the work of the Commission on Narcotic Drugs and that of the Secretariat chemists. It hoped that that work might be carried on in the best possible conditions.

12. The arguments put forward in favour of the immediate establishment of a narcotics laboratory at Headquarters had not fully convinced the Belgian delegation, in particular because the necessary assurances as to the value of the methods used to determine the origin of opium seized in the illicit traffic had not been forthcoming. It thought, in general, that it would be premature to decide immediately on establishing a narcotics laboratory at Headquarters.

13. The Belgian delegation would accordingly vote for the United States draft resolution, with the Belgian and French amendments, which the sponsor had accepted. In that connexion, she explained that Belgium had proposed a change in the order of paragraphs 3 and 4 merely to make it clear that the idea of establishing a United Nations narcotics laboratory of its own had not been abandoned, but that decision on the point had been deferred. Furthermore, her delegation had proposed the addition at the end of paragraph 4 of the phrase "taking into account the whole of the scientific work undertaken by the Secretariat in this field" (E/L.487/Rev.1) because it believed that the laboratory might carry out other research, particularly to help the campaign against illicit traffic by the establishment of international methods for assaying cocaine in the coca leaf and the morphine and other alkaloids in poppy straw, as indicated in paragraph 9 of the Secretary-General's note.

14. Thus the Belgian amendment would enable the Council to state on the one hand that it was deferring the execution of the plan for establishing a laboratory at Headquarters because it wished for fuller information from the Commission on Narcotic Drugs, which was the competent functional organ, and on the other hand because it wished to consider in its entirety the work which the laboratory might be called upon to do.

15. She then submitted an additional amendment (E/L.487/Rev.1, para. 3) which she hoped the sponsor of the draft resolution would accept, too. The amendment would consist of the addition to paragraph 3 of the original text of a sub-paragraph couched in the following terms: "(c) To submit to the Council a note on the cost of installing and equipping a United Nations laboratory at Geneva". The Belgian delegation had been struck by the very high cost of establishing such a laboratory at Headquarters, and thought that the possibility of saving money by installing the laboratory at Geneva, where it would certainly be able to carry out its work as effectively, should not be ignored.

16. Mr. AMANRICH (France) said that the French delegation had always taken a great interest in international research on narcotic drugs and had frequently had occasion to express that interest before the Council and the Commission on Narcotic Drugs. The establishment of a United Nations research laboratory was a step which could not fail to meet with the approval of France, since it was along the lines of the international research laboratories which France had been the first to recommend, from 1947 onwards.

17. However, for technical as well as for administrative and financial reasons it was difficult to take a decision then and there in favour of establishing a narcotics laboratory at Headquarters. On the one hand, it could still not be said with certainty that the chemical and physical procedures developed to determine the origin of opium seized in illicit traffic were sufficiently reliable to produce results that would not give rise to controversy. On the other hand, the Belgian representative's proposal to establish the laboratory at Geneva should be examined. Costs there might not be so high and there would be the added advantage of proximity to the headquarters of WHO and two of the international bodies concerned with the control of narcotic drugs.

18. Accordingly, the United States draft resolution was warranted, as it would defer any decision until the Commission on Narcotic Drugs, in the light of the report of a committee of chemists, submitted its recommendations to the Council and leave the Commission entirely free to study the problem as a whole. He thanked the United States delegation for having agreed to the incorporation of the Belgian amendment, which his delegation would have supported, and the French amendment in its proposal.

19. He asked the United States representative whether he would accept a further oral amendment to add the words "sur le plan international" at the end of sub-paragraph 3 (a). The purpose of the amendment was to define the task of the committee of three chemists as precisely as possible.

20. Mr. COIGNY (World Health Organization) said that WHO was most interested in the research work of the three Secretariat chemists, in particular that dealing with assaying the morphine and other alkaloids in poppy straw. That research was related to the pharmacopoeia, which was part of the responsibility of WHO. It was to be hoped that the work could be developed. In that connexion, he wished to emphasize the excellent co-operation that existed between the Division of Narcotic Drugs and WHO.

21. Mr. KOS (Yugoslavia) said that his delegation highly appreciated the work of the Secretariat chemists, who were assigned to a particularly delicate but most useful task: the perfecting of the methods of determining the origin of opium. Yugoslavia was an opium-producing country and would therefore be very happy if reliable procedures of determining the origin of opium seized in the illicit traffic were found.

22. The results hitherto obtained in developing methods to determine the origin of opium were not conclusive and it would therefore be premature to try to give practical application in the international field to the procedures envisaged. On that point, he shared the views of the United Kingdom representative.

23. The Yugoslav delegation felt that the draft resolution before the Council was very reasonable and the amendments thereto useful. The suggestion concerning the possible establishment of the United Nations laboratory at Geneva should be borne in mind, as the question of cost would certainly play an important part in the final decision.

24. He asked the United States representative whether he would agree to a slight change in subparagraph 3 (a) of the draft resolution to make it clear that the three chemists constituting the international committee should be outstanding or reputable persons in their field. Such a qualification could only give greater weight to the conclusion of the experts.

25. Mr. EL-TANAMLI (Egypt) said that he had read the Secretary-General's note with great interest.

26. His delegation had been prepared to go beyond what was contemplated by the United States draft resolution and the amendments to it. In particular, it had felt that a narcotics laboratory under the auspices of the United Nations could have rendered useful service to countries which did not have the necessary means to undertake their own research. However, if the majority of the Council thought that such a laboratory should not be established for the moment, the Egyptian delegation would be prepared to support the United States draft resolution as amended by the Belgian and French delegations. It also agreed that the observations on the financial implications of the project and that the possible establishment of the laboratory at Geneva should be taken into account.

27. Mr. LOOMES (Australia) wished to say how much his delegation appreciated the work already done by the Division of Narcotic Drugs. Nevertheless it must be admitted that it did not seem opportune to authorize the expansion of the laboratory work of the United Nations Secretariat and his delegation supported the statements of the representatives who had spoken along those lines. Not only was there a danger that the Secretariat's work might duplicate that of national laboratories, but it might rightly be asked whether it was wise to entrust the delicate task of analysing samples of seized opium to United Nations chemists. Moreover, the task might prove impossible in the case of small samples.

28. His delegation therefore felt that a further study of the question was necessary and would support the United States draft resolution with the very useful amendments proposed by the Belgian and French delegations.

29. Mr. SAKSIN (Union of Soviet Socialist Republics) recalled that the Council had examined the ques-

tion of establishing a United Nations narcotics laboratory several times. In particular, the question had been the subject of resolution 436 F (XIV), under which the Council had instructed the Secretary-General to submit to the Council at its fifteenth session a detailed estimate of the cost of preparing and equipping such a laboratory in the Secretariat Building of the United Nations.

30. The USSR delegation had voted against the resolution at the time and wished to explain the reasons that led it to adopt the same attitude toward the draft resolution now before the Council.

31. According to the Secretary-General's note (E/2372, paragraph 18), the construction and equipment of the laboratory would involve an expenditure of from \$85,000 to \$90,000 by the United Nations, to which would be added annual maintenance costs of \$3,000. The budget of the United Nations was already heavily burdened. As was known, it had risen within a few years from \$30 million to \$50 million. The USSR delegation thought that the control of narcotic drugs was essentially a task for the governments of the States Parties to the Convention and it was their duty to prevent any smuggling or illicit traffic.

32. His delegation would therefore vote against the United States draft resolution and against the appropriation of \$3,000 for the establishment of an international committee of three chemists (E/L.485/Add.1).

33. On the last point, he observed that there was no provision in the Charter for creating bodies of that kind. It was inadmissible that constantly increasing financial burdens should be imposed on the whole United Nations simply because one Member State or another, and the United States in particular, was pleased to propose the establishment of new offices, laboratories, etc. He drew the Council's attention to the danger of leading the Organization along a path that might cause it to lose its character as an instrument of international policy. He wondered whether it was intended to transform the United Nations into an academy of minor sciences and whether the Council would be asked on that pretext to agree to the creation of an office of astronomy, after having had to accept a Cartographic Office and now a committee of chemists. He must state once again that all such functions were entirely foreign to the Organization and had nothing to do with the Purposes and Principles of the Charter.

34. Mr. KOTSCHNIG (United States of America) said that his delegation was prepared to accept the amendment to paragraph 4. He hoped that the Secretary-General would think it wise to consult the Advisory Committee on Administrative and Budgetary Questions on that point and recalled that, at the beginning of the seventh session of the General Assembly, the Fifth Committee had asked the Advisory Committee to submit a general study on the possibilities of efficient utilization of the European Office of the United Nations at Geneva¹. Accordingly, it would be advisable to include the special study on the establishment of the laboratory in that general study. It was of course understood that the United States delegation did not mean by a vote for the amendment in question

¹ See *Official Records of the General Assembly, Seventh Session, Fifth Committee, 353rd meeting.*

to commit itself to any final decision on the place where the laboratory would finally be established.

35. He asked the Belgian delegation to be kind enough to explain what it intended by its amendment to reverse the order of paragraphs 3 and 4 of the United States draft resolution. Would that mean that the Commission on Narcotic Drugs would not have the report of the international committee of three chemists before submitting its recommendations to the Council?

36. He had no objection to the French delegation's oral amendment, and suggested that the words "sur le plan international" should be translated by the words "in the international field".

37. He accepted the Yugoslav representative's proposal to qualify the term "chemists" appearing in paragraph 3 (a) of the United States draft resolution and suggested that it should be preceded by the word "expert".

38. He was glad to have been able to accept all the amendments to his delegation's draft resolution.

39. Mrs. CISELET (Belgium) expressed her agreement with the United States representative on all the points he had just mentioned. It was understood that in requesting the Secretary-General to submit an estimate of the cost of setting up the laboratory at Geneva the Council was in no way committing itself to a final decision. It went without saying that the Commission on Narcotic Drugs would have to be guided by the report from the committee of chemists before submitting its conclusions to the Council.

40. Mr. AMANRICH (France) suggested that the words "to the Commission" should be substituted for the words "to the Council" in the sub-paragraph (c) which the Belgian delegation proposed should be added to the new paragraph 5. As the Commission was instructed under the new paragraph 4 to submit recommendation regarding the future of the United Nations Narcotics Laboratory to the Council, it seemed logical that the Secretary-General's note provided for in sub-paragraph (c) should be included along with other relevant material.

41. Mrs. CISELET (Belgium) agreed to make the change suggested by the French representative in her amendment.

42. Mr. KOTSCHNIG (United States of America) accepted the altered amendment.

43. The PRESIDENT declared the general discussion closed. The Council had to vote on only one text, that of the draft resolution bearing the symbol E/L.485 as the United States delegation had accepted all the amendments and no delegation had objected to that procedure. However, before putting the draft resolution to the vote he must, in accordance with the provisions of rule 34 of the rules of procedure, draw the attention of members of the Council to the financial implications of the project, which were described in a note submitted by the Secretary-General (E/L.485/Add.1).

44. Mr. MEADE (United Kingdom) asked for a separate vote on sub-paragraphs (a) and (b) of the new paragraph 5.

45. Mr. SAKSIN (Union of Soviet Socialist Republics) asked for a separate vote on paragraph 1 of the draft resolution. The USSR delegation wished to

show that it declined to approve the estimate concerning the establishment and equipment of a laboratory.

46. The PRESIDENT decided that in the circumstances it would be best to vote upon the draft resolution in parts. He put paragraph 1 of the United States draft resolution (E/L.485) to the vote.

Paragraph 1 was adopted by 15 votes to 2, with 1 abstention.

47. The PRESIDENT put the new paragraph 2 proposed by the French delegation (E/L.486) and accepted by the United States to the vote.

The new paragraph 2 was adopted by 16 votes to none, with 2 abstentions.

48. The PRESIDENT put the new paragraph 3 of the United States draft resolution (E/L.485, para. 2) to the vote.

Paragraph 3 was adopted by 16 votes to 2.

49. The PRESIDENT put paragraph 4 of the draft resolution (E/L.485) to the vote as amended by the Belgian amendment (E/L.487/Rev.1, para. 1).

Paragraph 4, as amended, was adopted by 16 votes to 2.

50. The PRESIDENT put to the vote sub-paragraphs (a) and (b) of the new paragraph 5 (E/L.485, para. 3), with the amendments which the United States representative had introduced in sub-paragraph (a) at the suggestion of the representatives of Belgium and Yugoslavia, respectively.

Sub-paragraphs (a) and (b) of paragraph 5, as amended, were adopted by 14 votes to 2, with 2 abstentions.

51. The PRESIDENT put to the vote the sub-paragraph (c) to be added to the new paragraph 5 in accordance with the Belgian amendment (E/L.487/Rev.1, para. 3) as amended orally by the French representative, and as accepted by the United States representative.

Sub-paragraph (c) of paragraph 5, as amended, was adopted by 16 votes to 2.

52. The PRESIDENT put to the vote the United States draft resolution as a whole as amended by the amendments of France (E/L.486) and Belgium (E/L.487/Rev.1) accepted by the United States, and by the changes introduced by the United States representative on the suggestions of the representatives of Belgium, France and Yugoslavia, respectively.

The draft resolution as a whole, as amended, was adopted by 16 votes to 2.

53. Mr. MENDEZ (Philippines) explained that he had abstained on the passages of the draft resolution concerning possible expenditure because he was not empowered to make financial commitments on behalf of his delegation.

Confirmation of members of functional commissions of the Council (E/2385 and Corr.1 and E/2385/Add.1)

[Agenda item 27]

54. The PRESIDENT invited the Council to consider documents E/2385 and Corr.1 and E/2385/Add.1 on the confirmation of members of functional commissions of the Council.

55. Mr. SAKSIN (Union of Soviet Socialist Republics) pointed out that there was a representative of the

Kuomintang among the persons whom the Council was asked to confirm. He was referring to Mr. Liang Yung-Chang, who had been nominated as a member of the Social Commission. At the first meeting of the current session of the Council (672nd meeting), the USSR delegation had already protested against the presence of representatives of the Kuomintang and had submitted a draft resolution on that question (E/L.473). He was opposed to the nomination of Mr. Liang Yung-Chang. He had no objections to raise with regard to the other representatives whose names appeared in documents E/2385 and Add.1.

56. Mr. HSIA (China) observed that the USSR representative objected to Mr. Liang Yung-Chang for political reasons which had nothing to do with his competence. There was a general tendency to misinterpret rule 12 of the rules of procedure of the functional commissions and to attach to the phrase "pending confirmation by the Council" an importance which had not been intended by its authors. He would not press that point but, in view of the attitude of the USSR delegation, he was compelled to ask that a separate vote should be taken on the confirmation of Mrs. Wasilkowska, who had been nominated by the Polish Government to serve on the Commission on the Status of Women.

57. Mr. KULAGA (Poland) associated himself with the USSR delegation's reservations regarding the nomination of a representative of the Kuomintang.

58. Mr. SAKSIN (Union of Soviet Socialist Republics) asked that the nomination of Mr. Liang Yung-Chang should be put to the vote separately.

59. The PRESIDENT put to the vote the confirmation of the nomination of Mr. Liang Yung-Chang as a member of the Social Commission.

Mr. Liang Yung-Chang's nomination as a member of the Social Commission was confirmed by 15 votes to 3.

60. The PRESIDENT put to the vote the confirmation of the nomination of Mrs. Wasilkowska as a member of the Commission on the Status of Women.

The nomination of Mrs. Wasilkowska as a member of the Commission on the Status of Women was confirmed by 17 votes to 1.

61. The PRESIDENT invited the Council to vote on the confirmation of the remaining nominations referred to in documents E/2385 and Corr.1 and E/2385/Add.1.

Those nominations were confirmed unanimously.

Accession of Italy to the Convention on the Declaration of Death of Missing Persons (E/2350/Add.5, E/L.490)

[Agenda item 32]

62. The PRESIDENT invited the Council to consider the question of Italy's accession to the Convention on the Declaration of Death of Missing Persons. Argentina, Uruguay and Venezuela had submitted a draft resolution on the subject (E/L.490).

63. Mr. MUÑOZ (Argentina) felt that there was no need for long explanations of the three-Power draft resolution. In the second paragraph of the preamble its authors quoted article 13 of the Convention, which seemed to be sufficiently explicit. Italy fulfilled all the

required conditions and the Council should invite Italy to accede to the Convention. Argentina was happy to have taken the initiative, with two other Latin American countries, in proposing to the Council that it should make the necessary gesture.

64. Mr. RIBAS (Cuba) supported the three-Power draft resolution.

65. Mr. PEREZ PEROZO (Venezuela) supported the draft resolution of which he was a co-author. The Convention was intended to settle the legal status of persons who had disappeared and of their heirs and assigns. Many people had disappeared in Italy as a result of the war. Italy had expressed the desire to accede to the Convention; the Council should meet that desire.

66. Mr. AMANRICH (France) supported the three-Power draft resolution and would vote in favour of it.

67. Mr. SAKSIN (Union of Soviet Socialist Republics) supported the three-Power draft resolution. He would vote in favour of it, on the understanding that the Council would adopt the same favourable attitude if similar requests were made by other States not Members of the United Nations.

68. Mrs. CISELET (Belgium) and Mr. MICHA-NEK (Sweden) supported the three-Power draft resolution.

69. Mr. EL-TANAMLI (Egypt) proposed that the three-Power draft resolution should be adopted unanimously.

70. Mr. LALL (India) and Mr. BARAN (Turkey) supported the Egyptian representative's proposal.

71. The PRESIDENT noted that no delegation had objected to the unanimous adoption of the three-Power draft resolution (E/L.490).

The draft resolution was unanimously adopted.

Order of business

72. The PRESIDENT announced that he had consulted the delegations and had drawn up the Council's programme of work for the following week. On Monday 13 April the Council would examine the report of the International Monetary Fund and on Tuesday, 14 April it would examine the report of the International Bank for Reconstruction and Development. On Wednesday, 15 April the Council would study item 34 of its agenda concerning the admission to Headquarters of representatives of non-governmental organizations. The Legal Department would circulate an opinion on the legal issues involved on Friday, 10 April. The Council would then consider the report on the world economic situation.

73. He recalled that, at its fourteenth session, the Council had decided (671st meeting) to consider at its fifteenth session whether the Chairman of the Sub-Commission on the Prevention of Discrimination and Protection of Minorities should attend the ninth session of the Commission on Human Rights. On 8 April 1953 the Commission on Human Rights had adopted a resolution asking the Council to authorize the Secretary-General to make arrangements with a view to the attendance of the Chairman of the Sub-Commission at the session of the Commission; that resolution would be circulated during the day, together with remarks by the Secretary-General on the financial im-

plications of the proposal.² He proposed that the Council should consider the question either on Monday, 13 April, after studying the report of the Fund or on Tuesday, 14 April, after studying the report of the Bank.

74. Since there were no objections, he went on to recall that its fourteenth session the Council had also

decided to consider at its fifteenth session the possibility that the Sub-Commission on the Prevention of Discrimination and Protection of Minorities might meet in 1953 if the Commission on Human Rights submitted a recommendation to that effect. Since the Commission on Human Rights would not meet until 15 May the Council would presumably be unable to discuss that question before its sixteenth session.

The meeting rose at 12.20 p.m.

² Later distributed as document E/2396.



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Report of the International Monetary Fund (E/2351 and Add.1) 59

President: Mr. Raymond SCHEYVEN (Belgium.)

In the absence of the President, the First Vice-President, Mr. Rodolfo Muñoz (Argentina), took the Chair.

Present:

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

Observers from the following countries: Brazil, Chile, Dominican Republic, Netherlands.

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

Report of the International Monetary Fund (E/2351 and Add.1)

[Agenda item 9]

1. The PRESIDENT said that he was very pleased to welcome Mr. Hammarskjöld to the Council, particularly as, among Mr. Hammarskjöld's other qualifications, he was an expert on the subject under discussion.

2. Mr. ROTH (Chairman and Managing Director of the International Monetary Fund) introduced the annual report of the Fund (E/2351) and the supplementary paper (E/2351/Add.1). As the Fund's annual report generally gave rise to a discussion of some of the broader aspects of the world economic situation, he would give some indication of the role of the Fund in that connexion. Referring back to the time of the Bretton Woods Conference, he emphasized that it was not by accident that the Fund's Articles of Agreement contained no formal definition of the presumed length of the "transitional period". The purpose had been to establish an institution sufficiently flexible to permit appropriate adjustments as circumstances changed. In an imaginary "normal" world, the Fund's role would be to relieve temporary pressures on the balances of payments of countries which found themselves in difficulties. It had been impossible in 1946 to predict when such a normal world would emerge, but no one had suggested that the Fund should remain passive in the interval.

3. At the time of the Fund's establishment, it had been assumed by many that the most serious risk was that of a world-wide depression. Circumstances had

however proved different and the chief problem of the post-war world had in fact been inflation. Post-war balance of payments difficulties could not be understood except in relation to the continuous impact of inflationary pressures. The Fund would not forget the risks of a recession, but the fight against inflation remained its immediate concern. The introduction of the Marshall Plan, a bold and generous attempt to solve the problem, had made it necessary to reconsider the Fund's policy regarding access to its resources and had in fact resulted in a substantial reduction in its transactions. Subsequently, as the period of extraordinary aid from the United States had drawn near its close, the Fund had again been expected to play a more active part.

4. The Fund had for some time been engaged in working out procedures designed to facilitate a more extensive use of its resources by its members as a secondary line of reserves. The decisions taken in that connexion were described in some detail in the 1952 annual report. Proposals had sometimes been made for a revision of some of the Fund's Articles of Agreement. The Articles should not be regarded as unalterable, but they had not been drafted hastily and they were not nearly as rigid as critics had sometimes implied. The provision permitting the Fund to waive conditions prescribed for the normal use of its resources had presumably been inserted with the intention that it should sometimes be used, although of course the exception should not be allowed to become the rule. In effect, the Fund's activities were not really being hampered by the terms of its Articles of Agreement.

5. For more than a year the Fund had been able, by putting its members in touch with one another, to facilitate their purchases and sales of gold. Increasing use was being made of that service and each partner to a transaction was charged 1/32 of 1 per cent in dollars. The Fund had sold no currency to its members during 1950, but it had sold approximately \$35 million to two members in 1951 and approximately \$85 million to six members in 1952. In the early months of 1953, there had been purchases by two members amounting to about \$21 million. In addition, amounts up to \$53 million could also be drawn under stand-by arrangements concluded with two members in 1952. Repurchases by members in 1952 had amounted to \$112 million and in the early months of 1953 to approximately \$24 million. Since the beginning of its operations, the Fund had sold about \$918 million of foreign exchange to twenty-two members, and, of that amount, approximately \$205 million had been repaid.

6. Some time must necessarily elapse before members would become accustomed to the new procedures and the procedures themselves could no doubt be further improved. Some members would of course have no occasion to draw upon the Fund for the time being, because the European Payments Union provided a

supplementary line of reserves for most Western European countries. He believed however that members would find it in their own interest to co-operate in extending the range within which the Fund could strengthen their reserve position and that there would eventually be increased demands for access to the Fund's resources.

7. Turning to the Fund's other activities, he emphasized the value of the regular consultations on the retention of exchange controls, which had been initiated in 1952. He also referred to the trainee programme and the Fund publications, both of which were performing useful functions.

8. Whether the existing resources of the Fund would be adequate to enable it to satisfy all the demands it would like to meet would depend in part on the view taken of the adequacy of the other resources of its members and on the measures which they themselves took to restore balance in their economy. The answer would also depend in part on the extent to which transactions in currencies other than the US dollar became attractive to members. In any event, the Fund's currently available resources were certainly large enough for a significant extension of its activities. However, its best efforts would be frustrated if its members failed to realize their responsibility to adopt and to maintain domestic policies which would diminish the risks of serious disturbances in their international economic relations. He welcomed the return of many countries during recent years to more cautions and sober budgetary and monetary policies. He emphasized that it would be imprudent to assume that the risks of inflation could now be neglected and pointed to the substantial tangible improvements achieved by most of the countries which had taken a firm line in that connexion.

9. Inflation however was not the only problem. Since the end of the war there had been many far-reaching adjustments in world trade and the need for such adjustments would always remain. For example, most steps in the development of the productive capacity of the under-developed countries would also imply radical shifts in the customary flow of imports and exports. If those changes were to come smoothly, an increased willingness on the part of the major importing countries to liberalize their commercial policies was essential. The adjustments would also be a good deal easier if the disturbing effects of too rapid changes in official purchasing policies were better appreciated and if there was a more adequate flow of international capital. The Fund welcomed the evidence afforded by such documents as the Paley and Bell reports and the growing realization in the United States that simplified customs procedures and a less restrictive tariff policy would be in the interests not only of other countries but also of the United States itself.

10. He emphasized that it should never be assumed that nothing could be done in one field until the appropriate measures elsewhere had been completed. Final solutions should never be expected and no single device could solve the whole of the world's payments problems. The most that could reasonably be expected was some degree of progress simultaneously on a number of fronts and in a number of countries. He was aware of the complex problems created by the wide divergencies in living standards in different parts

of the world. Most of those problems must be solved by action outside the scope of the Fund but it was an interested observer and was anxious to co-operate as far as possible.

11. Finally, he emphasized that the Fund was not something which stood apart from its members but was essentially a co-operative enterprise. As more systematic use was made of its machinery, the United Nations could confidently anticipate increased activity by the Fund and the wider and more resolute practice by its members of such policies as would "facilitate the expansion and balanced growth of international trade". Thus the foundations for a stable world economy would be strengthened.

12. Sir Gladwyn JEBB (United Kingdom) expressed appreciation for Mr. Rooth's oral statement supplementing the Fund's annual report and the information given in document E/2351/Add.1. In connexion with that latter document, he welcomed the admission of the Hashemite Kingdom of Jordan, Japan and the Federal Republic of Germany to membership in the Fund, for, in becoming more universal, the Fund would have increased opportunities to play a useful part in international affairs.

13. He noted that the Fund's main activities in recent years had been the preparation of statistical and analytical reports on world economic trends, and consultations with member governments on their exchange policies. In addition, the Fund had been able to extend technical assistance to a number of countries on specific questions of exchange control and monetary policies. His delegation was pleased to note the continued demand for technical assistance and the close co-operation between the Fund and the Technical Assistance Administration. Those activities were all very valuable, but it must be borne in mind that the Fund had originally been conceived as an institution to provide a secondary line of reserves for its members. In his view, there was a very serious problem of inadequate monetary reserves in a large part of the world and he would come back to that point during the debate on the world economic situation. His Government attached great importance to the measures recently adopted by the Fund to make its resources more readily available for use as supplementary reserves by its members. The sales of currency by the Fund in 1952 and during the early months of 1953 were small, but they indicated a welcome increase in the Fund's operations. It would doubtless take some time before the full effect of the new measures was felt, but the results had already been sufficiently encouraging to indicate that the Fund had taken a step in the right direction.

14. As Mr. Rooth had stated, the period of transition had not yet come to an end and he wondered whether it ever would. Consequently, the Fund's task was far more difficult than had ever been imagined by the framers of the Articles of Agreement. In the circumstances, Mr. Rooth and his colleagues should be congratulated for what they had achieved rather than criticized for having fallen short of a goal which was not attainable in present conditions. As the real world differed from that envisaged by the framers of the Articles of Agreement and as the search for a set of lasting and general rules appeared to be a delusion, the Fund could only proceed through constant and

courageous improvisation rather than through the legalistic interpretation of articles. It might prove necessary in the coming years to re-examine the validity of the assumptions which had guided the negotiations at Bretton Woods and to consider whether the regulation of international payments could remain divorced from the rules governing international trade which the payments covered and reflected. Indeed, part of the strength of the European Payments Union lay in the fact that it sought in some measure to cover both trade and payments. Those however were long-range and very difficult problems. In the meantime, he hoped that the Fund would continue to develop its present policy of increasing flexibility and would make its not inconsiderable resources increasingly available and active rather than unavailable and frozen.

15. Mr. Rooth had laid much stress on the problem of inflation. He fully agreed that one pre-requisite for the restoration of a true equilibrium in the world balance of payments was that deficit countries should prevent inflation in their economies. Indeed, the recent Commonwealth Conference had made it a major principle of future policy that the governments concerned should steadily pursue internal economic policies designed to curb inflation. However, it would be wrong to believe that the avoidance of inflation would solve all the problems. There was at present little evidence of inflationary tendencies in the world economy; indeed most of the signs pointed towards stability or a mildly disinflationary trend. Nevertheless, there were still balance of payments fluctuations and a persistent imbalance between the United States and the rest of the world. The solution of those problems would require efforts by creditor countries to open wide their domestic markets for imports from the outside world, as well as efforts by debtors to avoid inflation and to develop competitive production along the lines which would help their balances of payments.

16. In conclusion, he said that his delegation would be happy to vote for the customary resolution taking note of the Fund's report.

17. Mr. EL-TANAMLI (Egypt) suggested that at future sessions the report of the International Monetary Fund should be discussed after the conclusion of the debate on the world economic situation, so that it could be considered in the light of that debate.

18. The Egyptian delegation felt that the Fund was fully conscious of its responsibilities and was seeking to direct its activities in accordance with the world economic and financial situation.

19. There were two points of particular interest in the report on which he wished to comment.

20. The Fund's Articles of Association agreed to the objective of establishing a multilateral payment system for international transactions. Under article 8 members were permitted to introduce exchange restrictions during a transitional period. It had been hoped when the Agreement was signed that that period would end in March 1952. The report referred to consultations between the Fund and member States and a general picture was outlined. It was stated on page 61 that in general countries availing themselves of the transitional arrangements had considerably improved their internal economic positions, but that although post-war reconstruction had been spectacular

and productivity and world trade had risen to new high levels, the world as a whole had not reached a position where the general liquidation of restrictions appeared likely. Furthermore, it was stated on page 63 that the Fund was anxious to co-operate with members working out programmes, short-term or long-term, for alternative policies that might help to provide a more fundamental solution of their problems and to help to establish an international community whose economic relations would be more in harmony with the Fund's objectives. Egypt would endorse that statement of principle, but wondered whether the Fund had the means to overcome those difficulties and meet needs which seemed to be chronic and to be leading to permanent exchange restrictions in many countries.

21. The solution of the problems which gave rise to crises and depressions also called for concerted national and international action with means that at present were not available to the Fund.

22. In connexion with the question of the gold standard, in 1951 the Fund had decided to leave each member State to take practical steps for the implementation of the general principle proclaimed in the decision of June 1947. The report did not comment sufficiently on the effects of that policy on the States, doubtless owing to the fact that it had been drafted so short a time after the decision had been taken. The Chairman of the Fund would perhaps give the Council additional information on that subject.

23. The decision of 13 February 1952 had been designed to facilitate the use of the Fund's resources by member States, while safeguarding the revolving character of its resources and inducing members to repurchase their currencies within the specified time. Under the Fund's new decision, member States would not be refused access to the resources of the Fund merely because they were passing through a difficult period, and in case of doubt whether a request for withdrawal should be granted, member States would always be able to count on a favourable decision. In that connexion, however, the report (page 39) seemed to limit the facilities made available by the above-mentioned decision to members that would adopt an international payments policy which would allow them to make more rapid progress towards the establishment of a stable system of non-discriminatory multilateral trade. If that passage were taken at its face value it would be difficult to reconcile it with the decision of 13 February 1952 and still more difficult to reconcile it with other passages in the report concerning exchange controls and policies which the Fund might follow to combat economic recession. He felt convinced that if that passage were interpreted in the light of the general tenor of the report the difficulties referred to could easily be resolved.

24. He commended the report for its practical approach to the problems and for the flexibility it had introduced into the Bretton Woods agreement.

25. Mr. OZGUREL (Turkey) commended the Fund's annual report as a most valuable basis for consideration of the world economic situation. The report confirmed the fact that despite the general rise in production since the end of the war and the wide scope of international financing through gifts and loans from the United States, the balance of payments situa-

tion continued to be unsatisfactory and the dollar deficit had substantially increased.

26. The Fund and its member countries should seek to remedy that situation by every means possible. Countries outside the dollar area, for example, should increase their production of primary commodities, thus making them available on the non-dollar market, and, at the same time, step up their exports to the dollar area. Furthermore, a steady flow of foreign capital into countries in process of economic development would reduce inflationary pressures and relieve the imbalance in the balance of payments situation. A system of non-discrimination in international trade, of which the liberal policy of the European Payments Union was a commendable manifestation, would also constitute a step towards a solution of the existing disequilibrium. The Fund should therefore support the efforts of such regional organizations, and its decision of February 1952 represented a good start in that direction. Finally, the deficit in balance of payments of those areas might be more rapidly reduced by closer attention to be problems of the under-developed countries. The Fund should work in co-operation with the International Bank toward that end.

27. Mr. WADSWORTH (United States of America) said that the Fund's report was a useful introduction to the general consideration of the world economic situation which would be debated later in the week. The Fund's annual surveys were widely recognized as an important contribution to the understanding of the financial and monetary aspects of the changing world economic situation.

28. One of the Fund's major responsibilities was to encourage and assist international co-operation in the field of monetary and exchange policy, which would contribute to the promotion of high levels of production, employment and international trade. That work of the Fund was one of the most important means of helping to achieve the goal of higher real standards of living for all peoples — one of the basic goals of the United Nations.

29. He was glad to note that since March 1952 the Fund had completed consultation on exchange restrictions with no less than thirty-six countries and that consultations with others were in progress. The United States had always stressed the need to make as rapid progress as possible towards freedom from exchange restrictions and a system of trade and payments based on discrimination. Such consultations between the Fund and its member countries had offered a valuable opportunity for the full discussion of the monetary and financial problems with which those countries must deal in any attempt to achieve those objectives.

30. Those consultations provided a valuable means of maintaining closer contact between the Fund and its members and should be an important factor in the efforts being made to promote mutually advantageous economic relations among nations. Furthermore, as the addendum to the report indicated, the consultations which had taken place during 1952 provided a useful basis for future discussions.

31. At the previous session, Mr. Rooth had informed the Council that the Fund was considering the possibility of developing a general procedure under which assistance from the Fund could be arranged for on a standby

basis and he had just stated that the institution of that procedure had been announced by the Fund in October 1952. That was only one of the developments of the past year which might be expected to make the Fund a more useful instrument.

32. The technical assistance the Fund had continued to make available to member countries had been a real contribution towards the solution of economic problems. By bringing expert knowledge and advice both to the officials responsible for policy and to technicians in the governments of its member countries the Fund was rendering valuable service in a most difficult field, i.e. the development of appropriate financial policies and the application of required monetary techniques.

33. The conditions under which the Fund had had to pursue its objectives had proved more difficult than had been anticipated. The Fund and the member countries had found themselves in a very different world from that envisaged at the time of Bretton Woods. Instead of the Fund's main concern being the problem of world-wide deflation, as had been expected, its main concern had in fact been the fight against inflation and its undesirable effects, both internally and on the balance of payments. Nevertheless, the Fund's objectives remained valid and its work continued to warrant the full support of all.

34. Mr. WESTERLIND (Sweden) endorsed the view expressed by the Chairman of the Fund that the best international efforts to improve the functioning of the world payments system would be frustrated if members and other countries did not adopt and maintain domestic policies that would diminish the risks of serious disturbances in their international economic relations. Internal stability was an indispensable prerequisite for equilibrium in the world economy as a whole and clearly, in many cases, internal monetary restrictions could advantageously have been introduced to a greater extent.

35. It was the more natural that those views should have been expressed in the Fund's report since the period it covered had been characterized by particularly strong inflationary tensions. However, since the inflationary pressure had become weaker and less general it was becoming increasingly clear that in addition to the inflationary forces there were other important factors of a more structural character behind the difficulties in the world payment situation. It might be well if in future reports the Fund would present a more comprehensive analysis of such factors, especially since there was a school of thought that attempted to explain those difficulties exclusively in terms of internal economic instability in those countries that were short of foreign currency resources. In the view of the Swedish delegation that was an over-simplification. The truth was that internal stability was in itself no guarantee of a complete solution of international currency problems.

36. That had been the experience gained in Europe, where within the framework of the Organisation for European Economic Co-operation, and with assistance from the United States, energetic and in many respects successful efforts had been made to attain internal equilibrium and increases in production and trade. In spite of all the progress made the dollar gap still remained. That could not be explained entirely on

the basis of inflationary pressure and differences in costs. The explanation was largely to be sought in the shortcomings of the present international currency system. It would not be possible to overcome those structural difficulties solely by internal measures in the countries suffering from a dollar shortage, and any such attempt would in all probability result in a deflationary depression and a considerable increase in unemployment.

37. In view of the difficulties affecting international trade and payments the question constantly arose how the international payment system could be improved. It was clear that the Fund's contribution to that purpose could be only a partial one. For example, the Fund was not intended to solve the problem of long-term capital movements. It appeared from Mr. Rooth's speech and the report that the Fund anticipated a period of increased activity within its natural sphere of action. During the past year, the Fund had been engaged in working out procedures designed to facilitate a more extensive use of its resources by its members as a secondary line of reserve. The annual report and addendum described in detail the steps taken in that connexion, not the least valuable of which was the "stand-by credit arrangement", through which the Fund could play an important role as a secondary currency reserve for its members.

38. He had been encouraged by Mr. Rooth's statement that the Fund's available resources were large enough for significant extensions of its activities. The net sales of the Fund amounted to a little more than \$700 million, while its holding of United States dollars and gold alone amounted to nearly \$3,000 million. That fact raised the question whether the conditions for assistance set by the Fund were not still too restrictive.

39. Obviously the solution of the international currency problem must aim at general convertibility. Care must be taken, however, to avoid premature solutions that might over-strain the capacity of the payment system and thus still further postpone an ultimate solution of the problem. Naturally, internal stability—a resistance against both inflationary and deflationary forces—was a *sine qua non* in that connexion. Convertibility, moreover, must be based on a long-term solution of the structural problems, i.e. on adequate currency reserves and a liberal trade policy in all countries, and particularly in creditor countries.

40. During the transitional period a partial and gradually extended transferability would seem to be the most appropriate method. The Fund could contribute to a steady and organic development towards convertibility by supporting regional efforts to achieve such transferability. With regard to Europe, it was desirable that the Fund should lend effective support to the development connected with the European Payments Union. It was essential that the work designed to bring about general convertibility should be planned so as not to affect adversely European efforts in the direction of economic co-operation.

41. In conclusion, he said that his comments seemed to be in line with the actual trend of the Fund's activities. The Swedish delegation hoped that the increased activity by the Fund that might be anticipated in the coming years would result in improved

monetary and trade relations between the countries of the world.

42. Mr. LALL (India) observed that in its survey of the world economic situation during the year 1951-52, contained in chapter I of the Fund's report, repeated emphasis was laid on the problem of inflationary pressures. It could not be gainsaid that inflationary conditions led to payments difficulties, and that in each country domestic measures were imperative if an international payments equilibrium was to be reached. Various appropriate monetary and fiscal measures had therefore been adopted in India: the bank rate had been raised, credit had been restricted, the system under which the Reserve Bank of India carried on open market transactions had been altered and steps had been taken to facilitate selective credit. Inflationary pressures had also been subdued by the operation of certain international factors tending in the same direction. Such factors had helped to sustain the effectiveness of the domestic measures adopted by the Government of India so that not only had inflationary pressures been arrested but the wholesale price index in India had actually been brought below the pre-Korean level. However, the claims of prudence as advocated by the Fund had to be weighed against the need for rapid economic development in the countries of Asia and in other under-developed regions. In view of the paucity of domestic resources in those countries, the flow of foreign capital to those regions became imperative, failing which the temptation to resort to inflationary financing might be irresistible in the context of economic backwardness. In such instances foreign assistance would go far to neutralize inflationary tendencies; thus an adequate flow of international investment became essential for domestic as well as international equilibrium. The economies of under-developed and industrially backward countries were also susceptible to economic fluctuations from without, and therefore greater stability in the international demand for their products would be highly conducive to a stable international equilibrium. Finally, payments difficulties might also originate from surplus countries following tariff and trade policies not altogether consistent with their creditor position in the international economic sphere.

43. Like the Chairman of the Fund, he welcomed the growing realization in the United States of the beneficial effects of simplified customs procedures and a less restrictive tariff policy. Although much had been done in that direction, much still remained to be done.

44. He was gratified to note the decisions of 13 February 1952 and 20 November 1951, as well as the new arrangement for the granting of stand-by credit to members, which indicated a welcome tendency on the part of the Fund to explore new avenues.

45. Referring to the Executive Board's decision of 28 September 1951, he said that the question of the price of gold had lately excited some controversy. India had always adhered to the Fund's gold policy. There was complete prohibition of private exports and imports of gold and the premium market that existed was permissible in terms of the Fund's gold policy, so long as those internal transactions had no international ramifications.

46. Turning to chapter IV on exchange restrictions, he observed that though parallel measures were being

taken by countries to relax, as far as possible, the application of such restrictions, the situation could not yet be called normal. The exchange consultations envisaged in article XIV of the Fund's Articles of Agreement marked the year 1952 as one of real importance in the history of the Fund. It was gratifying to note that the Fund had conducted its consultations with members in a spirit of realism and had not allowed mere doctrine to sway its approach to current problems. It had been the experience of the Indian Government that the consultations had been conducted in an atmosphere of the utmost frankness and co-operation. In the case of India, the Fund had agreed to the further retention of exchange restrictions under the transitional provisions of article XIV of the Fund's Articles of Agreement.

47. With regard to the Fund's staff, it must be admitted that certain areas were insufficiently represented. While bearing in mind that the Fund must have an adequately qualified personnel, there was room for less uneven geographical representation.

48. The Indian delegation had taken special note of the continuance of the Fund's close and active relations with its members in the general field of technical assistance. Representatives of the Fund had visited twenty-seven member countries during the year; a mission of technical experts from the Fund had recently visited India for discussions and consultations with the Government. The Indian delegation greatly valued those activities of the Fund, which were making available to member countries the services of highly qualified experts.

49. Mr. BORIS (France), observing that the Fund's report was being discussed more than a year after the close of the financial period to which it related and had already been dealt with by representatives of governments at earlier conferences, feared that the Council's debate might prove somewhat academic and redundant. It might be useful, however, as a point of departure for the consideration of the broader item on the world economic situation.

50. The introductory statement by Mr. Roth evaluating the structural causes of the prevailing economic imbalance and suggesting possible remedies had brought into focus the very crux of that situation. Nevertheless, the French representative would have welcomed greater emphasis on the danger of deflation, which was no less immediate than that of inflation and should be watched as carefully both by debtor and creditor countries.

51. He would not revert to France's earlier criticism of the Fund's procedure for drawings upon its resources, as it had been largely mitigated by the new method of stand-by agreements. The French Government would like to see their application extended. The existing arrangement between the Fund and Belgium, a member of the European Payments Union, had helped to resolve a major problem confronting the Union. It represented a step toward the Fund's ultimate goal, namely, the convertibility of currencies. In fact, the obstacles to attaining that goal could gradually be overcome by a regional approach to the problem.

52. It had been argued that general convertibility of currencies and greater multilateralism on a regional basis were contradictory aims. It could be said, in reply,

that the fact that the dollar deficit imposed certain restrictions on some countries should not prevent those able to do so from eliminating such restrictions. That was the best way to combat autarchy and stave off a paralysis in international trade. It was certainly preferable to promote healthy though limited competition in preparation for an expansion of the market, instead of clinging to a narrow bilateralism. The French Government believed that the best method was the regional approach if general convertibility was to be achieved in the near future. For the obstacles were not merely transitory: the dollar gap could be definitively removed only by structural developments on a universal basis. Even when it disappeared, there remained the danger that rates of increased production would vary so widely that less favoured countries might be subjected to deflationary pressures requiring drastic changes in wage levels, which would be politically and psychologically impracticable. Moreover, extreme fluctuations of domestic demand on the United States market might have adverse effects on countries whose currencies had been rendered convertible into dollars. Consequently, an "all or nothing" policy was most inadvisable. Although France was not abandoning its desire for a universal solution, it considered that a beginning should be made by a multilateral effort to achieve convertibility within Europe.

53. He was not suggesting any abandonment of the objectives laid down in the Bretton Woods agreements. Their basic principles should certainly be adapted either by amendment or by interpretation to present-day needs, which could not be foreseen when they were first worked out. The problem should be viewed as a whole. Temporary palliative measures would not be sufficient; and the immediate conclusion should not, for instance, be drawn that the Fund's resources were inadequate; there would be no emergency until those still at its disposal had been at least partially exhausted. For that reason, the disappointment expressed in the Fund's report because the world balance of payments situation continued to be far from satisfactory should not deter it from action. It should make a careful study of the advisability of adapting the Bretton Woods agreement in the light of experience. Such a study might prepare the way for a world economic conference, recently suggested by the French Government.

54. Mr. DE KINDER (Belgium) expressed gratification regarding the Fund's report, noting that its basic concepts were in line with Belgian policy. That policy had been consistently directed to avoiding quantitative measures and providing the flexibility required to adapt it to changing world conditions. It had proved effective in maintaining a satisfactory balance of payments and establishing Belgium's credit on domestic and foreign capital markets.

55. The Fund was to be commended for reminding its members of the need to cement their solidarity by sound financial policies. An undue extension of domestic purchasing power would necessarily disturb the balance of payments situation and place the burden of financing on other countries. It should be noted that the current trend had been towards a reduction in effective demand resulting from larger public expenditure, greater soundness in world price structure and a laudable return to more orthodox financial monetary policies. Inflation was a relative concept; it could be described as the

situation arising when excessive domestic demand upset the balance of payments situation and placed a financial burden on others. But in the event of a reduction in world demand, the problem was likely to be reversed and any policy which failed to respond to domestic demand and restricted imports through protective tariffs would more accurately be described as deflationary. Its net effect would be to reduce employment both at home and abroad and check economic expansion.

56. It was important to determine whether the Fund possessed the means required for the restoration of equilibrium in international trade. There were two types of disequilibrium in balance of payments: one was seasonal, arising from temporary causes, of a short-term nature and requiring limited credits; the other was a permanent structural imbalance, such as the dollar gap, which could only be corrected over a longer term by the transfer of capital from countries with a favourable balance of payments to debtor countries or the transfer of gold in the opposite direction.

57. Although the report seemed to indicate that the Fund considered itself in a position to remedy the second type of imbalance, it was the Belgian view that its assistance must be confined to seasonal or temporary deficits. A reduction in the supply of dollars would further prevent the Fund from alleviating the more permanent evils afflicting international trade, which it should normally do. In his view, the Fund should play a more active part in seeking that long-term solution within the framework of an agreed economic policy.

58. Mr. HSIA (China) congratulated the Fund on its excellent analysis of the world balance of payments situation and endorsed the opinion that inflation continued to be a major danger, especially in its impact on under-developed countries. Many of the latter relied on an unfavourable balance of payments to combat inflationary pressures. Unless they found some alternate means to maintain internal stability, that practice would continue to drain their resources, and they would continue to require increasing amounts of foreign exchange.

59. As Mr. Rooth had pointed out, the under-developed countries could not achieve the expansion of organizational skills and human capacities required for their development overnight; they had to establish economic and financial policies to promote increased production gradually. The pace for economic expansion was set by events. For example, the development plans of the Asian countries could not long be deferred without risking impoverishment of their rapidly increasing populations and the serious political and social consequences of that situation. Those countries had to resolve many foreign exchange problems to enable them to purchase machinery and equipment, increase their imports and offset inflationary measures. The Fund was obviously not expected to supply all their needs, but the significance of its policies and achievements could only be measured against that general background.

The meeting rose at 12.40 p.m.





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President: Mr. Rodolfo MUÑOZ (Argentina)
(*First Vice-President*).

Present:

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

Observers from the following countries: Chile, Syria.

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

Report of the International Monetary Fund (E/2351 and Add.1) (concluded)

[Agenda item 9]

1. Mr. MATES (Yugoslavia) said that he wished to join with the representatives who had expressed their congratulations and thanks to Mr. Rooth, the Managing Director of the International Monetary Fund, on the work he had accomplished. Mr. Rooth had amply justified the confidence reposed in him by the Member States and, although the hopes which the founders of the Fund had placed in that institution at Bretton Woods had not been wholly fulfilled by events, that was not the fault of the Managing Director. Mr. Rooth had been able to accommodate the Bretton Woods agreements to the requirements of a delicate situation; and the delegations would note that he had announced in his statement to the 682nd meeting of the Council his intention to redouble his efforts to increase the usefulness and effectiveness of the Fund.

2. The Fund had already been of great service to the Member States. As a result of its operations, considerable resources had been made available to a number of governments; the solution of the problem of international payments has thus been made easier. The Fund's policy and methods should give excellent results. The same was true of the technical assistance supplied by the Fund. The programmes contemplated for the economic development of certain countries were very interesting and deserved thorough consideration. The Fund played an important part in the activities

of the United Nations as a whole by virtue of the assistance it gave to Member States.

3. Yugoslavia was very much interested in the current studies and consultations on exchange restrictions and currency convertibility. It did not think that general and absolute convertibility was possible. The Fund's representatives on mission to Belgrade had become convinced by their conversations with Yugoslav economists and politicians and by the information supplied to them as a basis for their decisions that free convertibility was impracticable for a country in process of development. Thus Yugoslavia could not at the moment participate in the movement for the liberalization of exchange undertaken under the Fund's auspices.

4. Another matter to which the general attention was currently being devoted was that of balances of payments. It would of course be easy to solve the problem of convertibility if the equilibrium of balances of payments was ensured. The founders of the Fund had, as was well known, foreseen at Bretton Woods a period of depression and had taken steps to meet it. Events had turned out otherwise and the disequilibrium of the balances of payments had been accentuated. Some remedy must be found. Apparently the view was taken in the Fund's report (page 26) that the difficulties encountered were due almost exclusively to the attempt of many countries to do more by way of consumption, investment and government expenditure than could be managed with the resources available to them. Mr. Rooth in his statement had corrected what might be regarded as something of an over-simplification by acknowledging that the matter was a complex one and that there were many factors influencing it in various ways. Several governments had, for instance, imposed restrictions on imports. The Fund should adopt in that regard a policy consistent with the general objectives defined at Bretton Woods. Any reduction in exports from countries of primary production would rapidly lead to a reduction in exports from industrial countries. A balance would certainly be established, but at a lower level; the result would be a decrease in world revenue and an aggravation of poverty and distress.

5. It should be noted that the reason why the Fund's activities had not been as successful as expected was that the international financial situation had changed since the Bretton Woods Conference. Conditions were no longer the same, in particular with regard to balances of payments, and the distribution system of invested capital was no longer adequate for current requirements. He would dwell upon that in more detail when the Council came to examine the report of the International Bank for Reconstruction and Development and the report on the world economic situation; changes in the flow of capital set a problem of long-term action which went beyond the Fund's competence. On the other hand, the Fund was ob-

viously of very great use for short-term enterprises. It was to be noted with satisfaction that the Managing Director had emphasized in his statement the need for action at all levels where intervention seemed possible; no isolated step could solve the complex payments problem as a whole.

6. In conclusion, he expressed his confidence in the Fund and in its future activities. His delegation would vote for the adoption of the report of the International Monetary Fund.

7. Mr. BARTOL (Argentina) said that he wished to give the Council some explanations about the Argentine Economic Plan for 1952, referred to on page 73 of the Fund's report. First, it should be stressed that the Plan had been limited in scope. It had really been a transitional programme between two five-year plans and should be studied in that context. Secondly, there was a reference in the report to a possible modification in the exchange rates, particularly for imports of agricultural machinery, implements and spare parts. No special rate had been set for those products in 1952 or 1953. There had been no provision in the Plan for any systematic modification of the exchange rates. The intention had simply been to encourage exports and to promote the mechanization of agriculture, and accordingly it had been thought advisable to allow a certain amount of flexibility in the application of the rates and to leave a margin adequate for that purpose. The Argentine delegation wished to give the Council those few explanations to obviate any misunderstanding.

8. The report as a whole embodied some very interesting information, and the Managing Director should be thanked for it. The Fund had been brought into existence to combat cyclical crises of depression. The expected deflation had not occurred; there had been, on the contrary, an almost continuous inflationary movement. Thus, the Fund seemed hardly equipped to confront the current situation. The framework within which its activities were carried out seemed somewhat too rigid and might well be made more flexible. Certain potential measures against inflation might be contemplated without thereby losing sight of the essential objective, which was to ward off any deflation.

9. Short-term programmes were no doubt useful in restoring balances of payments, but they were inadequate. Action broader in scope was imperative, as the facts set forth in the report showed. The Fund's existing resources did not permit undertaking activities on so wide a scale, but it was stated on page 46 of the report that an increase in its resources was not a question for action at the present time. Thus, there were only limited possibilities for long-term action at the moment. It should be recalled that the world economic situation was abnormal, and that in such circumstances the Fund could not function normally.

10. The question of exchange restrictions, the subject of chapter IV of the report, was of special importance. There was a very broad range of restrictive measures, some of which had earned the description of "arms of aggression". It was explained on page 60 of the report that forty-four out of a total of fifty-one countries still availed themselves of the transitional arrangements of article XIV of the Fund Articles of Agreement. That was a serious problem. It would be hard to solve and no hasty solution would do. In his

statement the Managing Director had brought up a number of questions in that connexion to which Argentina had already drawn attention. Thus to point out subjects which might supply an opportunity for fruitful reflection and investigation was helpful.

11. Balance of payments deficits seemed to be merely a symptom of the disease from which the international economy was suffering. To attack the symptoms was not enough. Progress was doubtless possible in every secondary field and those parallel movements might seem satisfactory, but it was still essential to take action against the deeper causes of the situation. Those causes were of a general economic nature; the financial problem was merely one aspect. In existing conditions, no under-developed country could restore its balance of payments. The Argentine delegation would return to that point when the Council examined the report on the world economic situation. The only practical action that could be contemplated was international action which, by developing co-operation and making the economic life of the world more flexible, would enable the attainment of effective and durable all-embracing results.

12. Mr. ROOTH (International Monetary Fund) said that he would reply briefly to the comments of certain representatives at the previous meeting.

13. He regretted that he could not for the moment give the Egyptian representative fuller information on the effects of the gold policy instituted by the Fund; he hoped to be able to supply more detailed information in the Fund's next report.

14. He assured the representative of Turkey, who had stressed how important it was that the Fund should take more interest in the under-developed countries, that the Fund's policy was now moving in that direction. He recalled in that connexion that the Fund had sent a mission to India, which had performed its duties to the satisfaction of the Indian Government. He hoped that the Fund would have an opportunity during 1953 to extend the contacts it had already established and that it would be able to establish new ones.

15. The Indian representative had pointed out that certain areas of the world were not adequately represented in the Fund. It was to be regretted that that should be so, but it should be explained that it was not always possible to increase the representation of a country as much as might be desired. It should be noted in that connexion that the Fund had sent a number of officials to India to examine the persons whose candidature the Indian Government had proposed. It was also hoped that it would be possible to recruit staff in the Latin-American countries. It was to be regretted that the Fund had lost some valuable collaborators, since some officials had been recalled by their governments.

16. The French representative had stressed the importance that should be accorded to stand-by arrangements. The Fund could not conclude such arrangements unless a request was submitted to it. Thus far only a few members had expressed the desire to take advantage of that provision. New requests might perhaps be received during the current financial year.

17. He thanked the Argentine and all other delegations which had supplied interesting information about the economic situation of their countries during the consideration of the Fund's report. He assured the

United Kingdom representative, who had stressed the desirability of developing co-operation with the Technical Assistance Board still further, that the Fund would see to the establishment of increasingly close bonds, not only with TAB, but also with the Technical Assistance Administration of the United Nations and other international institutions, in particular the Bank.

18. The PRESIDENT proposed that the Council should adopt a resolution identical to that with which the consideration of the Fund's reports had always been concluded hitherto:

"The Economic and Social Council

"Takes note of the report of the International Monetary Fund (E/2351 and Add.1)".

19. He put that draft resolution to the vote.

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

Calendar of Conferences for 1953 (E/2396)

[Agenda item 26]

20. The PRESIDENT asked the Council to undertake the consideration of item 26, "Calendar of Conferences for 1953".

21. As the matter was a very simple one, he wondered whether, in the absence of any objection, he might consider that the Council agreed to accede to the request of the Commission on Human Rights to authorize the Chairman of the Sub-Commission on Prevention of Discrimination and Protection of Minorities to attend the Commission's ninth session. The resolution adopted by the Commission on 8 April 1953 was contained in document E/2396.

22. Mr. MEADE (United Kingdom) pointed out that that proposal had financial implications; he therefore requested that a vote be taken.

23. The PRESIDENT put to the vote the proposal of the Commission that the Council authorize the Secretary-General to make arrangements with a view to attendance of the Chairman of the Sub-Commission

on Prevention of Discrimination and Protection of Minorities at the ninth session of the Commission on Human Rights on or about 15 May.

The proposal was adopted by 17 votes to none, with 1 abstention.

24. Mr. MEADE (United Kingdom) explained that he had abstained because his delegation was not convinced that the expense involved in the attendance of the Chairman of the Sub-Commission was really necessary. The Sub-Commission's report would doubtless have sufficed to enlighten the Commission on Human Rights. The decision which the Council had just taken might set an undesirable precedent.

Order of business

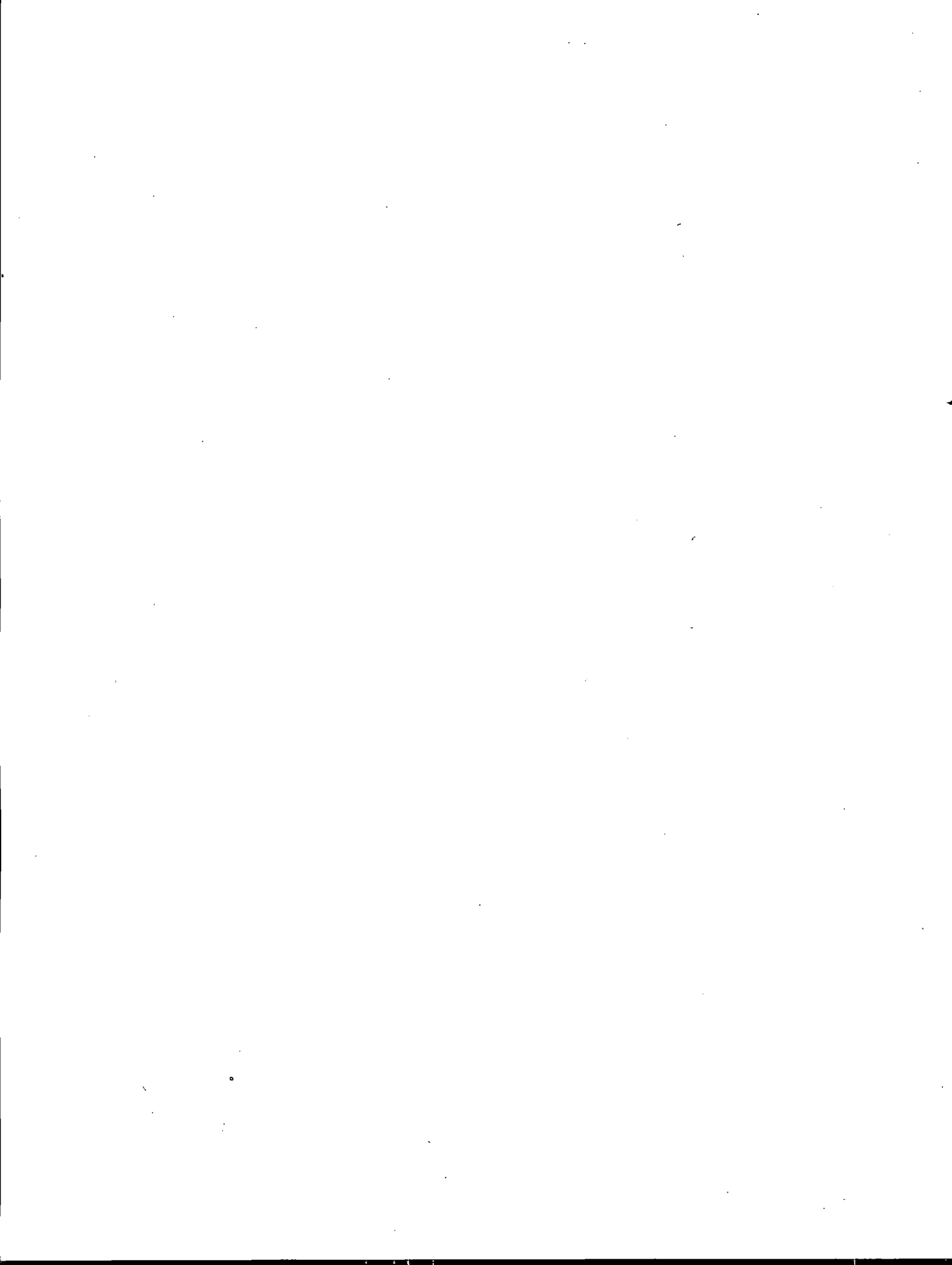
25. The PRESIDENT announced that the ensuing meetings of the Council would be devoted to the consideration of the report of the Bank, the report of the Population Commission—already considered by the Social Committee—and the report on the world economic situation.

26. Mr. SAKSIN (Union of Soviet Socialist Republics) had no objection to the order of business which the Chairman had proposed, but wished to observe in connexion with the report on the world economic situation that the USSR delegation had not yet received that document in Russian. He hoped that the Secretariat would do everything in its power to complete the translation as speedily as possible.

27. Mr. BRACCO (Uruguay) made a similar comment with regard to the Spanish version of the report. While recognizing the difficulties which the Secretariat had to overcome in translating a document of such magnitude, he hoped that his delegation would receive it before the Council began considering it.

28. The PRESIDENT assured the Russian-speaking and Spanish-speaking delegations that the Secretariat had taken note of their comments.

The meeting rose at 3.50 p.m.





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President: Mr. Raymond SCHEYVEN (Belgium.)

Present:

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

Observers from the following countries: Brazil, 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/2360 and Add.1)

[Agenda item 10]

1. The PRESIDENT welcomed Mr. Black, President of the International Bank for Reconstruction and Development and invited him to introduce the Bank's annual report to the Council.

2. Mr. BLACK (President of the International Bank for Reconstruction and Development), introducing the Bank's seventh annual report, emphasized that its principal objective continued to be to extend financial assistance to less developed member countries in order to stimulate a rise in production and higher standards of living. Of the total loans made by the Bank to date, twenty-eight amounting to approximately \$475 million had been provided during the fiscal year 1952 and the nine months that followed.

3. Turkey had recently been granted \$25,200,000 to cover the foreign exchange costs of the Seyhan power project, an undertaking which would result in the construction of a multi-purpose dam and hydro-electric plant and provide a healthy stimulus to the country's economy. It would effect substantial savings by preventing flood damage, increasing crop yields through irrigation and spurring the growth of new industries on the basis of the rise in the production of electric power.

4. Colombia had received a \$25 million loan to finance a railway improvement programme which would provide a transport and communication channel from the interior to the coast. In addition, the country's national railroad system would be reorganized on the basis of the recommendations of the Bank's survey mission of 1949.

5. India would benefit from two loans from the Bank, one to a private manufacturing concern and the other directly to the Indian Government. The first amounting to \$31,500,000, to the Indian Iron and Steel Company, had been the Bank's first direct aid to a private company and would enable the latter to double its productive capacity. The second was to be used for the Damodar Valley development scheme and involved flood control, irrigation and hydro-electric power projects. India's economy would benefit greatly by the resulting rise in grain production, improvement of transport and communication facilities and increase in power to feed local industries.

6. The Bank's disbursements now totalled \$1,050 million, with more disbursed in the last calendar year than in any comparable period since the European reconstruction loans. Some 38 per cent of the funds disbursed in the first six months had been spent outside the United States. Moreover, of the \$175 million of new loan commitments in the last nine months, \$34,500,000 was to be discharged in non-dollar currencies. To secure such funds, however, the Bank had to pay in dollars. For that reason, it was continuing to urge its members to release sums from the 18 per cent of their capital share in the Bank subscribed in their own currencies. An increase in non-dollar funds available from 18 per cent capital had brought the total of such funds to the equivalent of \$119 million. In addition, the United Kingdom had made the equivalent of \$168 million available from its 18 per cent for use over a six-year period to finance projects in the Commonwealth countries of the sterling area.

7. The Bank had continued to raise funds in private capital markets and had supplemented the already high figure of its bond sales by floating two more issues since June 1952: \$60 million in the United States market and 50 million Swiss francs. Both bond issues were heavily over-subscribed despite the fact that the cost of borrowed funds continued to rise and the most recent long-term Bank loans had carried an interest rate of 4 ⁷/₈ per cent, including the 1 per cent commission required under the Bank's regulations to set up statutory reserves against loans. Taking account of the value of maturing bonds retired to date, the net total of the Bank's direct obligations outstanding came to \$556 million, of which \$56 million was in United States dollars and the remainder in Swiss francs, pounds sterling and Canadian dollars. Furthermore, over \$11 million in securities had been sold to investors thus far in the fiscal year.

8. The Bank had been devoting more and more attention to difficulties arising from the execution of projects it was financing, particularly problems of administrative and financial management. It was attempting to anticipate such problems so far as possible, and, by maintaining close contact with its borrowers, to assist them in working out effective solutions.

9. Effective Bank action had been prevented in some cases, for example, by inflationary monetary and fiscal policies, unsatisfactory conduct by borrowers on previous loans and disturbed political conditions.

10. On the other hand, the Bank had broadened the scope of its investigations into the feasibility of providing new loans by sending missions to various member countries and dependencies to examine development plans and projects, study national budgets and check Bank-financed operations. Those missions had already laid the groundwork for loans to more than a dozen countries. In addition, the new members of the Bank — The Federal Republic of Germany, Japan and Burma — had been visited by Bank officials desirous of measuring the extent of their future participation.

11. Mr. Black then reviewed the technical and advisory activities of the Bank's general survey missions, noting that several countries had initiated action on the basis of their recommendations. The survey missions were beginning to work in co-operation with other international organizations, such as the FAO in Nicaragua and the United Nations Technical Assistance Administration in Panama.

12. The Bank had also been actively trying to stimulate the mobilization of local capital through the organization of development banks and the marketing of domestic securities. It was providing advice and assistance to a number of countries in that respect, among them the Philippines, Colombia, Cuba, Nicaragua, Iceland and Lebanon.

13. The Bank was also collaborating in a special project of vital interest to India and Pakistan, namely, the study of technical means to increase water supplied by the Indus river system for purposes of economic development. Much progress had been made in collecting technical data and in carrying on consultations and a comprehensive plan was to be prepared for the forthcoming September meeting of technical experts.

14. He would report to the Council at its next session on the results of continued consultations regarding the proposed international finance corporation.

15. The world economic situation had almost reversed itself since 1951. The accumulated demand for goods in industrialized countries had largely been met, critical shortages had to a great extent been overcome, inflation had somewhat subsided and a period of adjustment appeared to be setting in. On the other hand, a slackening of rate of production and investment in industrial countries might adversely affect export earnings of some under-developed countries, while competition among the former to supply needed goods would most likely sharpen. The net effect might be to stimulate private investment and private credits. At any event, the urgency of economic development remained paramount and the Bank would continue to work towards that goal.

16. Mr. OZGUREL (Turkey), reviewing the Bank's operations as described in its report and Mr. Black's statement, found them highly commendable and urged further efforts along the same lines. In particular, the Bank should intensify its activities in the field of technical assistance to under-developed countries, as their economic development was essential for the restoration of economic stability throughout the world.

A less rigid interpretation of the Bank's statutes might facilitate financial aid to the less favoured areas. Such aid might also be promoted more effectively by extending credit to private organizations through development banks, such as the Industrial Development Bank in Turkey. It was especially important so long as the proposed international finance corporation had not yet come into existence. His country attached great weight to the necessity for such a corporation. It was grateful for the valuable financial assistance provided it by the Bank, and for the sound recommendations of the Bank's survey mission to Turkey.

17. Mr. WADSWORTH (United States of America) also reviewed the Bank's recent operations and observed that its total loans of over \$1,600 million probably represented a capital investment of more than \$3,000 million. In addition to its lending operations, however, the Bank was actively engaged in various technical assistance activities designed to strengthen the economies of under-developed countries and to promote international economic co-operation.

18. The Bank was to be commended for maintaining flexibility in its lending techniques which had enabled it to make its first direct loan to a private company in India as well as a substantial loan to Yugoslavia in non-dollar currencies. It was also gratifying to note that member countries were making increasing amounts of their 18 per cent capital shares available to the Bank. The United Kingdom's release of £60 million was a notable event. Moreover, Bank loans in non-dollar currencies were a welcome sign that more countries were able to finance capital exports to under-developed areas. In that connexion, it was also encouraging to find that private investors were being brought into direct participation in the Bank's operations, as, for example, in its loans to Pakistan and to the Royal Dutch Airlines. It was hoped that such direct participation would become more frequent.

19. Finally, he noted the report by the Bank's President that the Bank's operations had remained relatively undisturbed by the economic changes since the outbreak of the Korean war. That was evidence that the process of economic development had not been neglected despite pre-occupation with the heavy burdens of rearmament. In view of the Bank's record, the United States was confident that it would continue to make a valuable contribution to the solution of economic development problems throughout the world.

20. Mr. CRISTELOW (United Kingdom) said that one of the most important factors on which the rectification of the existing structural imbalance of the world economy depended was the revival of a properly channelled and directed international flow of capital. In the view of his delegation, the International Bank had so far made the greatest single contribution to the establishment of an international framework which would permit capital flows to revive in a manner serving to correct the existing disequilibrium in world production. The United Kingdom delegation had therefore been glad to note that the International Bank continued to prove itself in practical operation to be a sound and valuable institution, and to hear from the President of the Bank that the rate of Bank disbursements was increasing.

21. It was no doubt true that the volume of money loaned by the Bank was not yet sufficient to meet the

many needs of member countries for imported capital, but the value of the Bank's contributions to the problems of the revival of international capital flow was not confined to the volume of its lending; apart from its actual lending operations the Bank had assisted in the revival of a somewhat healthier climate for international investments. Capital flow depended essentially on credit and credit rested on a foundation of good faith. The Bank was aware of that because it depended largely on its ability to raise money in private capital markets—principally those of the United States—and the fact must be recognized that private capital flowed in response not to moral but to prudential motives. Furthermore, in the present world, capital was increasingly scarce. That was particularly true of venture capital in the sense of capital which was both seeking and qualified to enter risk ventures, but it was probably increasingly true of public capital too. International capital movements could in reality only take the form of the transfer of goods and services, and it appeared to become more difficult rather than easier to provide goods and services on the scale needed to improve the standards of living of rapidly expanding populations. The Bank was to be congratulated on its success in mobilizing capital in capital-short markets and in using the proceeds of its borrowings for sound and productive purposes.

22. The United Kingdom Government had done and would continue to do all that lay in its power to support the work of the Bank. The difficulties of the United Kingdom in the past were well known and the Government had recently had to impose severe limitations upon investment at home. Nevertheless, the United Kingdom had been prepared to release modest amounts of sterling to the Bank and had permitted it to make one London market issue. More recently it had agreed to release to the Bank, under certain conditions, £60 million for lending within the sterling area. Recent developments in the world economic situation to which Mr. Black had referred might make wider release of 18 per cent subscriptions easier, but such releases could impose serious burdens on countries which were in over-all external deficit or in conditions of delicate balance. Although it was in the Bank's interest that its resources could come from as wide a range of countries as possible, the major flow of capital must in present conditions continue to be provided by the major creditor countries of the world.

23. The Bank's recent loans included the first loan to a dependent overseas territory for which the United Kingdom Government was responsible. That was the recent loan for railroad development in Northern Rhodesia, a loan which illustrated the complexity of modern development and the way in which problems could be tackled through co-operation, since its completion depended on negotiations involving not only Northern Rhodesia, the International Bank and the United Kingdom Government but also the Governments of Southern Rhodesia and Portugal and the Export-Import Bank. Moreover, the profitability of the investment in railroads was itself dependent upon investment in mineral and fuel extraction and in power.

24. The dependent overseas territories for which the United Kingdom was responsible had benefited from the Bank's activities in other spheres than the making of loans. The Bank had accepted invitations from the

Governments of Jamaica and British Guiana to send survey missions to those countries. The report on Jamaica had already been published and that on British Guiana would be published shortly. He believed that the reports would be of great value to the governments which had asked for them and that the Bank would be able to accept similar invitations if they were forthcoming from governments of other similar territories.

25. The Bank survey missions were a valuable form of activity, and their reports were of fundamental interest; although necessarily couched in discreet and non-controversial terms, they demonstrated the fact that "development" was an infinitely complicated and infinitely human process. In that process the lending of money was only one of a number of factors. The presence or absence of skilled and technical manpower, cultural habits, sociological factors, history both in the form of fact and fable, were among many vital determinants. Such factors might mean that "economic improvement" in the sense of the achievement of higher labour productivity in given industries or higher crop yields per acre was possible, but that "economic development" in the sense of the introduction into a given economy of that organic, living dynamism which initiated a process of continuously expanding growth was not. Only the latter could produce those improvements in standards of living which all wished to see. The former alone would mean that the product of mere "improvements" would soon be overtaken by the growth of population.

26. There had been some criticism of the Bank's speed of operations. It was true that the task of development was extremely urgent, but since it was also extremely complicated the penalties of haste might be even greater than the penalties of caution. The history of the United Kingdom exemplified the fact that industrialization had its dangers and evils as well as its blessings. It both needed and prompted far-reaching changes. Thus some of the projects the Bank helped to establish would only work in many instances if the people of a given country were prepared to change their habits of life, work and thought. In many cases the installation of the projects would result in changed patterns of life, work and thought over a circle much wider than that of those directly engaged. It was easy to say that such changes were necessary, it was less easy to say how they were to be achieved and not necessarily easy to make them acceptable. Such factors were the real stuff of development, they could determine whether the world's scarce supplies of capital could be usefully employed or whether they were to be wasted. They were not factors that could be eliminated by good intentions or by loosening the Bank's purse-strings. There must be development, but it could only be achieved if all were prepared to make the most effective use of national resources and of the world's scarce capital.

27. Mr. Black had referred to the rise in the cost of funds—a fact of great significance. There seemed to be a danger of reaching a stage when each year the savings of fewer people must meet the needs of many more. In such circumstances, the International Bank, in the opinion of the United Kingdom delegation, had rightly insisted on adequate measures designed to safeguard and ensure the effective use of capital. The

United Kingdom delegation would take pleasure in supporting a motion to note the Bank's report.

28. Mr. BORIS (France) expressed his appreciation of Mr. Black's statement and of the report of the International Bank. Although the report was probably admirably suited to the purposes of the Board of Governors, it was somewhat too sober in its presentation for the purposes of the Council. Mr. Black had given some interesting details about the programme for economic development in Turkey and he believed that the Council would be glad to receive reports from time to time describing the results of the Bank's efforts to help in the economic development of the under-developed countries. If that type of information was given wider publicity it might help to dispel some of the misunderstandings which had arisen regarding the Bank's activities.

29. His delegation was glad to note that the Bank's operations were developing with remarkable regularity, even though some might consider the progress too slow. He also noted with satisfaction the part played by loans for agricultural development in the general picture of the Bank's activities. In addition, it was very encouraging that the Bank had started to grant loans for general development programmes which were not tied to any specific projects. He referred to the loans granted for development in the Belgian Congo and Southern Italy.

30. The French Government had accepted in principle the Bank's appeal to members to make part of their local currency subscriptions to its capital available for lending and would do its best to respond to the appeal.

31. Although the Bank had worked consistently and effectively, it must nevertheless be admitted that it had not been able to do all that had been expected of it at the time of its establishment. There was indeed growing evidence of the fact that the Bretton Woods agreements were no longer regarded as sacrosanct in all their aspects.

32. In existing circumstances, at least the theoretical possibility of an economic recession inevitably arose. When that possibility had arisen in 1949, the Council had appointed a group of experts to consider the problem and, in its report on National and International Measures for Full Employment (E/1584), the group had assigned an important role to the Bank as a stabilizing influence designed to maintain the flow of international investments during a period of recession. The report of the group of experts had not been discussed until the summer of 1950 at the Council's eleventh session, by which time the danger of a recession had already passed, and subsequent events had sufficed to keep the question in the background.

33. The current problem was not only one of combating the danger of periodic recessions but was concerned with the whole structure of international trade. Clearly, the long-term problem could no longer be solved by the expedients which had been used since the end of the war. The search for a lasting solution to the problem of the dollar shortage was bound to lead to an attempt to re-establish the system of triangular trade; that would involve large-scale capital investments in the under-developed countries and consequently an increasingly important role for the Bank. Perhaps the suggestions submitted by the group of experts in 1950

were no longer appropriate and it might be necessary to consider other measures. The possibility of creating regional investment banks had been much discussed in recent times, but, whatever steps were taken, it was essential to co-ordinate them with the activities of the International Bank.

34. Mr. EL-TANAMLI (Egypt) said that the Council would certainly be glad to note that the Bank was beginning to occupy an increasingly important position in the international financial market. It was also encouraging to note that increasing amounts of local currency subscriptions to the Bank's capital were being made available for lending purposes. He was glad that the Bank was beginning to show a greater interest in the under-developed countries. It was clear from the various tables in the report that the Bank had in the past paid greater attention to the reconstruction of the industrialized countries than to the economic development of the under-developed countries and he welcomed the change in its policy reflected by increased investments in the under-developed countries of Asia and Africa.

35. In his opinion, the United Kingdom representative had painted an unduly pessimistic picture of the possibilities of economic development in the under-developed countries. It was, of course, true that there must be technical knowledge and co-ordination in order to avoid any waste of the capital invested in the under-developed countries, but it was equally true that there could be no economic development without increased capital investments. He emphasized that, in the post-war period, the movement of capital had allowed some countries to live beyond their means, while the policy of freezing foreign assets had forced some of the under-developed countries to live at a lower standard than necessary. The time had now come to pay greater attention to the needs of the under-developed countries.

36. Finally, he pointed out that the term "Middle East" was used rather loosely in the Bank's report and proposed that something should be done to find an agreed definition of the term for the United Nations and all the specialized agencies.

37. Mr. DE KINDER (Belgium) said that the two main objectives of current economic policy must be to achieve the stabilization of employment and income at a high level and to develop the new countries and raise their standards of living. Without in any way underestimating the importance of those two prime objectives, he emphasized that the most urgent and immediate problem remained that of the dollar gap. Until that problem was solved, it would be difficult, if not impossible, to re-establish a real multilateral payments system and to free international trade from the obstacles impeding its development. Moreover, it was clearly stipulated in the case of both the Bank and the Fund that economic stability and development must be achieved through the development of international trade. Consequently, it was perfectly legitimate, in examining the reports of those two organizations, to see what contribution they could make towards the solution of the dollar gap and thus towards economic stability and development.

38. There were now more dollar resources available to enable the rest of the world to purchase goods and services from the United States than there had ever been before the war and the fact that the resources

were inadequate showed that the need for such purchases was far greater than before the war. That situation could not be attributed solely to the inflationary pressures which certainly still existed in various parts of the world. In addition, he pointed out that the dollar shortage was concentrated in Western Europe. That was not in itself abnormal for the countries of Western Europe had had a deficit with the United States even before the war, but at that time the deficit had been offset by a surplus with the rest of the world, a surplus which had now been replaced by an additional deficit. In his opinion, that was the main cause of the disequilibrium in world payments.

39. He quoted figures to show how the war had disorganized the system of triangular trade and added that the efforts made since the war had not yet succeeded in re-establishing that system. As the representative of France had stated, it was essential to bring back the system of triangular trade in order to stabilize the world payments position and the Bank and the Fund should direct their activities towards that end. He had no wish to take over the Bank and the Fund and to direct their activities solely for the benefit of Western Europe to the detriment of the under-developed countries. The Bank's work for economic development must naturally be primarily in the interests of the under-developed countries, but he believed that their interests would be better served by methods which would at the same time help to stabilize international trade and the world payments situation.

40. The Bank did not seem to have paid sufficient attention to that objective. Clearly, the only possible way of removing the dollar gap was to increase the exports from the rest of the world to the United States and to reduce the imports from the United States. In many cases, however, the Bank's operations had actually encouraged United States exports to the under-developed countries, thus increasing their economic dependence on the United States and aggravating the disequilibrium in international trade. Even if a country was able to compete with the United States in supplying capital goods, its chances of receiving the contract were considerably lessened if, for one reason or another, it could not at that moment make available part of its local currency subscription to the Bank's capital. If the Bank were to encourage the use of its available dollars in the countries suffering from a dollar shortage, it would be making an effective contribution to the elimination of the dollar gap and to the return of multilateral trade and payments. Capital must move from the surplus countries towards the deficit countries and the Bank should bear that in mind in exercising its functions as a dispenser of capital.

41. He did not in any way suggest that Europe should be given preferential treatment in comparison with the United States; he simply wished the normal rules of competition to apply in the interest of all concerned. Besides giving other countries a chance to supply the capital equipment necessary for the projects it financed, the Bank should also use more experts from countries other than the United States to plan its projects. European experts would naturally be inclined to consider the project in terms of European equipment, just as United States experts normally made their plans in terms of United States equipment. The Bank's members could help in that direction by making the necessary experts available to the Bank.

42. It was only natural that the Bank should wish to avoid increasing the dollar burdens of countries already suffering from a dollar shortage. It was equally natural that the Bank should for the time being plan its operations on the cautious assumption that certain currencies would remain inconvertible. Even so, however, he thought it would be possible for the Bank to make its operations more multilateral. The Bank could quite easily allow some of its members to benefit from dollar receipts originating from its loans to other members, provided that the countries receiving the dollars undertook to allow the reconversion of an equivalent sum when the time came for the repayment of the loan. In that way the country receiving the loan would also have the advantage of being given the option of repaying the loan in the currency of the country where the dollars were spent.

43. He outlined a hypothetical case to illustrate his idea. Supposing that Pakistan wished to build a hydro-electric plant with the Bank's assistance, and that it did not have sufficient dollars to meet the cost in foreign currency and was not expected to increase its exports to the dollar area as a result of the project. In the circumstances, it would be inadvisable for Pakistan to increase its dollar commitments. At the same time, Sweden might be in a position to supply all the equipment required but might, for various reasons, be unable to release part of its local currency subscription to the Bank's capital. In such a case, the Bank could authorize Pakistan to spend the dollars it had received from the loan in Sweden, provided that Sweden undertook to convert the equivalent amount back into dollars when the time came for Pakistan to repay the loan. The conversion would be at the current rate and would enable Pakistan to meet its obligation to repay the Bank in dollars. The advantage of such an operation were obvious. Pakistan would receive the loan when otherwise the Bank would have refused a loan in dollars and would have been unable to grant a loan in Swedish crowns. Sweden would also benefit because its commitment to convert its currency into dollars would be offset by an immediate receipt of dollars and a stimulus to business. In addition, it was obvious that such an arrangement would make a very valuable contribution towards the re-establishment of a triangular system of trade and towards multilateral payments. The suggestion would of course require detailed study and he hoped that the Bank would be asked to make such a study. He did not believe that there would be any insurmountable obstacles.

44. The International Monetary Fund could also make a valuable contribution towards the re-establishment of triangular trade relations. Thus far, only its dollar resources had in practice been used. That had doubtless been in order to meet the most urgent needs of its members but the time had come for the Fund to put its substantial resources in other currencies into use. The Fund had already started to examine the problem of using inconvertible currencies and he hoped that it would find a solution in the near future.

45. Mr. LANZA (Uruguay) congratulated the International Bank on its clear and detailed report. The Bank was making a valuable contribution to economic development, but a restoration of confidence was essential in order to make its work more effective. Uruguay was a member of the Bank and the Government of Uruguay was studying a vast programme of basic im-

provements to promote the development of agriculture and stock-breeding. He stressed the importance of the Bank's activities in the field of technical assistance. He hoped the Bank would appreciate the desire of the peoples to direct their own destiny and that it would continue its present policy while expanding it both in regard to the extent of its total operations and the area of the world covered by them.

46. Mr. MATES (Yugoslavia) had been particularly glad to note that during the previous year the International Bank had given greater attention to under-developed countries than in the past. On 11 February 1953, Yugoslavia had been granted a new loan of \$30 million. That loan would serve exclusively to complete certain basic investments in the country's economy which would enable the country to decrease its imports by \$23 million and increase its exports by \$26 million, thus improving its balance of payments by \$49 million a year.

47. Yugoslavia's example showed that the credit capacity of many under-developed countries was far greater than was usually thought. Hence there were very real possibilities for the expansion of the Bank's credits, particularly in the under-developed countries. The loans recently granted to Colombia, India and Peru provided further evidence of that fact. The loan to Yugoslavia had been mainly in European currencies, United States dollars constituting only slightly over 10 per cent of the total. The granting of loans on such a basis was likely to stimulate multilateral trade and their favourable effects were felt not merely by the economy of the receiving country but also by those in whose currencies the loan had been effected.

48. It must be admitted that the International Bank had not fulfilled the expectations born at Bretton Woods that it would serve to encourage an increased international flow of capital. Its role in the present day world was rather that of an independent international creditor. That, however, did not mean that the Bank had failed to accomplish what was possible in the circumstances, but merely that the world was changing and was developing new methods of international financing.

49. That raised the most serious problem both in the field of world economic stabilization and in that of the economic development of under-developed countries. Obviously the International Bank as at present constituted would be unable to accomplish that task. It was to be hoped that it would soon be possible to bring into being the special fund for economic development, which, with the Bank, would play a decisive part in the sphere of world finance.

50. Clearly the Bank, with its present reserves, would be unable to solve entirely the problem of long-range international disbalance. Nevertheless, there were some measures that could be taken to increase the Bank's effectiveness.

51. The question had frequently been discussed of freeing the 18 per cent subscriptions of member countries for the purpose of widening the Bank's lending capacity. Such a measure, agreed to by industrialized countries, would be of tremendous significance, but the question of compensation to those countries would have to be considered.

52. In that connexion, he referred to the question of exchange facilities for the repayment of interest. Loans

from the International Bank had to be repaid in the currency in which they were contracted. It would be a significant advantage to debtor countries if they could repay loans in currencies which they could normally earn with their exports. That question was worthy of study.

53. The fact that during the seven years of its operations the Bank had made a profit of about \$100 million seemed to render possible an extension of the Bank's lending capacity or a decrease in its rate of interest, which was twice as high as the average interest rate for securities in the United States.

54. Referring to the table on page 9 of the Bank's report, he suggested that the Bank might pay greater attention to loans for the industrialization of the under-developed countries, where lay the real key to the problem.

55. In connexion with general problems of international movements of capital, consideration should be given to the possibility of increasing the Bank's basic reserves.

56. Mr. JUNG (India) congratulated the Bank and its President on a year of constructive labours from which India, among others, had benefited.

57. One of the best methods by which the United Nations, its organs, the specialized agencies and different countries were laying the foundations of real peace was that of technical assistance. The International Bank had made a solid contribution through its survey missions. He hoped that one of the indirect results of those missions and of the technical assistance measures undertaken by the Bank would be the training of the vast human material in the under-developed countries in the technique of development and planning, the collection and maintenance of statistical data and the organizing of the execution of plans. The intangible results of the surveys were difficult to evaluate but surely one of them would be a change in the approach of the governments concerned to development problems. The tangible results could naturally only be seen if the authorities concerned took quick action on the findings. India viewed with particular satisfaction the Bank's measures of assistance to Pakistan and India in the preparation of a comprehensive scheme for the development of the Indus Basin.

58. Economic development, although a continuous process, largely depended for its success on a country's ability to mobilize its total resources and to use them to the best advantage. There must be development on the widest possible basis, without undue stress on any one aspect. Unless schemes for both industrial and agricultural development were given the same attention, the chances of an under-developed country's financing its essential imports were remote. He would therefore suggest a balanced distribution of assistance to development schemes in the under-developed areas in the industrial as well as the agricultural sphere.

59. In the course of his opening remarks the President of the Bank had referred to the problem of land tenure and the problem of population. Evidently there might be difficulties from the Bank's point of view in considering monetary assistance for projects within those spheres; nevertheless it should be appreciated that those were not purely social problems, that a large part of the economic development of certain countries was tied up with their solution and that there was need

for urgency in tackling them. The loans referred to in the report indicated a sympathetic awareness of the genuine needs of members, and a greater degree of flexibility in the project approach, which were very welcome.

60. The wisdom of the Bank's investment policy had borne good dividends in increased productivity in many of the borrowing countries. It had won the confidence of investors and, having financed principally public utilities, the Bank had helped to furnish the right climate for private investment. No institution was better placed to meet the long-run challenge of development of under-developed countries, including increases in food production and distribution for a rapidly growing world population.

61. There was, however, some disparity in the distribution of the loans. On 31 December 1952, out of a total of nearly \$1,600 million, Asia and the Middle East had accounted for less than \$200 million. No doubt that was largely due to the paucity of appropriate projects of development in some of the countries situated in the region. The Indian delegation would like the attention of the countries concerned and the Bank to be drawn to the needs of Asia and the Middle East and hoped that existing deficiencies would be made good and that the Bank would increase its lending in that region.

62. Side by side with the desirability of increasing

the rate of the Bank's investment in the under-developed countries, it was important to ensure that the rate should not drop sharply in the event of a recession. He hoped that the Bank would work out its policy in that respect and make recommendations as to the policy the under-developed countries should adopt to ensure a steady growth in the rate of foreign investment.

63. The position of reserves reflected the care of the management in husbanding the available resources. The successive additions to the reserves would seem to indicate the need for relaxation in the Bank's charges on borrowing. Perhaps, as one way of reducing commitment charges, disbursements might be accelerated, thus relieving both the Bank and the borrower from the cost of carrying idle funds. The present average period for the disbursement of a loan after it had been granted appeared too long.

64. In conclusion he said that his delegation looked forward to hearing the Bank's recommendations in respect of the proposed international finance corporation, and assumed that regard would be had to the discussions in the Second Committee of the General Assembly at its seventh session.

65. The Indian delegation noted the report of the Bank with great satisfaction.

The meeting rose at 12.55 p.m.





ECONOMIC AND SOCIAL COUNCIL

Tuesday, 14 April 1953

Fifteenth Session

at 2.30 p.m.

OFFICIAL RECORDS

HEADQUARTERS, NEW YORK

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President: Mr. Raymond SCHEYVEN (Belgium.)

Present:

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

Observer from the following country: Brazil.

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.

Report of the International Bank for Reconstruction and Development (E/2360 and Add.1) (concluded)

[Agenda Item 10]

1. The PRESIDENT called upon the representative of the World Federation of United Nations Association to address the Council.
2. Mrs. FOX (World Federation of United Nations Associations) congratulated the Bank on the annual report which it had submitted to the Council. The WFUNA hoped that the Bank would continue to extend its activities as liberally as a constructive interpretation of its Articles of Agreement would permit.
3. The WFUNA wished to make a suggestion which might contribute to a better universal understanding of the Bank's activities. So far the Bank had sold its bonds to exchange agents and brokers who had resold them to agencies such as banks and insurance companies. That method had great economic advantages, but the WFUNA felt that selling bonds to the man in the street would have a great psychological effect and would be economically feasible at the same time.
4. Individuals and agencies were equally responsible for economic and social progress. It had been noted that the capital which small savers invested in national defence had been very important economically and psychologically. The same could be true of the "investments in peace" which small savings would represent.
5. To arouse public interest a relationship must be established between the capital sought and the economic

development projects to which the capital would be assigned. In other words, an attempt must be made to establish or extend international co-operation at the personal level, by letting those who provided capital or who manufactured goods and equipment know what people were using their capital and goods and the way in which they took advantage of the assistance thus received, and by letting the beneficiaries know the people who were directly interested in their fate and who were helping to improve their living conditions. By so doing, the world would have a better understanding of the need of certain countries for development and of the importance and value of the programme launched by the United Nations.

6. The WFUNA fully realized the material difficulties involved in the Bank's offer of bonds to small savers, but its suggestion deserved attention, because it offered psychological advantages which could certainly offset the economic disadvantages to a considerable extent.

7. Mr. CAFIERO (Argentina) joined with the representatives who had congratulated the President of the Bank on the report which he had submitted to the Council. Although not a member of the Bank, Argentina wished to express its opinion on certain points of particular interest, for example, the Bank's activities in relation to world economic problems.

8. Having completed the initial phase of its work, assistance in the reconstruction of war-devastated countries, the Bank had entered the second phase: assistance in the economic and social progress of the underdeveloped countries. The report showed that it was making an effective contribution, to the extent of its resources, to the economic development of many areas. The loans which it issued for carrying out specific projects, like the large-scale surveys and studies it undertook, bore witness to very praiseworthy activity.

9. Economic development was essential to social progress and to the welfare of the peoples of the underdeveloped countries, but it could not be imported; it must be accomplished by the countries concerned. Most of those countries fulfilled the conditions required for obtaining the capital which they must have to carry out their development programmes. It was in that respect that the Bank's activities must be extended to the utmost.

10. A brief analysis of the world economic situation showed the interest which the industrial countries must have in the development of the other countries. The development would take the form of a greater consumer capacity, in other words of a wider outlet for the exports of the former countries. From 1938 to 1944 long-term international investment had dropped by \$24,000 million, to the detriment of development plans, whereas short-term investment had increased by \$22,000 million. It was then that the Bank had been established. It had become the only international

agency for financing economic development programmes.

11. The amount of the loans which the Bank had issued since its establishment should be studied in the light of the above figures: it totalled \$1,600 million mostly assigned to European countries which, at the same time, had been able to count on other financial sources for their reconstruction and development programmes. Again, the proportion of loans issued for industrial development plans was negligible. It should be noted that 90 per cent of that small sum had gone to European countries and the remainder to one country only. Twenty-nine million dollars of the \$43 million assigned for the mechanization of agriculture had been used up by a single country.

12. The criterion for issuing loans was such that credit had gone to countries which had reached a relatively high level of development, which had restricted the borrowing chances of other countries. His delegation did not at the moment intend to analyse the prospects which the establishment of an international finance corporation would offer, but it wished to point out that an agency like the Bank should be capable of becoming a stabilizing element and an anti-cyclical force. In view of current conditions and of the methods of issuing loans, his delegation doubted whether it had been assured that the Bank could operate effectively in the event of a depression because of its limited resources and its credit system.

13. According to article I of the Bank's Articles of Agreement one of its purposes was to contribute to the harmonious development of international trade and to maintaining stability in balances of payments by encouraging international investment. Income from foreign trade ought to ensure that the under-developed countries secured the resources to enable them to expedite their economic advancement, but it had been found that the trend of prices were such that countries producing raw materials had to keep increasing the volume of their exports in order to obtain a constant volume of the capital goods essential to their economic development.

14. The Argentine delegation had already raised the matter in the General Assembly and a study was to be made. It was therefore raising the point only to bring it to the attention of the Bank which would doubtless express its opinion in due course. Countries exporting raw materials must cease to be so dependent on fluctuations in international trade which impeded their development.

15. His delegation asked the President of the Bank whether it would be possible in the future to have a rough idea of the ratio of loans issued to the total of loans requested, by branches of economic activity and areas. That would make it possible to compare the amount of actual disbursement with the needs expressed in the requests.

16. Mr. TANGE (Australia) was pleased to note that the Council was studying the Bank's report not in order to comment on the way in which it was carrying out its responsibilities towards its members, but rather in order to be in a better position to undertake its own work. Its work had been gradually defined during the last years and consisted, among other things, in analysing and interpreting the world economic situation, in

analysing the problems involved in maintaining economic stability and stability in balances of payments, in closely studying the methods for improving the development of the under-developed countries, the physical and economic requirements to be met, the field in which international action could be effective and the policy which would lead to the best results.

17. The Bank's reports provided the Council with valuable material for carrying out its work. Again, the Bank's activities, as an international agency responsible for mobilizing credit and placing international investments, constituted a weighty factor in dealing with the various aspects of the world economic situation to which he had referred.

18. At the same time, the restrictions on the Bank's activities, in respect of the amount and nature of the assistance which it could offer, were well known. It was a matter for congratulation that the Bank had always been so willing to participate in the United Nations discussions in order to define and lay down the scope of its activities and responsibilities and to place its technical and administrative experience at the disposal of those who sought new ways of mobilizing capital for economic development.

19. That research was continuing and it was most important for most if not all of the Member States that it should be successful. Capital that was made available for economic development was a weapon to fight poverty and win higher standards of living; it was with that humanitarian aspect of the question that the Council had rightly concerned itself. He felt that the United Nations had not attached sufficient importance to the argument that the foreign financing of a country's productive potential was a powerful factor in solving the economic and financial problems which hampered that country's development and gave rise to difficulties in its international relations.

20. It was possible that the ideal solution did not rest with any one international agency. It was not enough to mobilize and distribute international capital; the capital must be put to productive use and that could be done only if certain conditions were fulfilled. It was essential, in carrying out any project, that the recipient government should be prepared and that it should have the necessary means of action. As the United Kingdom representative had pointed out at the previous meeting, however, those prerequisites could not be had for the asking. In addition, international trade relations must be such as to allow countries which were trying to develop their resources to increase their trade; trade policy could encourage or prevent such countries from using their potential resources. The Managing Director of the Fund had raised that question and had stressed the need for ensuring a balance between the full utilization of resources and internal stability (682nd meeting).

21. In view of its structure and hence, of the financial resources at its disposal, the Bank was far from being the only instrument capable of promoting a greater international flow of private and public capital. It was, nevertheless true that the Bank was fully aware of the United Nations programmes and that it provided valuable help in carrying them out. That contribution could be still further increased in all confidence.

22. In that connexion, his delegation associated itself with those delegations which had expressed the hope

that the projects undertaken in Asia would be successful and would permit that area to receive more help from the Bank.

23. Mr. WESTERLIND (Sweden) did not propose to speak in detail on the various technical questions that had been raised during the debate, as his delegation had already indicated its general point of view on the monetary position at the 682nd meeting, when the report of the Fund had been considered. Furthermore, questions such as those raised by the Belgian delegation, for example, the desirability of multilateral exchanges and payments, could more usefully be discussed by the Swedish representative on the Board of Governors of the Bank.

24. The President of the Bank was to be congratulated on the felicitous results achieved so far. It should be noted, in particular, that the Bank continued to direct a large share of its activities towards the less developed countries. The activities of the Bank, although increasing, were, however, still very limited compared to the need, but the funds seemed to be increasing. Among the numerous obstacles was the scarcity of well-planned self-liquidating projects, but the technical assistance rendered by the Bank could certainly do much to alleviate the situation in that respect.

25. Mr. MENDEZ (Philippines) welcomed the report submitted by the Bank and thanked Mr. Black for his excellent comments on the activities of that institution which was rendering ever wider services to the international community by attempting to correct the imbalance of a disrupted world economy.

26. The world could not survive if it remained divided between the haves and the have-nots and he hoped that the Bank would be able more than in the past to make credit available not only to governments but also to private undertakings, even when the loans requested by such undertakings were not guaranteed by the governments concerned. The important role necessarily devolving on the richer countries must not be underestimated. In that connexion, he noted with pleasure the United Kingdom representative's remarks about his country's growing interest in the movement of capital towards the under-developed countries.

27. He could not help noting with regret, however, that the information contained in the Bank's report showed that the share allotted to the countries in the Eastern hemisphere was very small. The figures in chapter III of the report showed that the funds set aside for Asia and the Middle East bore no relation to the real needs of those areas. It was to be hoped that a better balance could be achieved in future. The Bank could be of inestimable value in trying to make governments understand what caused the world's troubles and how they could be cured.

28. He concluded by stressing the need for channelling an ever-increasing share of the assistance towards those countries with the greatest needs. He was ready to vote for any draft resolution approving the Bank's report.

29. Mr. BLACK (President of the International Bank for Reconstruction and Development) thanked the members of the Council for their kind words; he was happy to note that, generally speaking, they had expressed their satisfaction with the Bank's activities. He was particularly pleased that certain of the usual

unfavourable comments had not been forthcoming on that occasion.

30. With regard to the remarks made at the previous meeting by the United Kingdom representative, Mr. Black said that he was the first to admit that the Bank might have made certain mistakes during recent years. It must not be forgotten that it was a new institution; since it had no precedents to guide it, it could only learn by experience.

31. The French representative had thought that the report gave too placid and sober a picture of the Bank's activities. Mr. Black pointed out that "placidity" was impossible in view of the multiplicity of problems with which the Bank was faced.

32. The Egyptian representative had pointed out that there seemed to be some confusion between the terms "Near East" and "Middle East". Mr. Black regretted that mistake; during his visit to the Middle East he had been able to study the area closely and he promised to see that the next report was more precise in its definitions.

33. With regard to the Belgian delegation's suggestions on how to overcome the serious problem caused by the dollar gap, Mr. Black said that the Bank's policy was to grant as many loans as possible in dollars. In that connexion, he welcomed the suggestion that a return to multilateral trade and payments should be promoted and he invited the Belgian delegation to ask the Belgian representative on the Board of Governors of the Bank to support any move in that direction.

34. The Indian representative had suggested that the Bank should accelerate the disbursement of loans in order to reduce commitment charges. Mr. Black replied that that procedure might not have the expected results. The Bank had every interest in projects being carried out as quickly as possible for only in that way could it hope to reconstitute its funds and use them for new investments. He assured the Indian delegation that the Bank would like nothing better than to be able to reduce in every case the period elapsing between the time when it granted a loan and the time when the funds were actually disbursed.

35. The Yugoslav representative had mentioned that it would be an advantage if the Bank authorized the repayment of loans in currencies other than the currency in which the loan was made. Mr. Black explained that, in order to agree to such transactions, the Bank must have certain guarantees regarding the convertibility of the currencies involved; otherwise it would run the risk of compromising its lending capacity.

36. He pointed out to the representative of the WFUNA, who had emphasized the desirability of selling the Bank's bonds to the man in the street as well as to financial institutions, that the Bank did not make it a matter of principle to sell its bonds only to institutions. Nevertheless, the sale of bonds to the general public would give rise to certain difficulties: in the first place, private investors must be offered a higher rate of interest and, even supposing it was possible to make a greater appeal to the man in the street, it was open to question whether that procedure would produce sufficient funds. In any case he assured the representative of the WFUNA that the Bank tried to interest private subscribers as much as possible in its loans.

37. The Argentine representative had expressed the hope that the Bank would give the Council an idea of

the total requests submitted compared to the number of loans granted. Mr. Black explained that the Bank had no rigid policy on that point: each request was examined individually. The Bank's aim was to enable requesting countries to carry out their projects in a certain order of priority and to spread them out over a number of years. Hence it was difficult to give any precise figures. In any event, he assured the Argentine delegation that the Bank had never refused loans because of insufficient funds; it was in a position to meet any requests that might be submitted to it.

38. In conclusion, he thanked the members of the Council once again for having given him the opportunity to express his views and said that he was ready to listen to any suggestions which the representatives of the various countries might wish to make. The Bank would always try to be as flexible as possible.

39. The PRESIDENT closed the general debate. At the request of Mr. SAKSIN (Union of Soviet Socialist Republics), he put the following draft resolution to the vote:

"The Economic and Social Council

Takes note of the seventh annual report of the International Bank for Reconstruction and Development (E/2361 and Add.1)"

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

Report of the Population Commission (seventh session): report of the Social Committee (E/2359,¹ E/2392 and E/L.491)

[Agenda item 14]

40. Mr. MICHANEK (Sweden) briefly explained why the Swedish delegation was submitting an amendment (E/L.491) to draft resolution D which had been recommended for adoption by the Social Committee (E/2392). The wording of paragraph 5 of the draft resolution was rather vague. It might be taken to imply that the Secretary-General should report on all the activities referred to in the resolution, in which case he would be obliged, for example, to send a detailed questionnaire to governments on the measures to be taken by Member States. He did not think that the Social Committee had wished to impose that task on the Secretary-General. The Secretary-General should only be requested to report on the technical assistance activities provided for in paragraph 3. His delegation felt that it would be advisable to make that quite clear and also to place some time-limit on that obligation. Its amendment was directed to those two ends. The Council should have no difficulty in adopting it.

41. The PRESIDENT put draft resolution A to the vote.

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

¹ See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 3.*

42. Mr. MEADE (United Kingdom) explained that his delegation had voted for resolution A on the understanding that the category of work referred to in paragraph 2 of the operative part included the studies on the "recent rise of the birthrate in certain countries", or point 9 on the list of first priorities in appendix IV of the Population Commission's report (E/2359).

43. The PRESIDENT put draft resolution B to the vote.

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

44. The PRESIDENT put draft resolution C to the vote.

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

45. The PRESIDENT put to the vote the Swedish amendment (E/L.491) to draft resolution D.

The amendment was adopted by 14 votes to none, with 4 abstentions.

46. The PRESIDENT put to the vote draft resolution D, as amended.

Draft resolution D, as amended, was adopted by 15 votes to 2, with one abstention.

47. Mr. SAKSIN (Union of Soviet Socialist Republics) recalled that his delegation had explained in detail in the Population Commission and the Social Committee its views on draft resolution D, against which it had just voted. The USSR considered that resolution useless and superfluous since the problem of internal migration fell wholly within the domestic jurisdiction of States.

48. The PRESIDENT put draft resolution E to the vote.

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

Order of business

49. The PRESIDENT announced that after consulting the delegations he had fixed the Council's programme of work for Wednesday, 15 April. On that day the Council would examine items 34, 11 and 6 of its agenda. The Secretariat suggested that the Economic Committee should meet on Wednesday, 15 April, at 2.30 p.m. to continue its consideration of item 8 of the agenda and if possible to begin consideration of item 13.

50. Mr. BRACCO (Uruguay), supported by the Argentine representative, proposed that the meeting of the Economic Committee should be postponed in order to enable delegations to study the questions raised by item 8 more thoroughly.

51. The PRESIDENT put the Uruguayan proposal to the vote.

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

The meeting rose at 3.55 p.m.



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President : Mr. Raymond SCHEYVEN (Belgium).

Present :

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

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

Admission of the representative of the Women's International Democratic Federation for participation in the Commission on the Status of Women, in accordance with the resolution adopted by the Commission (E/2386, E/2397 and E/L.493)

[Agenda item 34]

1. Mr. WADSWORTH (United States of America) stated that the Legal Department's memorandum (E/2397) showed that there was a difference of opinion between that Department and the United States Government about certain issues connected with the application of the Headquarters Agreement. The differences had not yet been fully discussed between the Secretariat and his Government. The fact that the United States Government had intimated its inability to issue visas to the representative of the Women's International Democratic Federation was an essentially juridical matter. Section 21 of the Headquarters Agreement provided adequate machinery for adjusting whatever differences arose between the United Nations and the host country in connexion with the interpretation and application of the Agreement.
2. His Government recognized the validity of the Agreement and of the Joint Resolution (Public Law 357) of the 80th Congress and would co-operate with the Secretary-General in whatever negotiations the latter might arrange to discuss the problem.
3. Little would be gained by embarking on a discussion of the matter in the Council at the moment and he therefore suggested that the negotiations, to which he had referred, should be started as soon as possible.
4. Mr. STERNER (Sweden) remarked that the memorandum had helped to clarify the issue. He did not consider himself competent to pass judgment on

all the legal aspects of the case, but the Legal Department had been right to conclude that the visa cases that were before the Council had not been handled in a manner consistent with the Headquarters Agreement.

5. As the United States representative had indicated the readiness of his Government to enter into negotiations at the earliest opportunity, it was very possible that the problem would be solved amicably and he therefore proposed that the Council should take no further action for the time being.

6. Mr. BORIS (France) stated that his delegation had always been deeply interested in matters relating to the Headquarters Agreement, particularly as France had been host to two sessions of the General Assembly and because Paris was the seat of UNESCO.

7. He considered the consultative status of the non-governmental organizations, sanctioned by Article 71 of the Charter, to be an essential part of the United Nations mechanism. Incidents of the kind under consideration could therefore arouse reasonable anxiety about the future position of the non-governmental organizations.

8. In the view of the United States representative's remarks, he would refrain for the time being from any lengthy comment on the legal aspect of the question. But a distinction should be made between the arguments presented by the Legal Department in its memorandum. In paragraph 9 it was stated that, had the provision in section 6 of the Joint Resolution been intended by the United States to constitute a reservation, it had never been made known to the General Assembly as such, and it had never been considered by the General Assembly nor accepted by it. The conclusion that the United States reservation was therefore untenable could easily be challenged. In the Sixth Committee, the majority of the representatives had held that a reservation to an agreement did not have to be mentioned explicitly and that it was enough for it to be admitted implicitly.

9. On the other hand, the French delegation considered that the Legal Department's argument concerning the interpretation and application of section 6 of the Joint Resolution was well taken, and should have been developed further.

10. It was difficult to attribute to the expression "the right of the United States to safeguard its own security" a definite and limited meaning which would justify any action, when the next phrase provided that the United States reserved the strictly-defined right completely to control the entrance of aliens into any territory of the United States other than the Headquarters district and its immediate vicinity. The French delegation considered that the text should be interpreted to mean that the second phrase explained the purport of the first.

11. He welcomed the fact that the United States Government, having recognized the existence of a difference of opinion, had spontaneously announced its agreement immediately to enter into negotiations with the Secretary-General to settle the dispute and, if necessary, to continue to apply the procedure laid down in section 21 of the Headquarters Agreement. It was pointless to pursue the discussion any further at the current juncture and he therefore supported the Swedish representative's suggestion.

12. Mr. JUNG (India) presumed that the representatives of the non-governmental organizations concerned intended to visit only the Headquarters district and its immediate vicinity. Accordingly, the United States Government was not legally entitled to refuse entry facilities to such representatives either under the Headquarters Agreement or even under the Joint Resolution.

13. The issue was much wider than might appear at first sight, as the privileges and immunities extended to representatives of non-governmental organizations were in that respect similar to those extended to members of delegations. Hence, if the Joint Resolution were interpreted as entitling the United States Government to refuse visas to representatives of non-governmental organizations, by the same logic the same right could be invoked in respect of delegations.

14. There was little purpose in going into the merits of the case at the moment, and he even doubted whether the Council was competent to do so. He was therefore pleased that the United States representative had made his initial statement. As section 21 of the Headquarters Agreement established the procedure for dealing with such disputes, the Council could do little more than recommend the Secretary-General to apply that procedure. He felt sure that the outcome of the conversations between the Secretary-General and the United States Government would be successful and that there would be no need to have recourse to further arbitration under section 21.

15. Mr. BIRECKI (Poland) remarked that the item had been placed on the agenda because of two facts: the United States Government's refusal to issue a visa to enable the representative of the Women's International Democratic Federation to participate in the recent session of the Commission on the Status of Women and a similar refusal in respect of the representative of the World Federation of Trade Unions who had wished to attend the Council's current session.

16. He would not dwell on the untenable assertion by the United States authorities that their attitude was based on security requirements, which was a pretext unworthy of serious consideration, particularly as Mrs. Luckock was a well-known international figure representing an organization which had been a champion of peace and which had participated in various aspects of the Council's work.

17. It had become customary for the Council to be notified of similar cases and each time different arguments had been put forward. In the past, representatives, who were fully entitled to come to Headquarters under Article 71 of the Charter, had been prevented from arriving or delayed allegedly for administrative reasons. The serious aspect of the matter

was the obvious and repeated attempt to influence the Council's work.

18. He supported the Indian representative's view that the interpretation placed upon the Headquarters Agreement by the United States Government might lead to a refusal to allow delegations the facilities necessary for attending United Nations meetings. At the resumed eleventh session of the Council, the Polish representative had pointed out (428th meeting), in connexion with a similar case, that, if the Council did not oppose such practices immediately, similar incidents would occur in the future. The Council had before it at the moment a case of the kind anticipated by the Polish delegation.

19. The Legal Department's memorandum set out the juridical aspects of the question in clear fashion. At the 561st meeting of the Council, the United States representative had explained that his Government had never challenged the right of representatives of non-governmental organizations to attend meetings provided that they applied for visas. It was normal for aliens seeking entry to apply for visas, but the United States representative's reference to that requirement was significant in the light of the refusals which had occurred in cases such as the one under discussion. The new argument, based on legal considerations, which had been adduced by the United States Government had been refuted by the Indian representative's remarks and the Legal Department's memorandum.

20. The Council must find ways and means of enabling the two representatives in question to attend meetings at Headquarters. In regard to the case of the representative of the Women's International Democratic Federation, it was regrettable that a Commission of the Council should have had to remind the Council of its duty.

21. Mr. FENAUX (Belgium) also welcomed the United States representative's statement. At the moment the only logical procedure was to request the Secretary-General to continue his negotiations with the Government of the host country. Only if there was genuine disagreement regarding the interpretation and application of the Headquarters Agreement, particularly of section 11, would it be advisable to submit the matter subsequently to an arbitration tribunal.

22. The memorandum raised certain legal points, which should be clarified if the United Nations was to operate efficiently and particularly if Article 71 of the Charter was to remain operative. It was not for the Council to go into the legal implications of the Headquarters Agreement and of the Joint Resolution but to ensure that the rights of persons enjoying consultative status were respected. He agreed with the other speakers who had suggested that the Council should await the outcome of the negotiations.

23. Mr. MATES (Yugoslavia) stated that he had his own opinion about the particular cases under discussion and about the value of the contributions which the two representatives concerned could make, but an issue of principle was involved which must be examined fairly and with due regard to the legal implications. The United States representative's statement pointed to a solution of the problem.

24. Without entering into the legal aspects in detail, he pointed out that the legal experts on his delegation

construed the Headquarters Agreement to mean that no entry restrictions could apply to the persons specified in section 11 of the Headquarters Agreement in respect of their access to the Headquarters district and the neighbouring vicinity. It was, however, neither necessary nor useful to discuss the subject any further in the Council. The United States Government and the Secretary-General should be able to reach agreement.

25. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) observed that notwithstanding the view expressed by several speakers that a debate on the substance of the item would be pointless, such a debate was in fact already under way. Moreover, by focussing the attention of the United States Government and public opinion on the fact that many delegations did not agree with the United States interpretation of the Headquarters Agreement, a debate could prove extremely useful.

26. While it was not the first time that the Council had had to discuss the problem of admission to its session of representatives of certain non-governmental organizations enjoying consultative status, the present situation differed fundamentally from past experience. In 1950, for example, the United States had delayed the granting of visas to WFTU representatives on the grounds of administrative irregularities in applying for them. The Council had considered the matter and adopted a resolution.¹ Shortly thereafter, the question had been satisfactorily settled and the representatives had been admitted. Now, when the same problem arose the United States, for the first time, was invoking considerations of security as grounds for refusal to grant the necessary visas. Obviously, the United States Government as any other government was fully entitled to take the security measures it deemed necessary. They should not, however, conflict with the international commitments assumed by that Government. The failure to permit entry of the representatives of the WFTU and the WIDF was clearly incompatible with the specific obligations assumed by the United States Government under the Headquarters Agreement.

27. Further, the explicit terms both of the Headquarters Agreement and of Public Law 357 of the 80th Congress to which reference had been made by the United States delegation, did not justify the refusal of visas to the two NGO representatives concerned. Section 11 of the Agreement provided that nothing should be done to interfere with the transit to or from the Headquarters district of Press personnel, experts, representatives of governments or representatives of non-governmental or inter-governmental organizations with consultative status under Article 71 of the Charter. Section 13 of the Agreement further specified that legislation bearing on the entry of aliens could not be applied so as to interfere with the privileges thus granted. In addition, Public Law 357 itself, which the United States had invoked in support of its position, unequivocally stated that the United States could safeguard its security and control the entrance of aliens into any part of its territory other than the Headquarters district and its immediate vicinity. Consequently, it hardly strengthened the case for refusing admission to duly accredited representatives entitled

to attend United Nations meetings and the United Nations should not endorse the obviously unjustified use of such a pretext.

28. He took issue with the French representative's contention that the United States reservation to the Headquarters Agreement, of which the General Assembly had not been informed, was implicit and retained its force, and that the Legal Department's conclusion on that point (E/2397) was debatable. That argument might hold in cases of a multilateral agreement with a large number of signatories, but could not apply to a bilateral instrument like the Headquarters Agreement to which neither party could make reservations in violation of basic provisions without the consent or acquiescence of the other party. As the reservation in Public Law 357, however, was rendered inapplicable by section 13 of the Headquarters Agreement, to which he had referred earlier, it could not in any case be invoked to bolster the argument.

29. Apart from those legal considerations, the Council should not neglect the broader implications of the issue. It must continue to make every effort to ensure attendance at its current session of the duly accredited representatives of two large democratic organizations, the WIDF and the WFTU, which had made significant contributions to its work. Both organizations were functioning effectively in dozens of countries and counted among their members millions of persons of different political, religious, racial and national groups. They should be permitted to enjoy the consultative status granted them in accordance with the Charter.

30. Mr. LANZA (Uruguay) said that his delegation had considered the issue without bias and studied the Legal Department's advisory opinion very carefully in its desire to reach a satisfactory solution. It had concluded that although the problem involved important principles, the Council might not be the most appropriate organ to deal with the immediate and future consequences of the application of the Headquarters Agreement.

31. Uruguay fully concurred in the conclusions of the Secretariat memorandum but preferred an amicable settlement brought about by direct consultations between the Secretary-General and the host country. It was therefore deeply gratified by the United States representative's offer to agree to such consultations in order to resolve a regrettable situation. Moreover, it had full confidence in the Secretary-General's ability properly to interpret the Headquarters Agreement and hoped that the basic principle underlying the whole question would be reaffirmed as a result of his negotiations.

32. Mr. TANGE (Australia) also expressed doubt that the Council was the proper place for a discussion on the implementation of an agreement signed by the Secretary-General with the approval of the Assembly, under which privileges had been conferred upon the United Nations as a whole. On the other hand, it was of fundamental importance to all Member States that any uncertainties regarding interpretation of the Headquarters Agreement should be dispelled by resort to the settlement machinery it provided. Once the difference of opinion between the Secretary-General and the United States had been resolved by negotiation or arbitration, all Members would be better informed

¹ See *Official Records of the Economic and Social Council Resumed Eleventh Session, 428th meeting, and resolution 340 (XI)*.

of the legal rights of both parties under the Agreement. Australia favoured such negotiations.

33. Mr. EL-TANAMLI (Egypt) would refrain from discussing the legal aspects of the problem: he welcomed the Legal Department's impartial treatment of that important phase of it. On the other hand, the United States had shown its goodwill by agreeing to negotiate regarding admission of the non-governmental representatives concerned, a gesture which augured well for the satisfactory settlement so earnestly desired by all delegations.

34. He did not agree with the French representative's view regarding the nature of the United States reservation to the Headquarters Agreement. No such reservation had been made until after the Agreement had been concluded and endorsed by the General Assembly; no question of principle was therefore involved.

35. He would appreciate some explanation from the Legal Department concerning the transition from the stage of negotiation to that of arbitration under the settlement procedure provided in section 21 of the Agreement: was the Secretary-General to proceed automatically to the second stage should negotiations prove fruitless, or was he first to report to the Council or the Assembly?

36. Mr. STAVROPOULOS (Secretariat) replied that the terms of the Agreement did not prevent the Secretary-General from proceeding to the arbitration stage independently. Nevertheless, as there appeared to be varying interpretations of the procedure among Council members, and as the question had been brought before the Council, that body should normally instruct the Secretary-General and he should report to it.

37. Mr. LOPEZ (Philippines) strongly favoured the suggestion that the Secretary-General and the United States Government should immediately enter into negotiations and, if necessary, into arbitration, as provided under section 21 of the Headquarters Agreement. It was essential that the work of the United Nations and its organs should be allowed to proceed in an orderly manner consistent with the provisions of the Charter and of the Agreement and that no obstacles should arbitrarily be placed in their way.

38. He would prefer, in the event that negotiations should fail, that the parties should immediately proceed to arbitration without further reference to the Council. In due course, the Council might be informed of the progress or outcome of the settlement procedures so as to enable it to determine what further action, if any, it had to take or what action had to be taken by any other appropriate United Nations body. He hoped that a permanent solution would be found to the recurrent difficulty confronting the Council and its functional commissions.

39. Mr. PEREZ PEROZO (Venezuela) also supported the United States suggestion for negotiation between the parties to the Headquarters Agreement as a means of settlement of the difference between them, before resorting to more drastic procedures. If those negotiations proved fruitless, it should be left to the parties to proceed to arbitration without consulting the Council.

40. Mr. FENAUX (Belgium) wished to explain his delegation's position in the light of the question raised

by the Egyptian representative. His delegation believed that the matter could be settled by negotiation and hoped that such a settlement would be reached, but naturally if the negotiations failed there would be no other recourse but to turn to the procedure of arbitration provided for in section 21 of the Headquarters Agreement.

41. The PRESIDENT called upon the representative of the World Federation of Trade Unions who had asked to speak before the Council.

42. Miss KAHN (World Federation of Trade Unions) recalled that, when requesting a hearing on the item under discussion, her organization had expressed the desire to speak, not only on the specific point at issue, but also on the broader question of principle. Subsequent events had clarified the position and had shown that a very serious question of principle was in fact involved. It was not for her organization to go into the legal aspects of the case, but it was perfectly clear from the Headquarters Agreement that the representatives of non-governmental organizations should be granted unrestricted right of access to the Headquarters district in order to attend meetings of United Nations organs and thus to make their consultative status effective.

43. She referred briefly to the well-known cases in the past when representatives of her organization had been handicapped by delays in the granting of United States visas. The question now, however, had become far wider in its implications and affected the rights not only of the non-governmental organizations but also of delegations, the Secretariat and members of the Press and, in fact, all those who were entitled to access to the Headquarters district for the purpose of attending United Nations meetings under section 11 of the Headquarters Agreement. She emphasized that the difficulties encountered by WFTU representatives had arisen only in connexion with meetings at the permanent Headquarters. Representatives of WFTU had attended meetings of United Nations organs in many other parts of the world and every other government had always scrupulously respected the terms of the Headquarters Agreement. Among the countries in which United Nations meetings had been held with WFTU attendance since 1951 were Brazil, Burma, Chile, Cuba, France, Indonesia, Italy, Mexico, the Netherlands, Pakistan, Peru and Switzerland.

44. The WFTU had always done its best to fulfil its obligations under Article 71 of the Charter and it should be assured the right, in practice as well as in theory, to send representatives of its own choice to the meetings of the United Nations wherever they were held. She urged that, in considering the general implications of the question, the Council should not lose sight of the specific case at issue. Mr. Dessau was still awaiting a visa to enable him to attend the current session of the Council and he had also been designated to attend the session of the Social Commission which was due to start on 4 May. In conclusion, she expressed the hope that everything possible would be done to ensure the application of the Headquarters Agreement in future.

45. Mr. BIRECKI (Poland) said that it would be helpful if the Council were to give concrete expression to the views expressed practically unanimously by its

members. He therefore submitted a draft resolution (E/L.493) in which the Council, after referring to the resolution adopted by the Commission on the Status of Women and to the difficulties encountered by the representatives of the WIDF and the WFTU, would express its regret at the fact that the efforts made by its President and by the Secretary-General had not yet led to any positive results and would request the President of the Council and the Secretary-General to continue their efforts to settle the question and to report back to the Council on the results of the steps taken.

46. Mr. BARAN (Turkey) agreed with the representatives who had expressed the view that the Council was not competent to settle the dispute. He therefore supported the Swedish proposal and agreed that, should the negotiations fail, there would be no need to refer the matter back to the Council since the arbitration procedure would then follow automatically. He did not think there was any need for the draft resolution submitted by the Polish representative and he would therefore vote against it.

47. Mr. JUNG (India) felt that the Council should adopt some formal resolution since the question had been formally brought before it in the resolution adopted by the Commission on the Status of Women and the Council had held a debate on the question. Consequently, if the Council were to accept the Swedish proposal, he suggested that it should be supplemented by a request to the President to inform the Secretary-General of the trend of the discussions in the Council, and by a request to the Secretary-General to expedite the negotiations.

48. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that the Swedish and Polish proposals were in fact complementary. The purpose of both proposals was that continued efforts should be made to solve the problem. The Polish proposal simply added a reference to the resolution adopted by the Commission on the Status of Women and to the Council's attitude to that resolution. The Commission would certainly expect the Council to take some stand on the matter and the views expressed showed that the Council was sympathetic towards the Commission's resolution. There should therefore be no difficulty in accepting the Polish draft and he suggested that the Swedish and Polish representatives might try to prepare a joint text.

49. Mr. STERNER (Sweden) said that, although he was always in favour of attempts to achieve a compromise, he felt it would be best in the case at issue simply to maintain his original proposal, it being understood that the Secretary-General be advised of the wish of the Council that he avail himself of the opportunity offered by the United States to get the matter settled. He fully agreed with the Indian representative that the President should inform the Secretary-General of the general trend of the debate and that the Secretary-General should do his best to expedite the negotiations. However, he felt that the records of the discussions would suffice to indicate the Council's wishes in the matter and that it would therefore be best for the Council simply to decide to take no action.

50. Mr. JUNG (India) questioned the advisability of a specific decision by the Council to take no action. In his opinion, it would be better adopt a very simple resolution along the lines of his previous suggestion.

51. Mr. BORIS (France) said that the Council appeared to be unanimous in its desire for a practical and speedy solution. A resolution would have been necessary if the United States representative had not himself spontaneously suggested that the matter should be settled by negotiations as provided for in section 21 of the Headquarters Agreement. He was confident that the negotiations would prove successful but, even if they were not, he saw no reason to refer the matter back to the Council before the institutions of the arbitration proceedings, which would then automatically follow. In the circumstances, there was no need for any action on the part of the Council and his delegation did not feel that there was any occasion to adopt a resolution. Consequently, if the Polish representative insisted on a vote, he would be obliged to vote against the draft resolution, even though he agreed with some of the points it contained. Thus, by insisting on a vote, the Polish representative would only harm the cause he wished to serve and the result of the vote would give a false impression of the Council's attitude. The procedure suggested by the Indian representative also seemed unnecessary since the President would in any case pass on the Council's views to the Secretary-General and the United States representative had himself shown a desire to expedite matters. He therefore urged the Council to follow the simple procedure suggested by the Swedish representative.

52. Mr. MEADE (United Kingdom) said that, after hearing the very helpful statement of the United States representative, he had not intended to intervene in the debate. However, he wished to endorse what had just been said by the representative of France and to express his support for the Swedish proposal.

53. Mr. LOPEZ (Philippines) shared the Indian representative's concern at the suggestion that the Council should specifically decide to take no action. He would prefer a text worded in the affirmative in which the Council would support the suggestion that the matter should be settled by negotiation as provided in section 21 of the Headquarters Agreement.

54. Mr. MATES (Yugoslavia) agreed in substance with the Swedish proposal but he did not agree with the form in which it had been submitted. It would be illogical for the Council to adopt a resolution deciding to take no action, because the resolution would itself represent action on the part of the Council. He therefore suggested that the purpose of the Swedish proposal could better be met by a decision simply to adjourn the debate. He was confident that the matter would shortly be settled by negotiation and emphasized that the Council should concentrate on achieving solutions rather than on adopting unnecessary resolutions.

55. The PRESIDENT suggested that he should adjourn the meeting in the hope that it would be possible to reach a unanimous decision on the procedure to be followed at the beginning of the afternoon meeting.

56. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) fully agreed to the President's suggestion. There was clearly a common desire to settle the matter

satisfactorily and he was sure that the President of the Council and the Secretary-General would do everything possible to expedite the negotiations. If the Council could be informed at the beginning of the after-

noon meeting when the negotiations were likely to start and when it would hear the first results, there might be no need to pursue the matter further.

The meeting rose at 12.40 p.m.



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President : Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observer from the following country: Brazil.

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, World Health Organization.

Admission of the representative of the Women's International Democratic Federation for participation in the Commission on the Status of Women, in accordance with the resolution adopted by the Commission (E/2386, E/2397 and E/L.493) (continued)

[Agenda item 34]

1. Mr. JUNG (India) recalled that the United States representative had stated, at the previous meeting, that his Government was prepared to enter into negotiations with the Secretary-General to settle the point at issue as quickly as possible. In the circumstances, and as the majority of the Council had expressed the wish to have the matter settled in accordance with the Headquarters Agreement in order to enable the representatives of two non-governmental organizations to attend the current session, it would be better to discontinue the discussion for the time being. He therefore proposed formally that the Council should adjourn its discussion of the matter in order to create a favourable atmosphere for immediate negotiations.

2. Mr. BIRECKI (Poland) wished to explain the position of his delegation which had tabled a draft resolution (E/L.493) at the previous meeting.

3. In view of the feelings which the Indian representative had just expressed on behalf of the majority of the Council, his delegation would not press for a vote on its draft resolution. It hoped that the negotiations would begin without delay and would soon lead to a satisfactory result.

4. The PRESIDENT said that, as there was no objection, he considered the Indian delegation's motion of adjournment to be unanimously approved.

It was so decided.

Expanded Programme of Technical Assistance: report of the Technical Assistance Committee and General Assembly resolution 621 (VII) (E/2394 and E/2395)

[Agenda item 11]

5. Mr. DE SEYNES (France) (Chairman of the Technical Assistance Committee) remarked that he had little to add to the two reports before the Council.

6. The reports were the result of the work of the TAC Working Party and of the conclusions regarding the local expenses to be borne by governments and submitted by the Technical Assistance Board.

7. The question of the local costs to be borne by governments (E/2395) had often been placed on the agenda of the TAC. As the proposed solution had apparently been equally disliked by the groups of delegations which had adopted extreme positions, he tended to think that it contained the elements of an acceptable solution.

8. The second document submitted for the Council's consideration (E/2394) was primarily a report to precede the discussions which would be held at the forthcoming session of the TAC and at the Council's sixteenth session.

9. He wished to draw the attention of the members of the Council particularly to the statement of the Executive Chairman of the TAB. The statement (E/2394, paragraph 7) would certainly cause some concern in the Council. At that time the total estimated costs for 1953 of the submissions had apparently amounted to some \$43 million. The applications received had been considered valid and worthy of consideration by a group of consultants whom the Executive Chairman of the TAB had requested to review the programmes. As compared with requests totalling \$43 million, the assets for 1953 did not exceed a maximum of \$25 million.

10. The Committee accordingly reiterated a hope which had already been expressed, and stressed the desirability of studying the possibility of the long-term planning of technical assistance projects. The Committee had requested such a study from the Technical Assistance Board.

11. The Committee had also reaffirmed the hope that the TAC should meet earlier in order to enable the

administrative services to know in time the amount on which they could count.

12. The substantial financial gap mentioned in the report of the TAC was obviously beyond the scope and possibilities of the Committee; that should be a matter of constant reflection for all governments, particularly for those which had not yet made a contribution to the Programme.

13. The reports before the Council contained the text of resolution A, adopted by the TAC, and of draft resolution B, which the Committee had decided to submit to the Council for its consideration.

14. Mr. WOULBROUN (Belgium) pointed out that TAC and its Working Party had carefully considered the questions in the two reports before the Council. He then gave the following outline of the current financial situation.

15. Expenditure during the first financial year of the Expanded Programme of Technical Assistance had been approximately \$6,500,000. The total amount of contributions offered for 1953 had amounted to \$21,278,000. In addition, the sum of \$25,300,000 corresponding approximately to the total pledges made by governments plus the balance from the previous financial year, was available for the projects to be initiated in 1953.

16. The financial problems were partly due to the rapid progress of the Programme and to the difficulties which the TAB was experiencing in drawing up plans of operation when it did not know exactly how much credit would be available to it because of the delay in pledging contributions.

17. If integrated development programmes were to be drawn up, it was important to ensure more co-ordinated action than in the past by the participating agencies and to relieve the cumbersome administrative machinery by trying to reduce administrative costs, which were extremely high in relation to the present budget. The resolutions adopted by TAC and the draft resolution submitted to the Council were intended to lessen some of those difficulties.

18. In connexion with local costs and recalling Mr. de Seynes' statements, he stressed that the Belgian delegation had directed its main efforts to facilitating the adoption of a compromise solution in TAC. It would have preferred to see the governments of the recipient countries contributing larger amounts towards local costs since that would have encouraged the flow of new contributions and would have reserved the limited sums at present available for the highest possible number of projects. The Belgian delegation wholeheartedly supported the new administrative provisions for the procedure of paying the cost of living of the experts.

19. Passing to the future financing of the programmes, he pointed out that, in order to avoid in 1954, some of the difficulties confronting it in 1953, the Council should draw up the estimated total of contributions for 1954 as soon as possible at its sixteenth session and adopt provisions for convening the fourth Technical Assistance Conference in October 1953, if possible, as proposed by TAC.

20. Many of the projects begun in 1953 would normally be continued in 1954, and if the objective fixed for 1954 were lower than that of 1953, the

possibility of initiating an adequate number of new projects in 1954 would be seriously affected.

21. Although the objective of \$25 million fixed for 1953 had not been achieved owing to the balance from the previous financial year, it had been possible to plan projects up to a total of \$25,300,000.

22. The available balance at the end of 1953 would probably be very low. Accordingly, if an objective of \$25 million were fixed again for the fourth financial year, it would result in a reduction of the budget, even if that total were fully subscribed.

23. Consequently, if a sum equal to or exceeding the amount of \$25,300,000 were to be made available for the Programme, and especially if progress was to be ensured, a higher objective would have to be fixed.

24. Only when TAB had transmitted its plans for the 1954 programme to TAC would it be possible to study the matter more closely.

25. Nevertheless if the fourth Technical Assistance Conference was to be convened in October and if it was to be successful, it was important to give immediate consideration to the various aspects of the matter.

26. After paying a tribute to Mr. de Seynes, whose leadership of TAC had facilitated certain compromises under circumstances often of a difficult nature, he insisted that the Expanded Programme, which was still only an experiment, should be continued despite current difficulties and flaws which could not be remedied. It must never be forgotten that the experiment was the result of a joint effort by the United Nations and many specialized agencies and that everything should be done to ensure its success.

27. Mr. LOPEZ (Philippines) subscribed to the tribute paid to the Chairman of TAC by the Belgian representative. It was largely due to the personal initiative of Mr. de Seynes that the Working Party and TAC had been able to reach agreement on certain decisions. It should be emphasized that the solutions adopted were compromise solutions. Each of the delegations concerned had limited its demands and the remarkable co-operative effort had made it possible to establish a balance, which the existence of many different trends of opinion had made difficult. It was to be hoped that the governments and specialized agencies would act on similar principles and that the technical assistance operations would proceed in an atmosphere of goodwill and mutual confidence, which would contribute to the fulfilment of one of the noblest assignments of the United Nations.

28. Mr. BORIS (France) confined himself to a few comments on two specific points: costs in local currency and co-ordination of the activities of the organizations operating the Expanded Programme.

29. The first matter was delicate; it had been discussed many times. The French delegation had accepted a compromise for the sake of agreement, but the solution adopted seemed disappointing. For the first time, after two years of smooth operation, the Expanded Programme was in a critical situation. It had been necessary to abandon in turn several of the objectives established at the beginning. The funds available had just been cut by \$200,000 at a time when it might have been hoped that the moment of decisive recovery had come. The facts were known: requests for assistance totalling \$43 million had been submitted; to cover them, approximately \$25 million were available. The Chair-

man of TAB had transmitted the files of requests to a group of highly qualified persons whose formal opinion was that all the proposed programmes deserved to have the assistance requested. It would therefore be impossible to select any given project unless by sacrificing others of equal interest. The main difficulty arose from the initial mistakes: the absence of specific rules had automatically led to inequality and confusion. It was to be hoped that the decisions adopted would prove useful in that connexion and make it possible to arrest an unfortunate development. It was also to be hoped that some of the recipient countries would themselves suggest a greater extent of participation than that which arose from their strictly defined rights. It might be advisable to reserve favourable treatment for those which took that step. If there were many of them, the principles which had hitherto seemed to have guided the majority in that connexion would be changed for the better.

30. The French delegation had welcomed the steps taken in 1952 to co-ordinate activities, particularly the appointment of the Executive Chairman of TAB, the decision to refer all projects to that body for prior consideration, the development of the resident representative system and the encouragement given to preparing integrated country programmes of technical assistance. It was disappointing to note a certain lack of enthusiasm one year later. A certain reticence could be sensed which might be a prelude to opposition. The resolution which the Executive Board of WHO had adopted in February 1953 seemed to be rather significant in that respect. As the matter was before the Economic and Social Council, he wished to recall the main points of the French Government's conception of the Expanded Programme.

31. The Expanded Programme of Technical Assistance was financed by a special fund derived from voluntary contributions and administered under the control of the Economic and Social Council and the General Assembly; no decision taken by those organs could be contested by a participating agency, provided that such a decision was not contrary to the agency's statute.

32. The decisions so far adopted were in no way contrary to the statutory provisions of the participating agencies. The French Government had supported TAC's efforts to promote the establishment of co-ordinated technical assistance programmes at the national level. The methods for action defined in 1952 should be applied and French representatives to the United Nations and to the specialized agencies would formally oppose any attempt to depart from the principles adopted at that time. Moreover, if a new orientation were introduced and if the Expanded Programme ceased to be a co-ordinated programme and became a mere juxtaposition of individual projects, the French Government might be constrained to take a less active interest in technical assistance and to modify the amount and methods of its contribution accordingly. France remained faithful to the spirit of the original decisions of 1949. The French delegation supported the draft resolution in document E/2395.

33. Nevertheless, resolutions were not enough. No text had ever been drafted so clearly that there could be no possible confusion. The important thing was the will of the participants to co-operate. In that connexion,

the French delegation wished to draw the Council's attention to the advantage of certain practical possibilities which might promote the effective co-ordination of activities. In the existing circumstances, daily co-operation between the participating agencies and the Executive Chairman of TAB seemed to be impossible. It would facilitate matters if TAB and TAA were to settle at Geneva. The ILO, WHO, ITU and WMO already had their headquarters in that city; UNESCO was installed in Paris and FAO in Rome. The principal organs concerned were therefore gathered together in the same region and the number of their contacts was increasing. The ICAO alone remained far from that centre of technical assistance but the special nature of its activities rendered the problem of co-operation less serious in its case. That solution would have the added advantage of reducing the high costs now entailed by the frequent journeys caused by the geographical distribution of the headquarters of various agencies. It would also be possible to consider the organization of joint administrative services for the specialized agencies with headquarters at Geneva. The French delegation would make no official proposal on the matter, but thought that its suggestion was worthy of consideration.

34. His delegation had also suggested the establishment of an administrative and financial sub-committee to supervise the application by the participating agencies of the Council's administrative directives. He would be glad to hear delegation's views on the matter.

35. Mr. MEADE (United Kingdom) noted with satisfaction that a method had been found to improve the system of the definition and payment of local costs; he hoped it would be a lasting arrangement and that no more disagreement would arise in that connexion.

36. His delegation regretted that TAB had not submitted recommendations on the presentation of reports. That question was extremely important, since the reports should enable governments to follow the development of programmes. Greater uniformity in the methods of accounting and other administrative procedures of the participating organizations would avoid complicated reporting. It was to be hoped that the system adopted would be simple and would require a bare minimum of documents and formulae.

37. He was aware of the difficulties arising from the financing of the long-term programmes and considered that the question called for more detailed study, as TAC stated in its report. He could not at present give any assurance that his Government would be able to say in advance what its contributions for future years would be, but any estimates which TAB might be able to draw up would certainly be extremely useful, especially if particular attention was paid to projects necessarily requiring longer than one year for their implementation.

38. With regard to the future organization of the Expanded Programme, the United Kingdom delegation was afraid that the TAC resolution might have prejudged somewhat the conclusions of the study which TAB had been asked to prepare. The programme had been in operation for nearly three years, but it was an unprecedented enterprise and it was not surprising that the methods used should need revision from time to time, in the light of the experience acquired. At the outset, the available funds had exceeded the amount of requests. It had proved necessary, in the interests of efficiency, to achieve greater co-ordination at all levels.

To that end TAB had been reorganized in 1952. Emphasis had then been laid on projects which seemed the most likely to promote the economic development of countries. The present financial situation accentuated the need for such a policy.

39. A reduction of administrative costs might be obtained by decentralizing activities and placing greater emphasis on planning at the country level, in consultation with governments, in preference to too great a measure of control exercised from Headquarters. If such a method was adopted, the resident representatives would be in key positions. However, the definition of their functions was only one aspect of the general problem of organization which TAB had to solve in order to control the programme and administer it as economically as possible. TAB should bear in mind that the Expanded Programme was a whole, and that was quite distinct from the individual activities of each specialized agency. At the same time, unity was more a question of approach than of administrative machinery; it would be absurd to expend on organizational details efforts which could be better used and to spend on administration the strictly limited funds available for operations.

40. The United Kingdom delegation noted with satisfaction that consultations between the Executive Chairman of TAB and the Directors-General of the participating agencies had been planned for the near future. It was particularly important for TAB to submit its recommendations on the organization of the programme to the next session of the Council. The Council should have their views regarding possible improvements of the existing methods before suggesting any more drastic action.

41. Mr. TANGE (Australia) wished to draw the Council's attention to some matters to which his Government attached considerable importance.

42. The Australian delegation welcomed the Council's decision to appoint an Executive Chairman of Technical Assistance Board. The decision was a wise one, since such large budgetary expenditure should be controlled by a central administrative body which would be able to ensure the co-ordination and rational execution of plans.

43. In the light of the experience acquired in the past three years regard to the mobilization of technical assistance resources, the Australian delegation thought, first, that greater emphasis should be given to the development of more closely co-ordinated programmes and, secondly, that the geographical distribution of assistance should be improved.

44. In connexion with the first point, to leave it to the various agencies to develop isolated programmes would not be the wisest way of contributing to the economic development of under-developed countries. The governments of those countries themselves were, generally speaking, the best judges of the type of assistance they required in a co-ordinated programme. In the interests of the beneficiary countries, therefore, co-ordination should begin at the national level. Moreover, that procedure would be advantageous to the contributor countries, since it would be of the greatest value to them to have accurate information on the funds required for the execution of technical assistance projects in an international co-ordinated programme. Such information would be no less valuable in arousing the interest

of the public and of private agencies in technical assistance. Experience had shown that it was easier to assure specific types of technical assistance if the institutions and bodies concerned could be given precise information on what had already been done in a given country.

45. The various technical assistance programmes should be closely integrated for that purpose; that result could not be achieved without exchanging information on the programmes undertaken in various countries. It was obvious that, in the absence of such a solution, it would be impossible to implement administrative decisions on a given agency or country. One of the TAB's most important tasks should therefore consist in studying closely the development of each beneficiary country and preparing periodic surveys on which its directives to its resident representatives and the agencies concerned would be based.

46. The second factor to which more importance should be attached was the improvement of the geographical distribution of technical assistance. By ensuring a more equitable distribution of assistance to various countries and a better co-ordination of projects undertaken under the Expanded Programme, TAB would be more likely to ensure the success of an undertaking in which the international community was deeply interested. The Australian delegation would therefore support the resolution in paragraph 10 of the Technical Assistance Committee's report (E/2394).

47. The Australian delegation had already, expressed its concern in TAC over the fact that the participating agencies had undertaken excessive commitments in 1952. The position had become worse since then, for in November 1952 the participating agencies had had unfulfilled requests totalling \$43 million and TAB had been obliged to request them to limit their programmes to \$25,300,000.

48. The Australian delegation was fully aware that all commitments were made "subject to the availability of funds", but regretted that the participating agencies had so greatly exceeded the limits of the funds on which they could normally rely. While recognizing the difficulties which an international administrator necessarily met with in budgeting expenditure within the artificial confines of a financial year, he thought that the participating agencies should bear certain fundamental principles in mind. In making commitments for 1954, for example, they should assume that governments would contribute to the Expanded Programme a sum not greater than that contributed in 1953; thus, they should not count on obtaining more than a maximum of \$20 million for the execution of their programmes. He would like to know the views of the Executive Chairman and the participating agencies on that point.

49. With regard to the question of local costs, he welcomed the recommendations of TAC for a revision of the method of calculation and payment of the obligations of recipient governments in respect of the living costs of experts. Although his delegation would have preferred a simplification, too, of the method of calculating the obligations of governments in respect of fellowships, it would unreservedly support TAC's recommendations regarding local costs.

50. Nevertheless, he wished to draw the Council's attention to a factor which must be taken into account. It must be borne in mind that the obligations assumed

by recipient governments were not confined to the living costs of experts. When a government decided to undertake to carry out a development plan, it was fundamentally responsible for the administration and financing of the plan. The international assistance it received was above all directed to the removal of certain shortages, particularly that of skilled man-power. As an example, he quoted the case of India, which hoped to increase the number of maternity and child welfare centres from 38 to 326 in 1954, and explained that in executing the project the Indian authorities would be obliged to undertake any number of different tasks, such as training nurses and midwives, establishing special schools, developing school health services, and providing new buildings and transport. Although the expenses involved in carrying out those preliminary programmes over a period of two years amounted to nearly \$4 million, the national Government could expect to receive only \$6,000 in 1953 and \$12,500 in 1954 from the Expanded Programme. Many similar examples could be given; he mentioned the programmes undertaken, with the assistance of WHO, in the Philippines, Japan, Israel, Afghanistan and Indonesia, in all of which countries the funds contributed by the participating agency were much less than the commitments of the national authorities themselves. The wishes of the recipient governments should therefore be sympathetically considered in determining the obligations they were to assume for local costs in connexion with the programmes of experts.

51. The funds voluntarily contributed by governments could not exceed certain limits, which were usually in proportion to the value of the available technical facilities. Without underestimating the value of the French representative's remarks on the subject, it might be said that the quality of the programmes would be little improved by minor adjustments in the methods of financing local costs.

52. With regard to the proposed reporting system, it was to be hoped that future reports would contain more precise information on pledges and payments of contributions, actual expenditures from individual contributions, expenditures on individual countries in regional grouping, and expenditure by regions and countries, according to the type of programme.

53. The Australian delegation would comment on the resolutions of the Executive Board of WHO when TAC considered them in detail. For the time being, he would confine himself to expressing his Government's hope that the problems raised by WHO would be solved by means of an integration of programmes, and not by any action which might hamper the co-ordinating role of TAB.

54. As for possible co-ordination arrangements, he thought that a distinction should be drawn between practical co-ordination on the spot and in TAB, and theoretical co-ordination in the capitals of the States concerned and in TAC. It was to be hoped that co-ordination in the capitals would lead to greater consistency between the decisions of the specialized agencies and those of United Nations organs.

55. Nevertheless, certain functions would remain within the competence of the Council and TAB, such as the production of coherent national programmes, the distribution of assistance among countries and regions, the supervision of the total commitments of parti-

cipating agencies and the development of a more satisfactory reporting system.

56. The Australian delegation approved the resolutions adopted by TAC and would vote for the draft resolution before the Council.

57. Mr. MURDEN (United States of America) noted with satisfaction that TAC had reaffirmed the principle that recipient governments should make a substantial contribution to the cost of technical assistance in local currency or in kind, thereby confirming the truly co-operative character of the Expanded Programme.

58. The United States delegation supported draft resolution B submitted by TAC (E/2395); it approved the Committee's report and its resolution on the co-ordination and administration of the Programme (E/2394). The object of the resolution was not to introduce new procedures but to stress the importance of the procedure already in use. TAC also requested the Executive Chairman of TAB to undertake, in consultation with the participating agencies, a study of the co-ordinated technical assistance programmes at the country level and of the responsibilities of resident representatives. His delegation had no preconceived ideas on those important issues and would await with interest the conclusions of the proposed studies.

59. In conclusion, he paid a tribute to the excellent work done by Mr. de Seynes as Chairman of TAC.

60. Mr. EL TANAMLI (Egypt) wished to comment briefly on three specific points.

61. First, he understood that the statement of government commitments given in the TAC report showed the position at a date considerably earlier than that of the publication of the report. Since then, additional pledges had been forthcoming. They should perhaps be mentioned in an addendum, thus the report would not leave such a pessimistic impression. In any case, his delegation hoped that the situation would improve and that all the governments concerned would make the necessary efforts to allow the Programme to be expanded still further.

62. In connexion with local costs, he had hoped that it would be possible to find a final solution to the question of fellowships. For the sake of agreement, he had not pressed that issue and had supported the compromise proposal finally adopted by TAC.

63. In the same spirit of conciliation, the Egyptian delegation had approved the proposal that the Executive Chairman of TAB should study the responsibilities of the resident representatives and the corresponding responsibilities of the field representatives of the participating agencies, and had agreed not to raise the question of the relationship between TAB and the specialized agencies until that study had been completed.

64. The PRESIDENT called on the representative of the International Confederation of Free Trade Unions.

65. Miss SENDER (International Confederation of Free Trade Unions) reminded the Council that ICFTU had always tried to contribute as much as possible to the technical assistance programme, which it considered one of the most valuable activities of the United Nations.

66. The results already achieved were most satisfactory. By 1 October 1952, 527 projects had been completed or were in process, 343 projects had been

approved and 300 projects had been under study; 1,600 experts of sixty-one different nationalities had been sent to fifty-five countries; and, lastly, scholarships had enabled seventy governments to send 2,700 of their nationals to forty-five foreign countries for study and training.

67. Those efforts to promote social advancement were doubtless hampered by existing international tensions but, on the other hand, they furthered the cause of peace. It was therefore regrettable that financial difficulties should arise. It was too much to hope that the countries which had never contributed to technical assistance would change their minds but it was to be hoped that the governments which favoured technical assistance would be able to make the necessary efforts to ensure that there were sufficient funds to meet all demands.

68. TAB's work was not always easy; the specialized agencies were sometimes jealous of their technical independence. Nevertheless, the limited resources made co-operation all the more essential. The ICFTU had always stressed the vital importance of co-ordinating international action to help the under-developed countries. A recent ICFTU report made it clear that the free trade unions whole-heartedly associated themselves with the principles underlying technical assistance and were prepared to help to implement the Programme.

69. With regard to the work of the experts sent to under-developed countries, the ICFTU was particularly interested in surveys of the social situation, including public health, social security, housing, employment, vocational training and technical education. Trade unionists should be represented on the missions that were to study those questions. The ICFTU further recommended that fellowships should be granted to workers and technicians from the under-developed countries to enable them to undergo periods of industrial training in the more advanced countries. The undertakings selected for that purpose should be those which maintained contractual relations with the free trade unions. The ICFTU could be of considerable assistance with regard to technical education and vocational training. She thought that it would be worth while to send questionnaires on that subject to countries receiving technical assistance. She hoped that the suggestions put forward by the free trade unions would be carefully considered by the Council and that there could be profitable co-operation between the bodies responsible for administering technical assistance and the ICFTU.

70. The main objective was to raise the standard of living of the peoples of the under-developed countries and, consequently, the problem of agricultural production must not be overlooked in any area where consumption was below the pre-war level. The funds available were, generally speaking, inadequate. The ICFTU hoped that, in the interests of peace, it would be possible by an international effort to produce the necessary funds.

71. The co-operation of the governments and peoples of the under-developed countries was essential. Governments must realize that it was imperative to associate the workers in their efforts. Poverty and malnutrition were a challenge to the whole free world and the existence of abnormally low standards of life was a threat to world peace and stability. The free trade

unions were prepared to participate fully in any United Nations action in that field.

72. The PRESIDENT called upon the representative of the world Federation of United Nations Associations.

73. Mrs. FOX (World Federation of United Nations Associations) said that at its seventh plenary assembly the WFUNA had voiced its realization of the vital importance and high promise of the Expanded Programme of Technical Assistance. The WFUNA hoped that all governments would contribute as generously as possible to the Programme; its national associations would urge their respective governments to do so.

74. The WFUNA was convinced that technical assistance should be made available through the United Nations and the specialized agencies rather than through bilateral agreements. Where such agreements had been concluded it was to be hoped that the United Nations would take the necessary steps to promote close co-ordination between the Expanded Programme and the bilateral programmes of technical assistance.

75. The WFUNA had two suggestions to make with a view to increasing the prestige of the Expanded Programme among the general public. In the first place, the title of the Programme could be improved. Since the Programme involved assistance in social service, health and education just as much as economic assistance, it was incorrect to speak only of technical assistance for the "economic development of the under-developed countries". Furthermore, the expression "under-developed countries" was unsatisfactory from the point of view both of psychology and semantics. It was doubtful whether any country could claim that it was not "under-developed" in some respect. The WFUNA thought that it would be better to change the present title of the programme to "United Nations Technical Assistance Programme for Economic Development and Social Advancement" or to call it simply "United Nations Technical Assistance Programme".

76. Secondly, the WFUNA thought that wide publicity should be given to the Expanded Programme in order to arouse the interest of people throughout the world. She welcomed the first step that had been taken by establishing a post of Information Officer in TAB; that official had already performed very useful work. The WFUNA suggested that it might be worth considering the possibility of publishing a technical assistance yearbook, a periodical bulletin containing an account of the activities of the various missions, and illustrated booklets. The national associations of the WFUNA were prepared to help in translating such documents into the language of their own countries.

77. Mr. CHA (China) congratulated the Chairman of TAC, whose untiring work and whose competence had enabled TAC and its Working Party to do useful work and to submit two excellent reports to the Council.

78. The first document (E/2394) contained the text of a resolution which TAC had adopted after considering the report of the Executive Director of TAB, and which referred, *inter alia*, to the responsibilities of the resident representatives. Its adoption had been made possible by the conciliatory attitude of the United States delegation. The Chinese delegation had voted for it without siding either with TAB or with the specialized agencies, believing that the responsibilities of the resident representatives and the field representatives of the participating agencies must be clearly delimited.

Since sufficient information to form an opinion was not yet available, it would seem that TAC had taken a wise decision in paragraph 2 of the operative part of its resolution. His delegation also approved the recommendation to the Executive Chairman of TAB to continue the practice of having resident representatives submit comments to him on proposed projects in their countries. The resident representatives had of course already submitted comments, to which TAB had undoubtedly given particular attention, but it would do no harm to make it clear that that procedure should form part of their normal responsibilities. It might perhaps be possible also to consider inviting recipient governments to submit their comments, which might give TAB valuable information.

79. His delegation noted that WHO alone had stated its views on the subject of co-ordination in the form of resolutions adopted by its Executive Board. It would be useful if the other specialized agencies would submit their comments so that the Council might make a more thorough study of the problems involved.

80. With regard to the future financing of programmes, although it would be difficult for most governments to induce their parliaments to make appropriations for periods of more than a year, his delegation was glad that TAC had decided to request its Working Party to study the feasibility of working out estimates for the Expanded Programme of Technical Assistance on a basis longer than a one-year period. It also approved the recommendation that the next pledging conference should be held as soon as possible.

81. The second report (E/2395) contained a TAC resolution and a draft resolution for adoption by the Council. With regard to the TAC resolution his delegation would remind the Council that it had always defended the principle of matching, i.e., the principle that recipient governments should bear part of the cost of technical assistance in local currency or in kind. It was therefore gratified to note that TAC had reaffirmed that principle and decided that the standard rate of contribution to the local living costs of experts would be 50 per cent of the TAB subsistence rate for the country concerned. Furthermore, most governments would certainly welcome TAC's decision that recipient governments could make a lump sum payment in respect of all experts employed under all programmes in their respective countries.

82. It was also gratifying to note TAC's decision that in cases of extreme hardship general waivers might be granted by the Executive Chairman of TAB to cover all programmes in the recipient country for limited periods. That provision would make it easier to implement programmes in countries which were in the throes of such difficulties that they were really incapable of contributing to the local costs.

83. With regard to the provisions for the financing of the external travel costs of fellows and scholars, he was glad to note that there would be no change in the existing system. Although very many governments could certainly contribute to financing training scholarships, as TAB had proposed, some of them were unable to do so. TAC's decision would make it easier to furnish technical assistance to those governments.

84. His delegation would vote for the draft resolution which TAC had submitted to the Council.

85. Mr. OWEN (Executive Chairman of the Technical Assistance Board) said that TAB and the participating agencies would pay particular attention to all the observations put forward by the members of the Council; all the points raised would be studied by TAB and dealt with in its next report to the Council.

86. In reply to the representative of Australia, he pointed out that it was very difficult to arrange programmes without knowing the amount of credits which would be available for the coming year. There would be less difficulty if the pledging conference was held well before the financial year during which the funds pledged were to be used. At present, programmes had to be arranged on a hypothetical basis. In any event, he could assure the Australian representative that the question he had raised had not been neglected in his consultations with the participating organizations concerning programmes for 1954. Those organizations had been invited to submit to TAB projects based on requests received or expected, but with due regard also to the need to keep within certain budgetary limits estimated on the basis of the funds obtained in previous years. Those programmes would be examined by TAB, which would communicate its conclusions to TAC before the Council's sixteenth session. It would then be possible to determine the approximate amount of the necessary funds, but the programmes could not be finally arranged before the pledging conference. Be that as it may, it was already known that the requests for technical assistance were considerably in excess of the fund which would be available for 1953 and 1954. In that connexion, it must be emphasized that the technical capacity of the participating organizations was far greater than the funds available. For the time being, therefore, all that could be done was to undertake projects of modest dimensions and hope that one day contributions to the Expanded Programme would make it possible to meet all requests from governments.

87. The PRESIDENT requested the Council to vote on the draft resolution submitted by TAC in document E/2395, para. 10.

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

88. The PRESIDENT, on behalf of the Council, thanked the Chairman of TAC and the Executive Chairman of TAB.

Report of the Transport and Communications Commission (sixth session): report of the Economic Committee (E/2363, ¹ E/2363/Add.1, E/2402 and E/L.492)

[Agenda item 6]

89. The PRESIDENT requested the Council to vote on the nine draft resolutions recommended by the Economic Committee. Argentina had submitted an amendment (E/L.492) to draft resolution H.

Draft resolution A

Draft resolution A was adopted by 15 votes to none, with 2 abstentions.

Draft resolution B

90. Mr. SAKSIN (Union of Soviet Socialist Republics) asked for a separate vote on sub-paragraph (ii)

¹ See *Officials Records of the Economic and Social Council, Fifteenth Session, Supplement No. 4.*

of the operative part, which had certain budgetary implications.

Sub-paragraph (ii) was adopted by 16 votes to 2.

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

Draft resolution C

Draft resolution C was adopted by 13 votes to none, with 5 abstentions.

Draft resolution D

91. The PRESIDENT drew the attention of the Council members to the note concerning that draft resolution (E/2402).

92. Mr. GARCIA OLANO (Argentina) said that he would vote the more readily in favour of draft resolution D in that the Economic Committee had deleted paragraph 7 of the operative part, which would have made it impossible to make reservations on signing the protocol. In view of the system of road signs and signals adopted in Argentina, that country would be compelled to make reservations.

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

Draft resolution E

93. The PRESIDENT pointed out that the draft amended annex 8 to the Convention on Road Traffic had been incorporated in the resolution.

94. Mr. SAKSIN (Union of Soviet Socialist Republics) recalled that his delegation had raised a number of objections both in the Transport and Communication Commission and in the Economic Committee, and had voted against the draft resolution. The USSR considered that the licensing of motor vehicle drivers was a matter essentially within the domestic jurisdiction of States, and that a United Nations organ had no authority to impose rules on the subject.

Draft resolution E was adopted by 16 votes to 2.

Draft resolution F

95. Mr. STIBRAVY (United States of America) drew the Council's attention to the additional cost involved in holding the conference in Geneva, which would vary depending whether it was held in January or August. He hoped that if the meeting were held in Geneva it would be possible to hold the conference in August, and to reduce the estimated cost still further;

the question would of course be examined by the Advisory Committee on Administrative and Budgetary Questions. The understanding of the United States delegation was that the Secretary-General would invite the governments of all the States listed in document E/2388.

96. Mr. DE KINDER (Belgium) asked for a separate vote on sub-paragraph (g) of the operative part.

Sub-paragraph (g) was adopted by 14 votes to none, with 4 abstentions.

Draft resolution F was adopted by 15 votes to none, with 3 abstentions.

97. Mr. CHA (China) said that his delegation had abstained because it was opposed in principle to holding conferences at Geneva. Out of deference to the will of the majority, however, it had not voted against the draft resolution.

Draft resolution G

The draft resolution was adopted by 16 votes to 2.

Draft resolution H

98. Mr. NISMAN (Sweden) pointed out that the amendment submitted by Argentina (E/L.492) raised a new aspect of the problem; the Swedish delegation therefore requested that voting should be postponed until the next day, in order that it might have time to study the amendment.

The motion for postponement was adopted.

Draft resolution I

99. Mr. SAKSIN (Union of Soviet Socialist Republics) asked if the Secretariat could give the Council any information on the financial implications of the draft resolution. In the absence of such information, the USSR delegation would be obliged to vote against it.

100. Mr. LUKAC (Secretariat) replied that the Secretariat had submitted a statement, document E/2363/Add.1, on the financial implications of the draft resolutions submitted by the Transport and Communications Commission. Furthermore, it should not be forgotten that under resolution 533 C (VI) of the General Assembly, the Council would consider the financial implications of the entire list of priority projects at its next session.

Draft resolution I was adopted by 16 votes to 2.

The meeting rose at 5.55 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium.)

Present:

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

Observers from the following countries: Brazil, Chile.

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 economic situation (E/2353 and Corr.1, 2353/Add.1, and Corr.1, E/2354 and E/2377 and Corr.1)

[Agenda item 3]

1. Mr. BORIS (France) congratulated the Secretariat on the very full and valuable documentation provided for the debate on the world economic situation. Delegations had been helped in their efforts to study the vast amount of documentation by the marked similarity of the conclusions reached in the various reports dealing with the different regions of the world.

2. Both the *Economic Survey of Europe since the war* (E/ECE/157) and the *World Economic Report 1951-52* (E/2353 and Corr.1) gave a general picture of economic development since the end of the war and it could both be viewed with either optimism or pessimism according to various points of view and the temperaments.

3. He first described the optimistic approach and pointed that, viewed in an historical perspective, the economic recovery since the war had been most remarkable. In most countries industrial production had returned to the pre-war level by 1946 while in Europe, the continent most hard hit by the war it had by 1947. Since then progress had continued and industrial production was now approximately 75 per cent above the pre-war level. Communications had been restored very quickly and capital formation had developed rapidly in all the industrialized countries as well as in some of the under-developed countries, particularly those in Latin America. Even consumption, which could not be expected to advance so rapidly, had quite quickly caught up with and passed the pre-war level, while inflationary pressures had on the whole been held in check.

4. On the other side of the picture, he pointed out that, although the world income had increased rapidly, it was now more unevenly distributed than in the period immediately preceding the Second World War. In addition, there was a disquieting lag in agricultural production which had failed to keep pace with the increase in the population. The situation was particularly serious in Asia, but there was also reason for concern in the Middle East and even in Latin America if the sub-continent was regarded as a whole. In fact, there was reason to fear that, in some countries, industrialization was being pursued to the detriment of agriculture. In the countries of Eastern Europe, other than the USSR, agricultural production had hardly increased at all in comparison with the pre-war level and was inadequate to meet consumer demands which themselves were bound to increase as a result of industrial development. Finally, there was the serious problem of the balance of payments, a problem which had not yet been solved in spite of all the efforts made by governments.

5. Turning to the influence of rearmament on the world economic situation, he pointed out that it had not had the adverse effect originally expected, a fact which was due on the whole to the increase in industrial capacity, the development of productivity and the raising of the level of employment. At first the under-developed countries had benefited from the rearmament programmes, because they had been able to increase their imports of the capital equipment needed for their industrialization, the fear expressed in 1950 that such equipment would not be available for export having turned out to be unfounded. But rearmament too had had its adverse effects. It had created tensions which had rendered food results precarious and had accentuated or disturbed the normal cyclical fluctuation in the movement of stocks. In 1952, several industrialized countries had had to curtail their imports and the under-developed countries which produced the raw materials had suffered a restriction in their capacity to import. In France, and in other countries as well, signs of deflation had begun to appear. Thus rearmament, apart from taking the place of activities which should normally be devoted entirely to the welfare of the community, had also proved a somewhat dubious asset as an economic stimulus.

6. In general, the sometimes unexpected successes since the war had been largely due to technical progress, while the failures were mostly due to the weakness of economic policy and inadequate international co-operation.

7. Even the most confirmed optimist could not but admit that the favourable results achieved since the war by the western economies could never have been obtained without the aid from the United States. The permanent balance of payments crisis resulting from the dollar deficit could be said to reflect the whole structural

imbalance of the world economy. The situation could not be corrected by a single measure but a whole set of co-ordinated reforms would have to be introduced. An analysis of the problem would demonstrate the basic inter-dependence of the economies of different countries and would show that the problem could be solved only on a world-wide basis.

8. Beginning with the consideration of the European problem, which would serve as a point of departure for the consideration of all the others, he recalled that the Economic Commission for Europe had estimated Europe's permanent dollar deficit at 2,500 million dollars per year and at 4,000 million, if all restrictions and discriminations were eliminated. In the first place, therefore, Europe must succeed in earning more dollars by sales to the United States or to the dollar area. In the second place, it must also produce more foodstuffs and raw materials and buy more outside the dollar area from countries which would themselves have to increase their production of those goods. At the same time, in order to pay for its purchases, Europe would have to increase its industrial production, particularly its production of capital goods. That could be achieved only if certain conditions were met. If Europe was to procure more dollars from the United States, its trade must obviously not be impeded by excessive tariffs or protectionist practices. It was of course difficult to persuade people, who were often protecting quite legitimate interests, that some sacrifice must be made for the general good. But, in the last analysis, the choice lay between the admission of foreign goods and the continuation of free aid, a measure which neither donors nor recipients could envisage as a permanent solution. Similarly, if the equilibrium of the world balance of payments was to be attained, European products must replace some United States exports in the raw material producing countries, or else there must be a large flow of private or public United States capital into the under-developed countries to enable them to absorb the industrial production of both Europe and the United States. The latter solution which was the expansionist one would hurt no one and would be the most advantageous for all concerned. From that standpoint, the industrialization of the under-developed countries would be one of the essential factors in the solution of the world problem. That industrialization must be accompanied by increased production of foodstuffs and raw materials.

9. The industrialized countries which had raw material producing regions in their monetary area or were responsible for the development of less advanced overseas territories, should play their part by making the necessary investments to enable those regions and countries to increase their production and thus to help in supplying Europe with its basic requirements. France was well aware of that duty and was making very large investments in its overseas territories.

10. Turning to the question of East-West trade, he said that the resumption of trade with Eastern Europe would certainly contribute towards solving the world economic problems. His country had always favoured such trade, subject of course to the limitations imposed by circumstances where strategic commodities were concerned. There could be a change in those circumstances; certain hopeful signs had appeared. It was his country's sincere wish that those hopes would not be frustrated.

11. The prospect of an easing of the international situation had focused public attention on the possibility of a recession as a result of a reduction in military expenditure. He was glad that the International Confederation of Free Trade Unions had drawn attention to that problem in its request for the inclusion of an item in the agenda for the Council's sixteenth session. The problem of reconversion would not be a disturbing factor in France because the country was confronted with so many tasks that it had difficulty in choosing between the need to devote more attention to export, to speed up the rate of reconstruction and to raise the standard of living in the metropolitan State as well as in overseas France. The construction of housing, in particular, would be a better stimulant than armaments, since it would eliminate a bottleneck which was paralyzing the movement of labour and the transfer of activities.

12. The same, however, was not necessarily true of other countries and the world was naturally most concerned to see how that economically dominant country, the United States, envisaged the solution of the problem. Obviously so powerful and wealthy a country could contemplate a temporary reduction in activity quite calmly, but the results abroad might well be extremely serious. According to the calculations in the report on *Measures for International Economic Stability* (E/2156), a recession similar to that which had occurred in the United States in 1937 and 1938 would result in a reduction of 10,000 million in the dollar earnings of other countries between the start of the recession and the recovery. Thus, a recession less severe than that of 1937-1938 would suffice to cause economic and social upheavals in the rest of the world, a prospect which could justifiably spread alarm both in Europe and in the raw material producing countries. Historical developments thus imposed unusual and great responsibilities on the economically dominant country and its population could not be blamed if it failed to realize that decisions which seemed to involve only their internal affairs would actually have serious effects on the far-distant countries. The ICFTU was therefore to be congratulated for calling attention to the need of taking steps to prevent any slowing down in the rhythm of rearmament from reducing economic activity.

13. In debating the problem in the past the Council had incorporated the suggestions made by several groups of experts in its resolutions. Moreover, Article 55 of the Charter assigned to the United Nations the task of promoting higher standards of living, full employment, and conditions of economic and social progress and development. Those objectives were not contested by anyone; the sole differences of opinion were on the means to attain them.

14. One idea would certainly be rejected by every member of the Council: the idea that peace prospects might constitute a threat to the economic future of the world and he ended his statement with a quotation from an article in the *Wall Street Journal* to the effect that every promise of peace was a harbinger not only of hope but also of prosperity.

15. Mr. VAN LAEYS (Belgium) expressed his delegation's satisfaction with the Secretary-General's report, which admirably filled the need for a basis for an exchange of views on the world economic situation.

16. The importance for the future of the decisions on economic and financial questions that would be taken

during the Council's fifteenth and sixteenth sessions should not be under-estimated.

17. He would deal in particular with two important aspects of the existing economic situation: the circumstantial aspect, which might justify certain measures to avoid the disastrous consequences of an economic depression, and the structural aspect, in connexion with which means could be sought to balance payments throughout the world.

18. The *World Economic Report 1951-52* emphasized the intimate relationship existing between the various economies and showed that today no nation could be economically isolated. Hence economic problems could be solved only by concerted world-wide action. The data given in the report showed that the causes of the increase in effective demand which were the basis of the expansion in 1950-1952 showed a tendency to disappear: the speculative rise in prices had practically ceased, public defence spending had reached its ceiling, certain countries had happily turned to more orthodox economic and financial policies, though the probable effects of such a change should not be disregarded; finally, recent events in the sphere of diplomacy had given rise to hopes which might have not inconsiderable economic and social repercussions.

19. If the relaxation of tension proved to be lasting, it would mean that armaments production would be replaced once again by production of consumer goods or capital goods. Such a change would undoubtedly call for concerted action by those countries that enjoyed a liberal economic system.

20. Those factors raised two questions: (1) Would the first signs of economic recession which had appeared in 1952 continue in 1953? (2) Had provision been made for maintaining world demand?

21. Obviously no answer could be given to the first question, but an analysis of Belgium's economic situation might provide some useful indications in view of its readiness to react to the general situation. At the present time there was a slight decrease in Belgium's volume of production, foreign trade and employment; the fall in world prices had been reflected in domestic prices and would in time affect wages and salaries; the capital market was relatively abundant, though inadequate to cover accumulated public expenditure; capitalization had decreased somewhat and the National Bank had lowered the bank rate. Tax revenue had decreased since the beginning of 1953.

22. The slight regression he had described was, however, only the echo of world developments on Belgium's national market, and its extent could not as yet be determined. On the other hand, Belgium's economic activity was still very great; the total production for 1952 had been 21 per cent higher than during the pre-war period of 1936-1938; the same applied to the volume of foreign trade. At the same time, it must be admitted that economic activity was most satisfactory in the industries which benefited directly or indirectly from rearmament, whereas industries producing consumer goods already felt a decline in demand.

23. Simultaneously with the increase in productivity the level of real wages and salaries had risen. That policy, which had been followed since the war, had enabled the whole population's standard of living to improve, but emphasized the need for new investments.

24. The remarks he had just made related to the end of the previous year or the beginning of the current year, a period when world demand had been relatively high, owing to heavy public expenditure and considerably higher prices for raw materials than those prevailing in the pre-Korean period. If there were a slackening of the international tension, economic activity and price levels would no longer be influenced by those exceptional factors; speculation would doubtless hasten the fall in prices and private investment would be reduced, more especially as industrialists would anticipate a world decline in effective demand.

25. Referring to his second question and to the President's opening speech (672nd meeting), in which the latter had reviewed the measures contemplated by the Council and still under study, he suggested that the Council might perhaps ask the Secretariat to make a brief report on the stage reached by the various committees that were studying measures for the maintenance of world demand. The Council might even pave the way for the work of its sixteenth session by requesting the Secretariat to consider whether the time had not come to give effect to certain measures at present under study with a view to concerted action for the maintenance of effective demand in the event of a decline in economic activity.

26. Turning to his second point—the examination of the structural aspect—he said that although the short-term problem to which he had just referred had attracted more public attention, there was another and more fundamental problem which affected national economies, i.e., the very structure of industry and trade.

27. It must be admitted, and it was admitted in the secretariat report, that the world had not yet achieved a balance of trade which would ensure expansion without recourse to exceptional measures. The question was whether the present difficulty in balancing world trade was the result of the "transitional period" which had been considered necessary to transform a war economy into a peace economy. It might well be that the expression "transitional period" was a euphemism for a more radical transformation of world economy, which was evident both in the raw material producing countries and in the industrialized countries of Western Europe.

28. The progressive industrialization of the principal raw material producing countries required an effort of investment in which the industrialized countries would have to do their share by making available the necessary capital and supplying capital goods. The industrialization of the under-developed countries was in accordance with the goal of world economic expansion, but at the same time it raised the problem of the structural transformation of the countries that had long been industrially highly equipped, and which would be required to produce an increasing amount of specialized goods according to their technical experience and manpower.

29. The secretariat report, in emphasizing the desirability of directing the demand of the raw material producing countries for capital goods towards the industrialized countries of Western Europe, was apparently advocating the export of capital to the under-developed countries.

30. The history of the nineteenth and twentieth centuries showed that at the same time as they had exported

capital goods, the industrialized countries had also exported capital to finance the industrialization of less developed countries, and no doubt that trend would continue in the future. At the present time, however, the countries of Western Europe were also in great need of investments in order to improve the quality of their own production and their level of productivity.

31. The new balance would therefore not be on a bilateral basis but required a triangular movement which would enable the industrialized countries of Western Europe to transform their own industry at the same time as they were facilitating the development of less developed countries. It was to be hoped that such a movement would improve the balance of payments position with the dollar area by intensifying and redirecting the flow of private and public capital.

32. There was another question of great interest, the solution of which was a pre-requisite of world balance: the effort being made to integrate the European markets. Europe was trying today to transcend nationalistic limits in which restricted markets made it impossible for the units of production to grow large enough to compete on the world market. The Belgian Government was convinced of the necessity of such action. By enlarging Europe's internal market, the participating countries could guarantee to their manufacturers a steady large demand, which formed the best stimulus to new investment; they would enlarge the field of competition with a consequent improvement in productivity. There must be such a change in Europe's economy if Western Europe was to play an active part in world economic expansion, but, as he had said, it would demand a large amount of new capital. Every one of the schemes of integration at present being put into execution, OEEC, the European Payments Union, Benelux and the European coal and steel community, had enabled an advance to be made towards the final goal.

33. The Belgian Government was firmly convinced that the economic and financial difficulties which had constantly arisen since the end of the war could be overcome only by a new orientation of world trade on the one hand, and on the other by a co-ordinated expansion of the world economy and the European economy. The integration of markets would bring about an industrial transformation and result in raising the level of productivity, which was essential if Europe was to play its proper rôle in the world economic expansion. The Belgian delegation hoped that the action of the Economic and Social Council in the coming months would help to promote that expansion.

34. Mr. WADSWORTH (United States of America) expressed his appreciation of the opportunity of taking part in the Council's debate on world economic problems. The voluminous and illuminating documentation on the item provided an excellent basis for that debate, despite the fact that it neglected to give adequate emphasis to the paucity or non-existence of official information on economic questions from such countries as Communist China. The absence of adequate data from those sources meant that the conclusions drawn concerning economic conditions there could be no more than tentative. For example, as the *World Economic Report 1951-52* gave virtually no consideration to the impact of armament production in the Soviet Union and the so-called People's Democracies, the

effect of their armament programmes on their economies could not be measured as it could in the countries of the free world. It was however clear that the production levels attributed to them in the report must include heavy armament expenditure constituting a large percentage of their annual budgets and maintained to the detriment of living standards.

35. For more than a year and a half after the outbreak of the Korean war, the armament effort had given impetus to an economic upward trend, with the resulting rise in prices and sharpening of inflationary pressures, together with increased production accompanied by a rapid accumulation of inventories. By the end of 1951, however, inflation had been brought under control, prices had gone down as abnormal commodity demands had declined and industrial production had temporarily ceased to expand, only to revive again towards the end of 1952.

36. Thus the year 1952 had been one of relative economic stability, with a 2 per cent increase in production over the 1951 level, as compared with the abnormal rise in 1951 of nearly 14 per cent, and further growth in world industrial output. Although the continued defence effort had required substantial increases in public expenditure, higher taxes and an increasing drain on resources, the countries of the free world had nonetheless managed to sustain that impact on their economies more skilfully than had been anticipated. Indeed, those who were carrying the major burden of rearmament had continued to expand their economies, increasing the supply of consumer goods and the output of capital equipment for export to less developed areas. Yet, food output had risen by only 10 per cent since 1937 compared with a 75 per cent rise in industrial production. Viewed in the light of a 15 per cent increase in world population, that lag in food production gave real cause for anxiety. An expansion of world food supplies was a vital necessity in raising living standards in the under-developed countries.

37. In the United States, as in the world as a whole, industrial and agricultural output had, generally speaking, increased since the start of the Korean war and unemployment had reached an unprecedented low mark. Agricultural production in 1952 had surpassed any in the country's history, and had enabled the United States to export vast quantities of cereals and other foodstuffs to the rest of the world. That farm production record could not have been reached without the initiative and ingenuity shown by the American farmer in making full use of the many scientific and technological improvements placed at his disposal.

38. The year 1952 in the United States economy had been one of balanced growth in all branches, with a gradual abatement of inflationary pressures, a decline or levelling off of prices and a rise in real wages. In the past six months, that growth had continued, making possible the elimination of most emergency economic controls and resulting in a greater output of both civilian and defence goods than ever before.

39. On the other hand, exports of goods, apart from military aid, had declined in value during 1952 although shipments of capital goods had continued to increase to the benefit of the under-developed countries. To the extent that the reduction in the export surplus represented a cut in the dollar deficit of the rest of the world, it was a step towards a better balance of pay-

ments position. Moreover, it was more than compensated by the flow of private capital, grants and loans from the United States.

40. The slower rate of increase in world industrial output in 1952 as compared with 1951 was no cause for concern. The phenomenal increase between the years 1946 to 1948 had been brought about, quite naturally, by the reactivation of idle capital and labour as part of the process of recovery from war. It had been followed, in the years 1950 to 1951, by a renewed defence effort which had bolstered the upward trend in world production. Once that process had been under way, production could not be expected to increase in such dramatic proportions; a rate of between 2 and 5 per cent a year for the world as a whole was in fact very satisfactory.

41. Indications were that investment would continue to expand in the United States in 1953, strengthening the economy and more than offsetting any reduction in defence expenditure. The largest part of production, as in the past two years, would continue to be devoted to civilian needs. Moreover, apart from such private investment, there was much room for improvement in public facilities requiring sustained government expenditure. In any event, as the United States Secretary of Commerce had stated, high savings, social security, pensions, emergency laws, which the new Administration would not hesitate to enact, were additional weapons for use to combat a recession. In that connexion, the gyrations of the stock market in the United States were hardly reliable indications of economic trends; judging from the effects which periods of international crisis had produced on the market in the past, they could not be trusted to reflect any consistent pattern of reaction.

42. Economic progress depended not only on the possession of abundant natural resources, but on the creation of an economic and political environment which encouraged the people of a country to exert every effort to improve their economic situation. The maintenance of the system of free enterprise had had that desirable effect in the United States, and while it would not necessarily be an appropriate system for all countries, it did promote the incentives to individual effort without which economic progress could not be

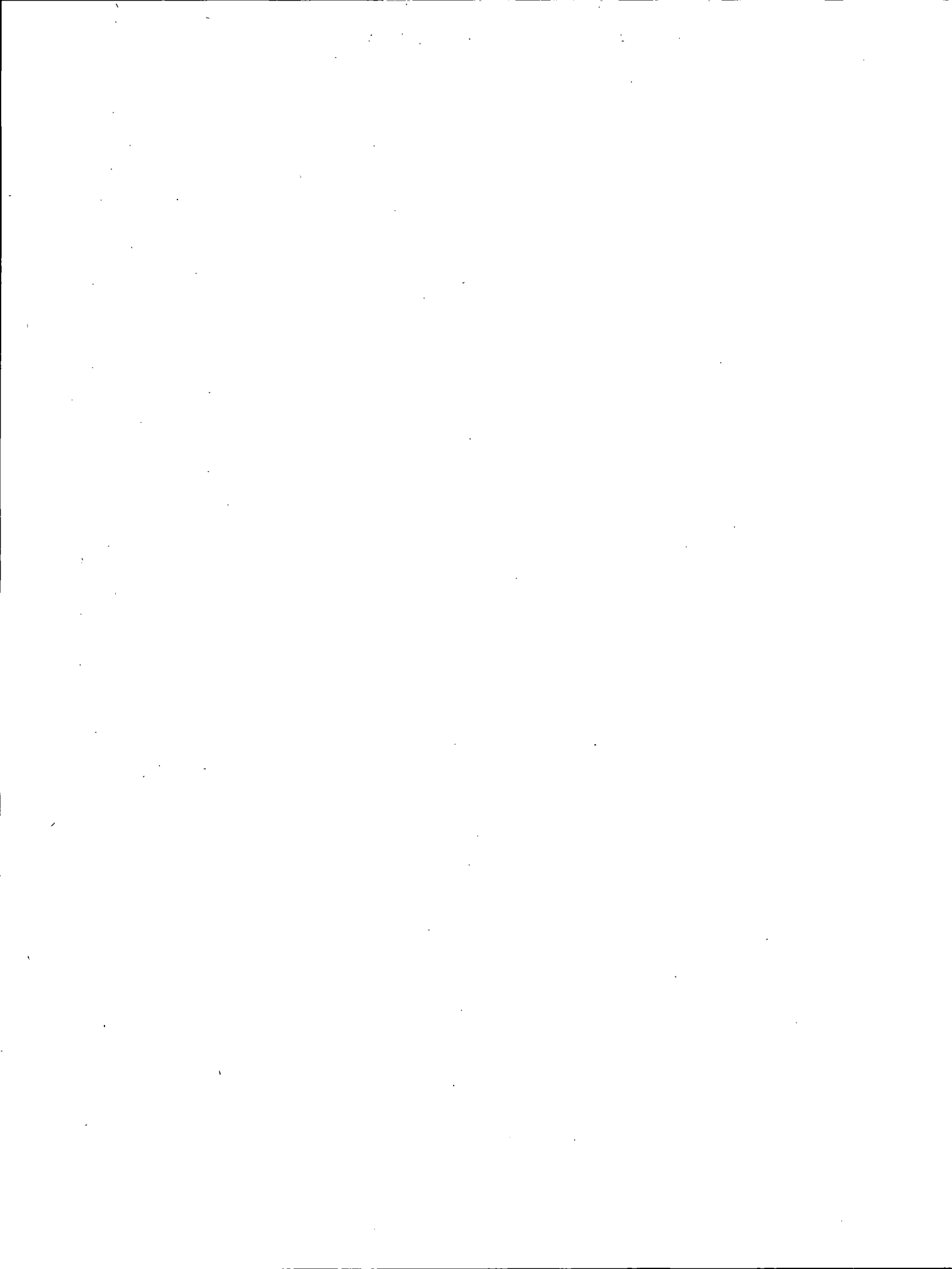
sustained. It was the duty of governments to adopt policies which would foster such individual incentive. Of primary importance, therefore, was a policy designed to maintain internal financial stability by means of sound tax systems, credit machinery and liberal trade principles. Governments could also promote production by land reform giving the farmer a real stake in his future. On the other hand, responsibility for working out those policies rested primarily with the under-developed countries themselves. They also bore responsibility for establishing a climate favourable to foreign investment, so essential to supplement the generally inadequate domestic sources of capital needed for economic development.

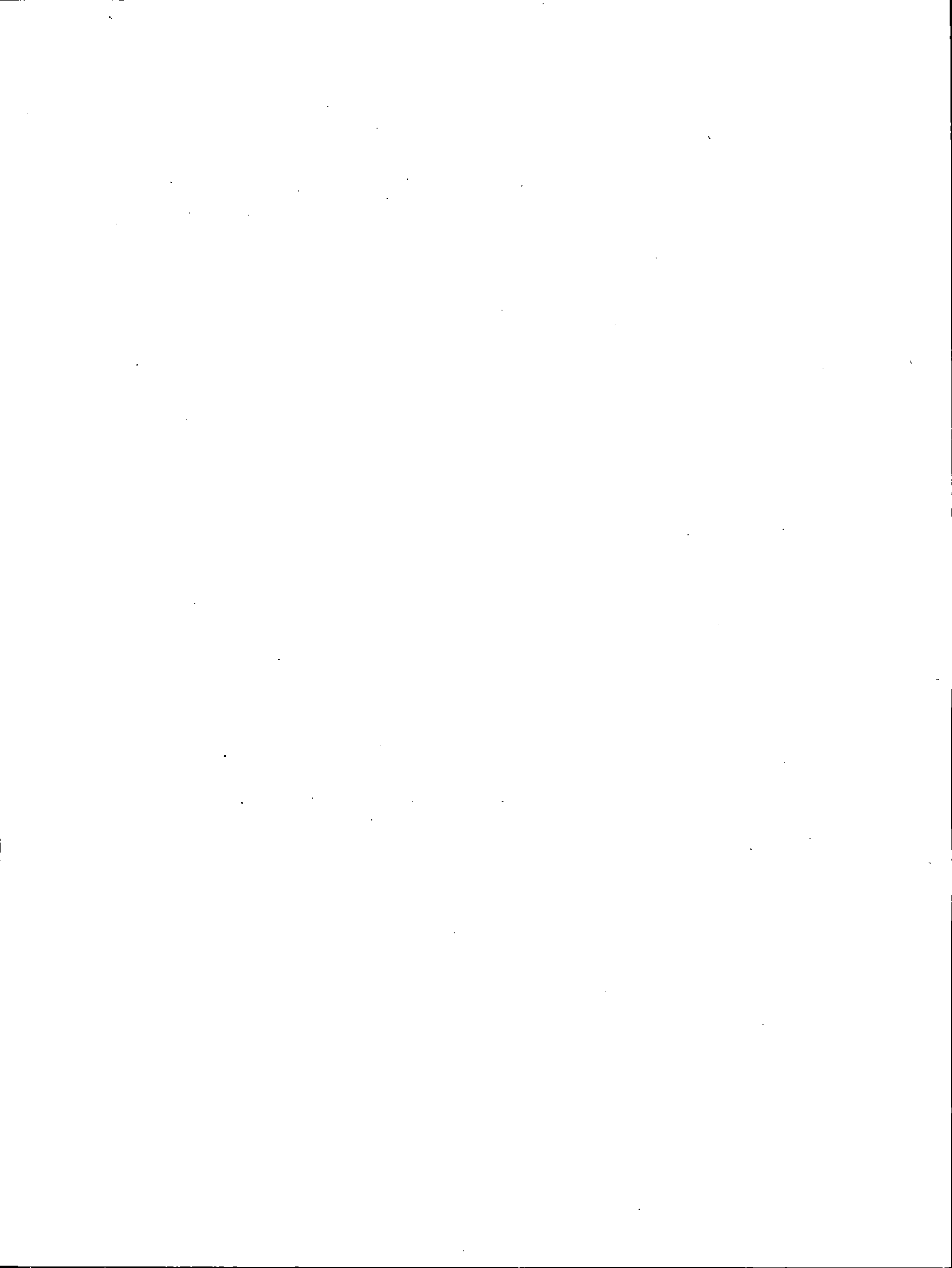
43. Increased production remained the key to improved standards of living throughout the world. As President Eisenhower had stated, the United States was prepared to co-operate with other governments to ensure the adoption of sound internal policies, creation of conditions favouring international investment, aid to under-developed areas, and progress towards freedom of international payments, convertibility of currencies and the broadest possible multilateral trade. The United States recognized that its contribution to the solution of the free world's economic problems was crucially important to its success, and that its success was crucially important to the United States.

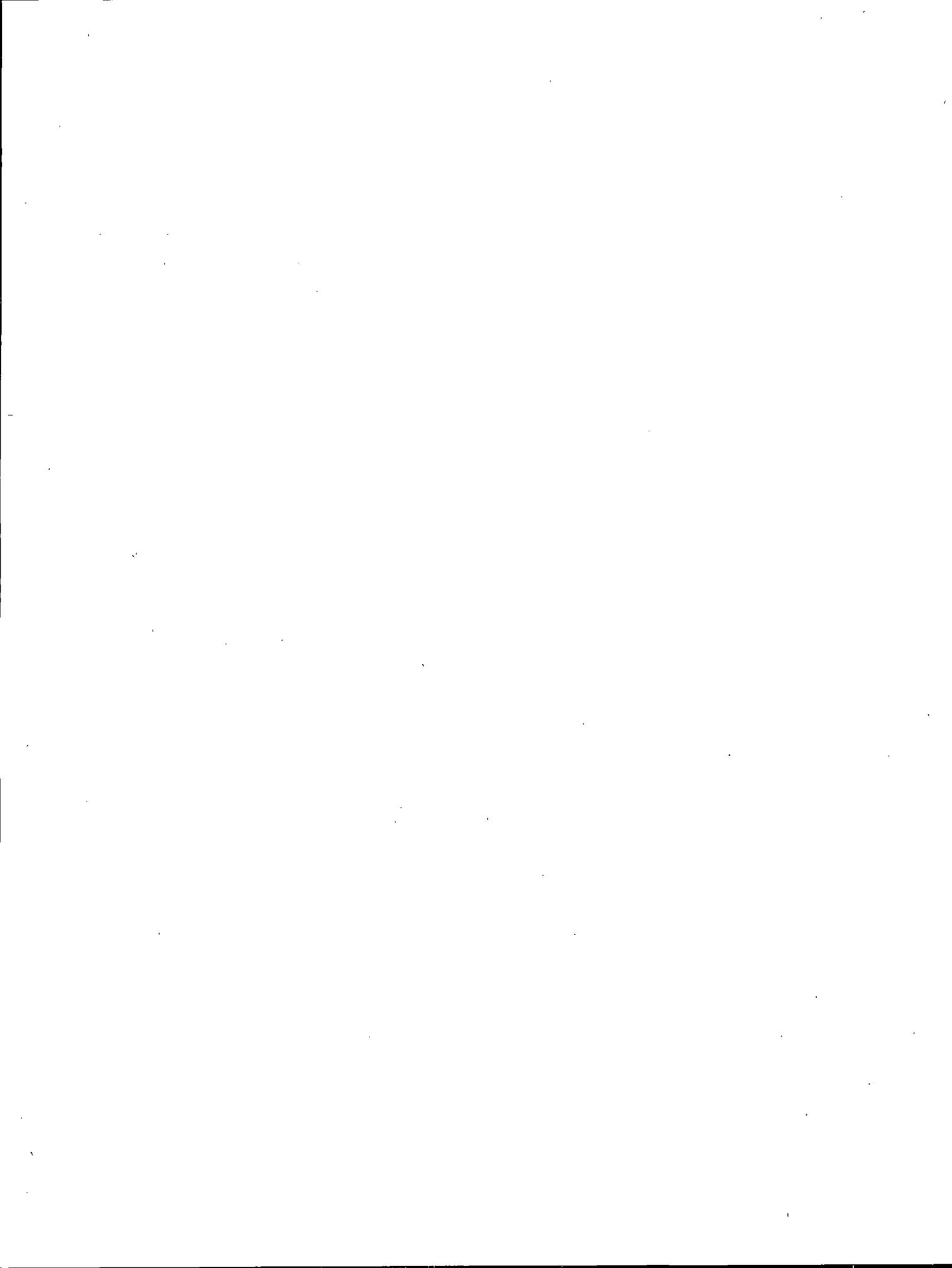
44. The PRESIDENT, before adjourning the meeting, drew the Council's attention to a draft resolution put forward by the Commission on the Status of Women (E/2403) which would have the Council ask the current session of the Commission on Human Rights at Geneva to include specific articles on the rights of women in the covenant on political and civil rights which it was completing. He asked members to decide whether they wished to place the matter on the agenda of the current session, or merely to note that the Secretary-General had transmitted the proposal of the Commission on the Status of Women to the Commission on Human Rights in Geneva.

45. He further drew attention to a letter from the permanent representative of Greece (E/2371) challenging allegations of infringements of trade union rights in Greece put forward by the WFTU.

The meeting rose at 12.35 p.m.









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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observer from the following country: Chile.

The representatives of the following specialized agencies: International Labour Organisation.

Report of the Transport and Communications Commission (sixth session): report of the Economic Committee (E/2363¹ and Add.1, E/2402 and E/L.492) (concluded)²

[Agenda item 6]

1. The PRESIDENT reminded the members of the Council that all that remained for them to consider was draft resolution H, proposed by the Economic Committee (E/2402), and the Argentine amendment thereto (E/L.492).

2. Mr. GARCIA OLANO (Argentina) recalled that in the Economic Committee his delegation had voted against paragraph 3 of the operative part and other delegations had abstained. Argentina believed that it was not possible to speak of discrimination in transport insurance without taking into account the economic situation of the countries concerned and the stage of development that they had reached. It was therefore proposing the amendments to paragraph 3 contained in document E/L.492.

3. The word "all" after the words "that efforts be made in" was rather too categorical and seemed out of place in conjunction with the word "possibility"; it would be better to delete it. The additional phrase that his delegation proposed to add after paragraph 3 "provided that the economic progress of under-developed countries is not affected thereby" merely explained the need to consider the problem in relation to the economic condition prevailing in each country. In his report (E/CN.2/139, paragraph 43), the Secretary-General

¹ See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 4.*

² Resumed from 687th meeting.

had recognized that laws and regulations which provided for the international insurance of goods to be effected in the domestic insurance market might, in certain circumstances, be justified by the necessity to assist and encourage the development of the national insurance industry.

4. Argentina was not the only country affected; other countries, some of which were mentioned in the annexes to the Secretary-General's report, were in a similar position.

5. Mr. LEGATTE (France) believed that the purpose of the Argentine amendments was to make paragraph 3 of the draft resolution more flexible. They tended, however, to emasculate the paragraph completely. He therefore suggested that it should be deleted altogether.

6. Mr. GARCIA OLANO (Argentina) accepted the French representative's suggestion. If paragraph 3 were deleted, his delegation would be able to vote for the whole resolution.

7. The PRESIDENT put the French representative's oral amendment, which had been accepted by the Argentine representative, to the vote.

The amendment was adopted by 12 votes to 2, with 2 abstentions.

8. The PRESIDENT put draft resolution H, as amended, to the vote.

Draft resolution H, as amended, was adopted by 13 votes to 2, with 1 abstention.

9. Mr. WILLIAMS (International Monetary Fund) said that only after the extent and significance of the restriction referred to in resolution H had been explored would it be possible to determine the degree of priority treatment justified for them. He assured the Council that the Fund would give careful consideration to any communication that the Secretary-General might send the Fund on the matter in accordance with the paragraph 2 of the resolution. The Fund hoped to be able to report to the Transport and Communications Commission at its next session.

World economic situation (E/2353 and Corr.1, E/2353/Add.1 and Corr.1, E/2354 and E/2377 and Corr.1) (continued)

[Agenda item 3]

10. Sir Gladwyn JEBB (United Kingdom) thanked the United Nations Secretariat for having produced in the *World Economic Report 1951-52*, a document providing governments with valuable information on the world economic situation as a whole. Even if delegations could not agree with all the interpretations and suggestions in the Report, they would find it a very useful basis for discussion.

11. Since the Council's last session, startling changes had been witnessed in the world economy, but, in a sense, such changes had been typical of most of the post-war years.

12. From 1945 to 1949 the dominant problems had been those of reconstruction, the general development

of production and the special needs of the under-developed countries. It had been clear that the lack of balance in international payments and especially the serious disparity between the United States and the rest of the world would present major difficulties, but there had been a tendency to assume that the situation would correct itself almost automatically as the economies of the countries concerned recovered. Pending that recovery, the United States had assisted the rest of the world, through various programmes, to import the commodities required to meet their most essential needs.

13. 1949 had seen the first post-war recession in industrial activity in the United States. It had seemed possible that a world depression might be imminent, and the Council had been mainly concerned with problems of full employment and the possibility of international action to mitigate the dangerous effects of recession in one country on the balances of payments and economies of others.

14. Conditions for steady progress in expanding production and restoring general balance of payments equilibrium had been re-established when, in 1950, the attack on the Republic of Korea had produced another violent cleavage in the trends of world economy. A wave of stock-building, caused by the fear of a general war and expectations of rapid rearmament, had sent the prices of many primary products soaring and set off a cumulative process of cost inflation in many countries. In 1951 the Council's discussions had been dominated by widespread fears of a limitation of production, through raw material shortages, and of continuing inflation.

15. But when the Council had met in 1952, the world picture was again transformed. In 1951 a reaction had set in. The prices of many raw materials had begun to fall again although, in many countries, the general level of prices was still rising. Many countries had experienced violent swings in their balances of payments, and the United States balance of payments surplus had increased once more. Recession had appeared in some consumer goods trades, but the demand for capital goods had continued, generally speaking, to outrun the available supplies. In brief, the world picture had been confused: there had been both inflation and deflation, both shortage and glut. At that time the Council had laid particular stress on the problems of short-term balance of payments instability, as well as of the underlying structural disequilibrium; it had recognised the danger of price fluctuations on the scale that had recently been experienced and had been conscious of the need to accelerate the economic development of the poorer countries of the world.

16. Although the emphasis in the Council's deliberations had changed from year to year, some continuous threads could be discerned which ran through all its work, the most important being the general agreement on three main objectives: a steadily expanding world economy, with rising output and standards of living and high levels of employment; the gradual narrowing of the gap between the rate of economic progress in the more prosperous countries on the one hand and the less economically developed countries on the other; and, lastly, the re-establishment of a real and stable equilibrium in international payments.

17. The various countries might have differed in the relative importance they had happened to attach to those objectives; it must be recognized, however, that the main objectives were in fact interdependent. The economic development of the under-developed regions, for

example, was dependent on an expanding demand in the industrialized countries for primary products and an increased flow of international capital for investment. Over the post-war period as a whole an expanding demand for primary products had existed, which had resulted, *inter alia*, in an improvement in the terms of trade of those products. The United Nations had published a report on that subject in 1949³. In the case of trade between the United States and the United Kingdom there had been an improvement in the terms of trade of primary products as against manufactures of more than 20 per cent between 1938 and 1948, and it was estimated that a further improvement of approximately 15 per cent had taken place between 1948 and the third quarter of 1952.

18. Nevertheless, the primary producing countries, especially those depending largely on exports of raw materials, had suffered from the violent fluctuations in demand for their products. The *World Economic Report, 1951-52* showed that the improvements in their terms of trade noted between 1950 and 1951 had not been maintained. Rapidly changing demand conditions for their products had brought instability in their internal economies and in their balances of payment.

19. Violent swings in balances of payment reacted unfavourably both on the flow of international capital and on the mobilization of domestic savings in the primary producing countries. The balance of payments disequilibrium between the United States and the rest of the world and the consequent world dollar shortage also inhibited the international flow of capital, since governments facing balance of payments difficulties were bound to be very cautious in their policy towards exports of capital.

20. Those problems had faced the world for many years and some progress towards their solution had been made, but during the last year and a half new disturbing tendencies in the world economy had appeared. For the first time since the end of the war, there had been a noticeable slackening in the expansion of output throughout the world and a shrinking in the volume of international trade; prices had tended to stabilize or to fall and there had been a slight tendency for unemployment to increase. The *World Economic Report 1951-52* analysed the reasons for that relative stagnation: a natural reaction to the 1950-51 boom, some spontaneous and general recession in demand for consumer goods, a fall in incomes in some primary producing countries, the effects of spreading import restrictions and, to a certain extent, the disinflationary policies adopted in a number of countries often as part of a programme for restoring the balance of payments. Although the slackening of output was disturbing, it would be a great mistake to underrate the positive achievements of the past or to exaggerate existing dangers. The most important point was that the boom had not, in fact, been followed by a depression, as might have been feared.

21. In 1952 industrial output had been higher than ever before. Although the rate of progress since before the war had been slower in the poorest countries than in the industrialized areas, it was at least encouraging that in 1952 industrial output in the less advanced countries had risen steadily. The situation was less satisfactory with regard to the expansion of food production than with regard to industrial production, since output of food had not kept pace with the increase

³ *Relative Prices of Exports and Imports of Under-Developed Countries.*

in the world's population. Nevertheless the post-war period had generally been one of rising output and standards of living, and expanding levels of employment.

22. The relative stagnation noted in 1952 was not a cause for alarm, provided that it proved to be only a temporary phase of adjustment from the 1950-1951 boom. Some such period of readjustment had probably been inevitable at the end of the post-war reconstruction period, but it had been postponed by events in Korea.

23. Some encouraging signs seemed to indicate that a new period of economic expansion might be imminent. Output in a number of countries, which had earlier experienced some set-backs, had begun to rise again. Governments were pledged to policies of full employment and strong political pressures existed against allowing deflation to go too far. Governments had developed techniques for influencing the economy; systems of taxation and social security schemes existed as "built-in stabilizers". Institutional arrangements for encouraging the flow of international capital to the less developed countries—on which the raising of their levels of output largely depended—also existed and, in addition, with the era of steeply rising defence programmes apparently drawing to an end, increasing supplies of capital goods for their development would become available.

24. But a steady expansion of output and trade and of the international flow of capital could not easily take place in a setting of recurring balance of payments crises. In connexion with short-term balance of payments fluctuations two factors seemed to be particularly important: first, the inadequate level of gold and foreign exchange reserves in most countries and, secondly, the violent changes which could take place in investment in stocks.

25. Despite an apparent small increase during 1952 in the real value of the reserves of countries other than the United States, there were strong indications that those reserves were still inadequate—less than half the 1937 level. Inadequate reserves implied the danger of exaggerated swings in government commercial policies and also the danger of a cumulative process of trade restriction once a swing in balances of payments affecting large groups of countries had occurred. At its fourteenth session the Council had asked the International Monetary Fund to keep the adequacy of monetary reserves under continuing review. The United Kingdom Government was convinced that the question was of primary importance, and it hoped that the Fund would explore all feasible means of increasing the volume of world monetary reserves.

26. The report contained a very full analysis of the instability produced by variations in investment in stocks. That was generated mainly by changes in the volume and prices of the primary products entering international trade. Any effort to devise long-term international agreements for damping down price fluctuations affecting those products would be in the interests of everyone.

27. A solution to the problem of adverse balance of payments of the rest of the world with the United States still seemed to be some way off. Several governments had already taken one of the essential steps to that end by putting a stop to inflation in their countries. They must now promote competitive production of goods which could either find an entry into the United States market or reduce the dependence of the rest of the world on United States exports. Such efforts, how-

ever, would not be enough to produce equilibrium in the near future unless the United States—and any other countries which might reach a similar position of being "persistent creditors" of the rest of the world adopted economic policies designed to increase their effective demand for imports. It was not suggested that they should deliberately induce inflation in their economies, but rather that they should maintain a high level of domestic activity and reduce as far as possible any artificial impediments to imports. There were automatic pressures on countries in balance of payments deficit to correct their position. There were no such pressures on creditor countries, but, unless they assumed their fair share of the burden of adjustment, there was a danger that a balance would be brought about by methods of deflation or import restriction which would waste potential production and strangle trade. It was to be hoped that the United States would understand the gravity of the problem and help to find a solution.

28. Since the Council's last session the Government of the United Kingdom and the Governments of the other Commonwealth countries had considered what further part they could play in promoting the expansion of world production and trade. They had taken certain decisions to that end at the Commonwealth Economic Conference held at the end of 1952. They had stated their determination to try to avoid inflation in their domestic economies and to promote investment in projects which would contribute directly or indirectly to the improvement of their balances of payments. The United Kingdom had accordingly agreed to release £60 million of its sterling subscription to the capital of the International Bank for Reconstruction and Development for loans for projects designed to improve the balance of payments of the sterling area. Certain non-governmental interests had also decided to set up a Commonwealth Finance Corporation to further economic development. In the sphere of international action, the countries participating in the Conference had agreed that every effort should be made to establish conditions for freer and expanding international trade. In pursuit of that policy the United Kingdom had agreed to the continuation of the European Payments Union for another year, and had also substantially relaxed its import restrictions. In recent months, other countries, especially Australia and a number of European countries, had contributed to the removal of trade restrictions.

29. The Commonwealth Governments had also reaffirmed their support for international agreements designed to reduce the instability of prices of primary products. The United Kingdom was in favour of such agreements whenever appropriate. The United Kingdom Government believed, however, that it was not desirable to try to fix the prices of primary products at some arbitrary level unrelated to long-term supply and demand conditions.

30. With regard to recent developments in the economic position of the United Kingdom and the dependent territories for which it was responsible, the major problem at the beginning of 1952 had been the drain on the gold and dollar reserves. That had not been a problem which could be solved by the United Kingdom alone; the co-operation of all the countries in the sterling area had been necessary. The Conference of Commonwealth Finance Ministers, which had met in January 1952, had taken certain decisions and encouraging results had been achieved. The position of the sterling area had improved, but the increase in reserves had

still been only a small fraction of the earlier loss. So far as the United Kingdom was concerned, a reduction in the volume of imports and an improvement in the terms of trade had brought about a swing from a balance of payments deficit of nearly £400 million in 1951 to a surplus of £170 million in 1952. The fall in imports reflected in part a decline in demand for materials used in industry as well as a fall in investment in stocks and other factors. There had in fact been a decline in 1952 in aggregate demand for the products of British industry. Industrial production had been about 3 per cent less than in 1951; the total output of goods and services had also fallen slightly and there had been a small increase in unemployment. Several factors had contributed to the fall in output: exports had been reduced by the world-wide recession in demand for consumer goods; there had been a small reduction in private investment in industry and a slight fall in personal consumption due in part to increased savings; but the main influence had been the change in investment in stocks.

31. The present state of the economy of the United Kingdom could be summed up as follows: inflationary pressures had been eliminated by means of a careful budgetary policy and the restoration of monetary discipline; prices had stabilized; the balance of payments had been restored; and production was being steadily adapted to changing patterns of demand. It had been possible to accommodate a defence programme which absorbed one eighth of the total national production and measures had been taken to ensure that adequate capacity was available in industries affected by defence orders to provide both for exports and for re-equipment needs of British industry. The reaction to the 1950-1951 boom had affected the consumer goods industries, but unemployment had remained low.

32. Future prospects for the United Kingdom — where external trade was equivalent to 40 per cent of the national income — obviously depended to a large extent on future world conditions. United Kingdom policy was directed towards establishing conditions for an expansion of competitive production for export to meet inevitably rising overseas expenditures and to securing a general economic expansion at home.

33. There had been continuous economic and social development in the dependent territories for which the Government of the United Kingdom was responsible. The prosperity of those territories depended to a large extent on their primary production. In that connexion, it might perhaps be pointed out that in the territories in question sugar production had risen by 7 per cent over the last three years, the output of copper was one-third greater than before the war, and the production of rubber had risen by 70 per cent in the same period. Noteworthy progress had also been achieved in industrial production. In Malaya, for example, electricity consumption had more than doubled since 1950. Imports of machinery into the dependent territories had increased sevenfold in value since before the war. Of course, there had been occasional setbacks; the dependent territories, like other primary producing areas, had suffered during the last three years from the instability of prices of primary commodities, but the sterling reserves at their disposal had saved them from serious balance-of-payments difficulties. It was to be hoped that in the future, given a generally favourable climate in the world economy, those areas could count on steady progress. The financial and technical assistance provided by the United Kingdom and international agencies would help the territories

to make steady progress for the greater well-being of their people.

34. In conclusion, he wished to state briefly what seemed to him should be the main objectives of national and international policies in the future.

35. First, the trend of consumer demand must be carefully watched so that corrective measures could be taken if there appeared to be a danger of a serious growth of unemployment in the industries concerned.

36. The industrialized countries must make every effort to meet the needs of the under-developed countries for capital goods for their development and as far as possible to provide them with the necessary external finance.

37. All countries should make every effort compatible with their balance-of-payments positions to check and reverse the growth of import restrictions and restrictions on the free exchange of services, which now threatened to curtail international trade.

38. In addition, all practical steps should be taken to reduce fluctuations in the prices of primary commodities.

39. Finally, debtor and creditor countries alike should try to adopt policies which would help to correct the existing disequilibrium in international payments and thus to provide the essential basis for a steady world-wide expansion of output and standards of living in a free and multilateral world trading system. To that end, it was vitally important that any necessary steps should be taken to ensure that the volume of international monetary reserves was adequate to support such a trading system.

40. Mr. JUNG (India) regretted that some of the reports on the economic situation, such as the studies on Europe, Latin America, Africa and the Middle East, had been distributed so late that the discussion on the subject could be at best on conventional or routine lines. That was a pity, especially considering the pains taken over the important five-year record prepared on Europe (E/ECE/157) and the first report on Africa (E/2377 and Corr.1). His delegation would like to have had more time to examine those in greater detail before making its observations. He would therefore limit himself for the time being to essential comments.

41. According to the documents before the Council, India, together with China and Japan, had been classified among the countries which were not basically exporters of raw materials and whose economy did not depend exclusively on foreign trade. So far as the latter was concerned, the value of India's foreign trade in 1948-1949 had amounted to 15 per cent of its national income, which more or less corresponded to the relative figures for Japan and the United States. Previously, India has been an exporter of raw materials and an importer of manufactured goods, but that position had changed soon after the war and partition. India had now become an importer of foodstuffs and an exporter of manufactured goods. With those reservations, it was nevertheless true that India as a whole still bore the marks of an under-developed country and therefore faced the same problems as those countries.

42. While recognizing that there was some point in warning governments against an unduly bold economic and monetary policy and against living beyond their means, he stressed the particular importance of the time factor in the working out of development. In view of the urgent domestic social and economic problems

confronting them, the under-developed countries could not afford to delay measures to raise their standards of living. Unless substantial assistance was made available to them, those countries would naturally be tempted to resort to inflationary measures to finance their development plans, rather than resign themselves to delayed economic stagnation.

43. The solution was therefore to maintain a continuous flow of investment capital towards those countries. It was to be noted that many of them would like to give up the role of raw material producers in order to set up their own national industries but they could not do so unless they could increase their exports so as to cover the chronic deficit in their balances of payments. That solution would also serve the interests of the economically more advanced countries, which needed to provide the under-developed areas with capital or manufactured goods. The more advanced countries would also have to reduce their tariff barriers and to introduce an element of predictability in the demand for raw materials, so as to stabilize prices and demand. India had agreed to certain concessions affecting non-essential commodities in order to obtain a reduction of the tariffs on its exports. Again, it was a fact that, in a world in which the trading system was not fully multi-lateral, currency difficulties dominated the composition and direction of trade.

44. He congratulated the Secretariat on its pioneering work in connexion with the report on economic conditions in Africa and hoped that increasing attention would be given to the study of a continent which was fast assuming importance and where it was important to raise the general standard of living.

45. Turning to the European situation, he said that the war and its devastation had affected the position of Europe as the supplier of capital and manufactured goods and had also divided it into two different economic camps. He welcomed the reappearance of the Federal Republic of Germany as an industrialized State, just as he welcomed the reappearance of Japan in a similar role, and he hoped that the Economic Commission for Asia and the Far East would be able to consider measures for meeting the requirements of that area in capital goods from Japan. He also hoped that the barriers between Eastern and Western Europe, whose economies were in many ways complementary, would disappear.

46. At the moment, primary consideration should be given to the study of two problems: the possibility of an extensive economic crisis or recession as a result of peace in Korea, which he hoped would be accomplished, and the question of population increase. Since the constant increase in population far exceeded the increase in food production at the moment, he hoped no one would be surprised at his insistence that the problem of world food production deserved the most urgent attention. Besides, whatever the distribution of resources, the co-operation between the countries and the technological aids, whatever the success of attempts at migration of populations, increase in population was bound to out-pace those endeavours. A study was therefore called for on the subject of control of population increase, however heretical that might sound. He would be happy if the Council could recognize the need for studying the subject closely in future reports.

47. Mr. TANGE (Australia) likewise paid a tribute to the Secretariat for its very important documentation which brought out the noteworthy aspects of the world

economic situation and placed them in their true perspective.

48. The Australian delegation did not think that the situation outlined in the reports required the Council to adopt any particular decisions or recommendations of principle. The Secretariat's reports were useful because of the influence which they could have on the economic policy of various countries.

49. The close economic interdependence of the countries of the world and the consequent difficulties in making purely national adjustments must not make one lose sight of the fact that, during the past year, the world situation had presented certain favourable characteristics, such as the high level of employment, the constant increase in industrial production and the success of the anti-inflationary measures.

50. Yet the balance was not altogether favourable. On the debit side, the sudden fluctuations in the prices of raw materials, the difficulties caused by the lack of balance in international payments, which had led to rigorous import restrictions in many countries, the drop in agricultural production as compared with industrial production, the latent threat of inflation and, lastly, the slow progress in the economic development of many countries should be noted.

51. Whatever way one looked at the general world situation, it was certain that tremendous problems still existed. But certain essential facts indicated undeniable, albeit uncertain, progress. The production of armaments necessitated by defence requirements had not impeded the production of consumer goods for the civilian market, which had, on the contrary, increased in developed countries by 2 per cent. The inflationary trends had been checked by adequate fiscal and monetary action. Lastly, employment had, as a general rule, been maintained at a high level in Europe and North America, apart from slight unemployment in some industries such as textiles.

52. The repercussions of the lack of balance in international payments had perhaps been more serious, particularly in the second half of 1951 and throughout 1952, for the relatively under-developed countries whose economy depended mainly on the production and exporting of a few raw materials. The countries which had increased their capital investments during the boom had subsequently decreased their purchases when prices had dropped and had even finished by restricting their imports. That had been the case not only in Western Europe but also in Latin America, Asia and in the sterling area. The restrictions in question were not limited to imports from hard currency countries; trade among soft currency countries had also been affected.

53. After noting that the production of consumer goods other than foodstuffs had decreased and that agricultural production did not meet the needs of an ever increasing population, he stressed that harmonious economic development depended mainly on the following factors: the existence of adequate natural resources, a sufficient volume of savings, a satisfactory wage level, incentives for private enterprise, sufficient manpower and skilled technical and industrial workers, a sound balance in international payments and sufficient national economic stability.

54. In all those respects, the under-developed countries suffered more than the others. They experienced increasing difficulties in financing their development, and attention should be paid to the important part which the great creditor countries could play if

they agreed to grant to the under-developed countries the resources which the latter could not obtain from their national savings. By freeing a portion of the ample capital available to them, the creditor countries would make it possible to deal directly with the causes of stagnation and would substantially assist the efforts which the under-developed countries themselves must make.

55. One aspect of the matter, to which the United Nations had perhaps not yet paid sufficient attention, was the need to think in terms of selective development. In that connexion, care would, of course have to be taken in choosing wisely activities which would bring unused resources into operation and which would strengthen the balance of international payments.

56. He then recalled the remarks of the Managing Director of the International Monetary Fund (682nd meeting) on the need for the great importing countries, to make their import regulations and general trade policy more flexible. He emphasized the importance which every country must attach to the problem of domestic inflation. Unless everything was done to check inflation, economic development would be fatally affected by the diversion of resources from basic capital investment. He agreed with the Indian representative that the inflationary method of development was likely to tempt governments, but every step must be taken at the national level to check inflationary trends, because only in that way could it be hoped that conditions of economic stability would be established in the world.

57. He then gave a brief survey of the economic situation of Australia. The Australian Government was trying to achieve a number of basic objectives: to prevent a recurrence of inflation, to maintain employment at a high level, to develop basic industries and raw material production, to ensure adequate food production and to sustain a programme of immigration within certain limits. He also stressed the importance which the Australian Government attached to a multi-lateral system of trade and of payments and mentioned the steps taken in his country to keep total expenditure on investments within the limits of available manpower and raw materials.

58. Like many other countries, Australia had been obliged to make difficult adjustments during the past two years. A certain increase in prices in 1950 and 1951 had added to the danger of inflation, which was a constant threat in an economic system highly dependent on international trade. A 30 per cent drop in the prices of raw materials between 1951 and 1952 and the resultant reduction in the volume of imports had led to a deficit in the balance of payments. Yet it had been possible to offset certain shortages; prices and wages had become more stable again and inflation was at the moment on the downgrade. In some sectors of industry, such as coal and steel, production had increased. It had thus been possible to reduce, to approximately 75 per cent of the previous level, the import restrictions which Australia hoped it could completely eliminate as soon as the world economic situation made that possible.

59. In regard to the agricultural situation, the Australian Agricultural Council had set targets in April 1952 for production during the forthcoming five years. Given favourable climatic conditions, it was hoped that the five-year plan would be successfully completed.

60. Like other members of the British Commonwealth, Australia had recognized, at the Commonwealth Economic Conference in December 1952, that development of the countries in the sterling area should

wherever possible be concentrated on projects contributing directly or indirectly to the improvement of the area's balance of payments with the rest of the world. Agreement had been reached in February 1953 between the Commonwealth of Australia and State governments upon the need to concentrate on public works projects in conformity with that objective.

61. In conclusion, he said that, on the whole, the Secretariat's report noted the real progress that had been achieved throughout the world since the end of the war. It had, indeed, been possible to maintain relative stability without appreciably lowering the level of employment and real wages. Though some problems still remained to be solved, and though it must be admitted that there was no hope of resolving them all in the current year, there was nothing to prevent useful action being taken where it might be expected to prove most successful. In the last resort, it was by increasing productivity and trying to improve methods and plans of action that satisfactory results would be achieved.

62. Mr. STERNER (Sweden) said he would like to associate the Swedish delegation with the thanks that had been addressed to the Secretariat for the valuable documentation it had prepared for the Council's use. He would, however, have liked the report to contain more analyses properly so-called, even, though they might be controversial. It would not be appropriate to ask the Secretariat to avoid dealing with controversial subjects, which might often be particularly important. No study could represent anything but a contribution to a continuing discussion. The ECE survey in particular, was a valuable contribution. The Secretariat must above all be quite free to prepare its reports as it thought best, without interference by States, though of course States retained the right to express their observations subsequently.

63. He had noted with much satisfaction the report entitled "Aspects of Economic Development in Africa" (E/2377). He hoped the Secretariat would be able to continue its studies in that connexion.

64. On the whole, he was of the opinion that prospects were uncertain and that, in addition to all the structural problems, both the danger of inflation and that of a major recession should be considered.

65. It was true that the danger of inflation seemed generally to have diminished but inflationary forces were still at work in many countries. There were even cases of declared inflation and there were several cases of latent inflation which at any moment could change into real inflation. Even apart from that it must be considered that inflationary forces could become strengthened because of unforeseen political developments. That was still another reason for never giving up the fight against all forms of inflation, wherever they appeared.

66. There was also the opposite danger: the danger of a general depression. Some progress had, it was true, been achieved with regard to production and employment and in most countries industrial production had reached figures greater than those of pre-war. Yet the gap between the industrialized countries and the countries undergoing development had on the whole increased rather than diminished. It was even to be observed that in some cases the backward movement of inflation had been accompanied by a slowing-down of production and by a certain amount of unemployment. There was therefore some justification for asking to what extent the difference that had been noted between the economic progress achieved after the First World War and the progress currently being achieved was

due, at least partly, to the fact that after the Second World War peace was even less real than after the First.

67. The symptoms of the recent economic unsteadiness, however, were not equally apparent in all countries and the development had not had an unfavourable effect in all the countries where it had occurred. Thus, in Sweden, where there had been "overfull" employment and where inflationary trends had been very pronounced, the situation was now characterized by full employment and by internal economic equilibrium. Restrictions and controls were gradually being withdrawn. Investments were still at a high level and total production had never been greater.

68. In spite of that generally favourable situation, the danger of a possible new inflation and of unemployment was being increasingly realized, even in Sweden. Other countries, already affected by unemployment, must be still more aware of that danger.

69. There was no need to emphasize the pernicious consequences of a general economic crisis. The unfavourable effects of such a crisis on international trade might be still more marked than its repercussions on general economic activity. Experience had shown that any falling-off in economic activities tended to encourage protectionism. Moreover, just like inflation, an international economic depression would increase the difficulties of overcoming the structural imperfections of the international payments system.

70. Were a world economic depression to occur, it would give rise to a conflict between certain basic objectives in the economic policies of countries such as Sweden which were largely dependent on their external trade. In a contingency of that kind, those countries would be obliged to adapt their imports to the reduced volume and value of their exports. It might then be impossible both to maintain full employment and domestic purchasing power and to abstain from using new import restrictions.

71. It was, of course, important to avoid that dilemma. In that connexion, he recalled that the ICFTU had recommended the Council to give careful consideration to the problem of reconversion. The Swedish delegation was also of the opinion that that question might well be studied more thoroughly. Above all, it was important to avoid having to combat a depression by methods which might still further accentuate the contraction of the economy and the tendencies to autarchy.

72. Speaking of the importance of the United States of America in the world economy, he pointed out that even a slight lack of balance in that country's economic activities might well have serious effects on the world economy as a whole. It was thus indispensable that the United States, like other creditor countries, should maintain economic stability, not only by avoiding inflation but by combating any tendency to recession.

73. The delicate problem of economic stability was a dual one. Everybody wanted full employment: the countries where it had already been achieved wished to preserve it, while it was the desire of others to attain it, at least progressively. Experience, however, showed that unless appropriate action was taken there was a danger in both cases of encouraging inflationary trends and up-setting the balance of foreign trade. Thus, much importance was to be attached to the study undertaken by the Secretariat on the subject of the means of promoting and maintaining full employment without encouraging inflation. That study dealt with

the most important aspect of economic stability, and the Swedish delegation would be glad to be able to give more exhaustive consideration to the matter at the Council's sixteenth session.

74. The difficulties raised by the structure of world trade and the international payments system were closely connected with the problem of economic stability. It was because of the importance of those structural problems, which included the problem of the shortage of convertible currencies and which could be aggravated by any breakdown of stability, that the world market was particularly sensitive. The difficulties encountered in connexion with the international payments system, especially the dollar shortage, still persisted, in spite of the very considerable development undergone by production and world trade since 1947 and in spite of the general flattening of the inflationary curve. That would appear to confirm the view that it really was structural problems that were involved.

75. The Economic Commission for Europe had calculated that the combined effect of the losses undergone by Western Europe in respect of the income from overseas investments and the unfavourable development of its terms of trade was such that if the adjustment was to be effected by means of exports alone, their volume would have to be more than 80 per cent greater than in 1938 to enable the group of countries concerned to obtain the same volume of imports. Furthermore, the overseas countries which did not belong to the dollar area, and the countries of Eastern Europe, exported much less to Western Europe than they had done before the war. Thus, Western Europe was now much more dependent for its imports on the countries in the dollar area, which had greatly increased their capacity to produce both finished and semi-finished products and also raw materials.

76. Lastly, it must not be forgotten that, so far as the world as a whole was concerned, there had always been credits and movements of capital to offset the deficits in the balances of payments. All the obstacles to international credit and movements of capital were due to political tension or other similar causes, which represented another set of structural factors behind the present difficulties.

77. To conclude his rapid analysis, he said it was absolutely necessary to expedite studies of the means by which the structural factors which affected international payments could be adjusted.

78. Another important aspect of this problem was that of restrictions on imports imposed in the United States. Though it would not provide a complete solution, even a partial raising of those restrictions would largely contribute to an improvement in the situation. For one thing, those who wished to obtain dollars with which to make purchases in the United States and who invested capital for that purpose, realized that their efforts might be of no avail if any increase in their sales to the United States resulted in further restrictions on imports. That paradoxical situation was far from encouraging.

79. Almost all countries had obviously imposed some restrictions on imports. Sweden, for example, had restricted imports for which payment had to be made in dollars, but that was not a protectionist measure and Sweden would be glad to be able to remove the restriction. The reason why Sweden limited its imports of agricultural products was, largely, that it wished to maintain its own production so as to be able to deal with exceptional difficulties such as those it had experienced during the last war. Its customs tariffs on in-

dustrial articles were, on the contrary, among the lowest in the world and it had largely contributed to liberalizing the system of inter-European trade. In any event, the attitude of the United States was not exceptional, though its effects were especially harmful because the United States was the largest creditor nation in the world. It must, however, be stressed that many persons in the United States were expressing growing concern over the development of the situation. Would the United States be able to make a rapid transition from words to deeds? That was of course a difficult question to answer because of the interests involved, interests which — in the United States as in many other countries — were infinitely more powerful than those of the consumers or of producers who would be glad to sell on the international market.

80. He had considered the question under study from the point of view of Western Europe, but he was perfectly aware that the problems to be resolved arose in all parts of the world. Europe had indeed made great progress, but though it was necessary to deal with the problem at the regional level it was not enough to do so. Western Europe must increase its trade with Eastern Europe and with under-developed countries overseas. It was becoming increasingly obvious that the continuous economic progress of the under-developed countries could help Europe and the other areas of the world, just as economic progress in Europe was necessary to the other continents. In other words, it was now clear that the world economy constituted an indivisible whole.

International action for conservation and utilization of non-agricultural resources: report of the Secretary-General (E/2367 and E/L.495)

[Agenda item 7]

81. Mr. MORALES (Argentina) said his delegation had studied with much interest the Secretary-General's report (E/2367) on the action taken under Council resolution 345 (XII), for it attached the greatest importance to the aims of the resolution. The Secretary-General had established an *ad hoc* committee of experts to study and prepare recommendations on standard concepts and terminology for use in connexion with surveys and inventories of iron-ore resources. The meeting of the committee, which had been planned for the end of 1952, had had to be postponed, however, for lack of staff. It could only be regretted that work of such importance had had to be suspended, and it was to be hoped that steps could be taken to get it started again and even to expedite it.

82. The Argentine delegation had noted with satisfaction the annex to the report on the technical assistance supplied by the United Nations in 1951 and 1952 in connexion with the development of non-agricultural resources. The experts sent to various countries had done truly useful work by giving information and enlightened advice and by assisting in the training of national technicians. TAA was to be congratulated on having used its resources for the execution of programmes likely to contribute to the economic and social development of many countries by the co-ordinated exploitation and utilization of their natural resources.

83. The Argentine delegation regretted that the idea of convening an international conference on natural resources had not yet been considered but noted with satisfaction that conferences and technical meetings had taken place on the initiative of the economic and re-

gional commissions. In that connexion, he drew the Council's attention to the meeting of experts which had been held at Bogotá at the end of 1952 to consider basic problems and processes of the iron and steel industry of Latin America. The meeting had demonstrated the importance and value of such conferences.

84. He emphasized that while action must be taken at the international level for the conservation and utilization of non-agricultural resources, the problem must nevertheless be tackled and solved within the limits of the domestic competence of the States concerned.

85. He thought that his delegation's draft resolution (E/L.495) was explicit enough not to require comment.

86. Mr. IBANEZ (Philippines) said that his delegation attached the greatest importance to the Council's work on the conservation and utilization of natural resources. Like the other countries of Asia and the Far East, the Philippines was especially interested in the development of arid land and in water control and utilization. Those two problems were of particular importance in Asia owing to its enormous population. Immense areas there had been made arid by erosion, neglect or irrational cultivation while water was both a threat, owing to floods and torrential rains, and a potential source of wealth if it could be controlled for irrigation and the production of electric power.

87. His delegation had been one of the authors of resolution 417 (XIV), which laid down the main lines of a programme of international co-operation in water control and utilization and the development of arid land. The Secretary-General's report contained useful information on the way in which that resolution and resolution 345 (XII) were being carried into effect. It was unfortunate that a meeting of experts on water resources could not be organized before 1956. It must not be forgotten, however, that the specialized agencies and ECAFE had already begun to study the question and that their work would facilitate future efforts. In their special fields, FAO, UNESCO, WHO and the Bank were playing an important part in the study of methods of exploiting water resources. The Secretary-General had stressed the need to co-ordinate activities in that field. His delegation was glad to report that the Philippines Government was collaborating in the work of ECAFE to the full extent of its resources.

88. The development of water resources was an essential element in general programmes of economic development in the Philippines, as in the other under-developed countries of Asia and the Far East. At the present time, the Philippines was particularly interested in the production of electric power and irrigation schemes. Two hydro-electric power stations were almost completed in Luzon and Mindanao, and the Government had put twenty-seven irrigation schemes into operation in the Archipelago.

89. The Government of the Philippines was prepared to co-operate at all times in the work of the Council, the specialized agencies and the regional economic commissions in that important branch of economic development. It hoped that all other governments were prepared to do likewise.

90. Mr. TANGE (Australia) said he had followed with interest the speeches of the representatives of Argentina and the Philippines, whose views, generally speaking, he shared. It must be admitted that the action taken in application of resolution 345 (XII) was not progressing as rapidly as might have been wished. It might be asked whether the work in connexion with

water control and utilization could not be expedited. According to the Secretary-General's report, a meeting of experts could not be organized before 1956, although high priority should be given to the work in view of the importance of water resources in the development of agricultural production.

91. The Australian delegation accordingly suggested that the Secretary-General should consider the possibility of changing the order of priority of the studies contemplated in resolutions 345 (XII) and 417 (XIV), if only to allow for the fact that resolution 417 (XIV) provided that the Council would study the question of water resources in 1954. If the order of priority could not be changed, the possibility of organizing a meeting of experts on water resources at an earlier date than 1956 should nevertheless be considered.

92. The Argentine draft resolution did not mention resolution 417 (XIV), although the Secretary-General's report did. The Australian delegation was accordingly proposing two amendments to the draft resolution, the insertion of the words "and resolution 417 (XIV)" in the second paragraph of the preamble, and the addition of a third paragraph to the operative part recommending that the earliest action should be taken under resolution 417 (XIV).

93. Mr. STIBRAVY (United States of America) thought that all the members of the Council recognized the importance of having adequate information on the world's natural resources. Obviously, effective plans for the utilization of resources could not be prepared until it was known with certainty that they were sufficiently plentiful to permit of exploitation, and until their accessibility and the feasibility of exploiting them had been clearly determined. Increasing attention was being given to the many problems created by the need to supply raw materials for an expanding world economy. The action provided for by resolution 345 (XII) might seem to have only an indirect bearing on those problems, but eventually it could be expected to contribute greatly to their solution.

94. The United States delegation was gratified at the statement in the Secretary-General's report that the studies on iron-ore resources be continued until 1954. It was of the opinion that projects in process of execution should not be interrupted in order to start new ones. It must not be forgotten that important preliminary work in connexion with the development of basic resources had already been started on the initiative of the regional economic commissions.

95. The United States delegation noted with satisfaction that several countries which had applied for technical assistance in connexion with the conservation and utilization of non-agricultural resources had been able to develop an integrated approach which the United States had warmly recommended.

96. It was unfortunate, as stated in paragraph 4 of the Secretary-General's report, that the practical action to be taken under resolution 417 (XIV) could not be begun before 1956. The United States delegation had already stressed the importance of international co-operation in the matter of water resources. It hoped that the staffing and initiation of work under resolution 417 (XIV) would proceed as rapidly as possible.

97. His delegation supported the Argentine draft resolution and the Australian amendments.

98. Mr. BLOUGH (Secretariat) explained that the budget approved for the implementation of resolutions 345 (XII) and 417 (XIV) allowed for only one con-

ference or meeting of experts a year. Unless, therefore, new funds were provided, the Secretariat would have to adhere to the established programme. In order, however, to give priority to work in connexion with water control and utilization, in accordance with the request of several delegations, the work could be started as soon as the studies on iron-ore resources had been completed and before the research on coal and lignite resources was begun. It seemed obvious, however, if the benefit of what had already been done was not to be lost, that the work on iron-ore resources should be completed first.

99. In reply to a question by Mr. VANER (Turkey), Mr. BLOUGH (Secretariat) explained that the decision to organize only one conference or meeting of experts a year had been rendered necessary by budgetary considerations.

100. Mr. LEGATTE (France) said that his delegation did not wish to upset the established order of priorities, although it recognized the importance of the studies on water resources. As the representative of the Secretariat had rightly pointed out, the present situation was due to budgetary considerations which made it impossible to carry out the work as rapidly as everyone would wish.

101. He therefore thought it would be advisable to modify the Australian amendment and to say merely that resolution 417 (XII) should be carried into effect as rapidly as possible.

102. Mr. LALL (India) said that his delegation had studied with interest the Secretary-General's report and approved the work already done. It agreed that the question of water resources should have some priority and therefore supported the Australian amendment as modified by the French representative's proposal.

103. As the Philippines representative had said, the problem of water control and utilization was of great importance to all the Asian countries, which were in fact attempting to deal with it by all the means at their disposal. Lack of technical knowledge and other factors, however, were preventing the Asian countries from obtaining decisive results. It was therefore impossible to over-emphasize the value of the technical assistance which the United Nations could provide in that field, particularly in the matter of studies and research.

104. The Indian delegation would vote for the Argentine draft resolution and the proposed amendments to it.

105. Mr. CHA (China) hoped that the *ad hoc* Committee of Experts on Iron Ore would be able to submit a report containing precise recommendations before the Council's second session in 1954.

106. The Chinese delegation attached the greatest importance to resolution 417 (XIV). The question of water resources was of great interest to his Government, which was giving the matter the most serious attention and had already obtained some results in Formosa. Much still remained to be done, however, particularly in connexion with the utilization of sub-surface water.

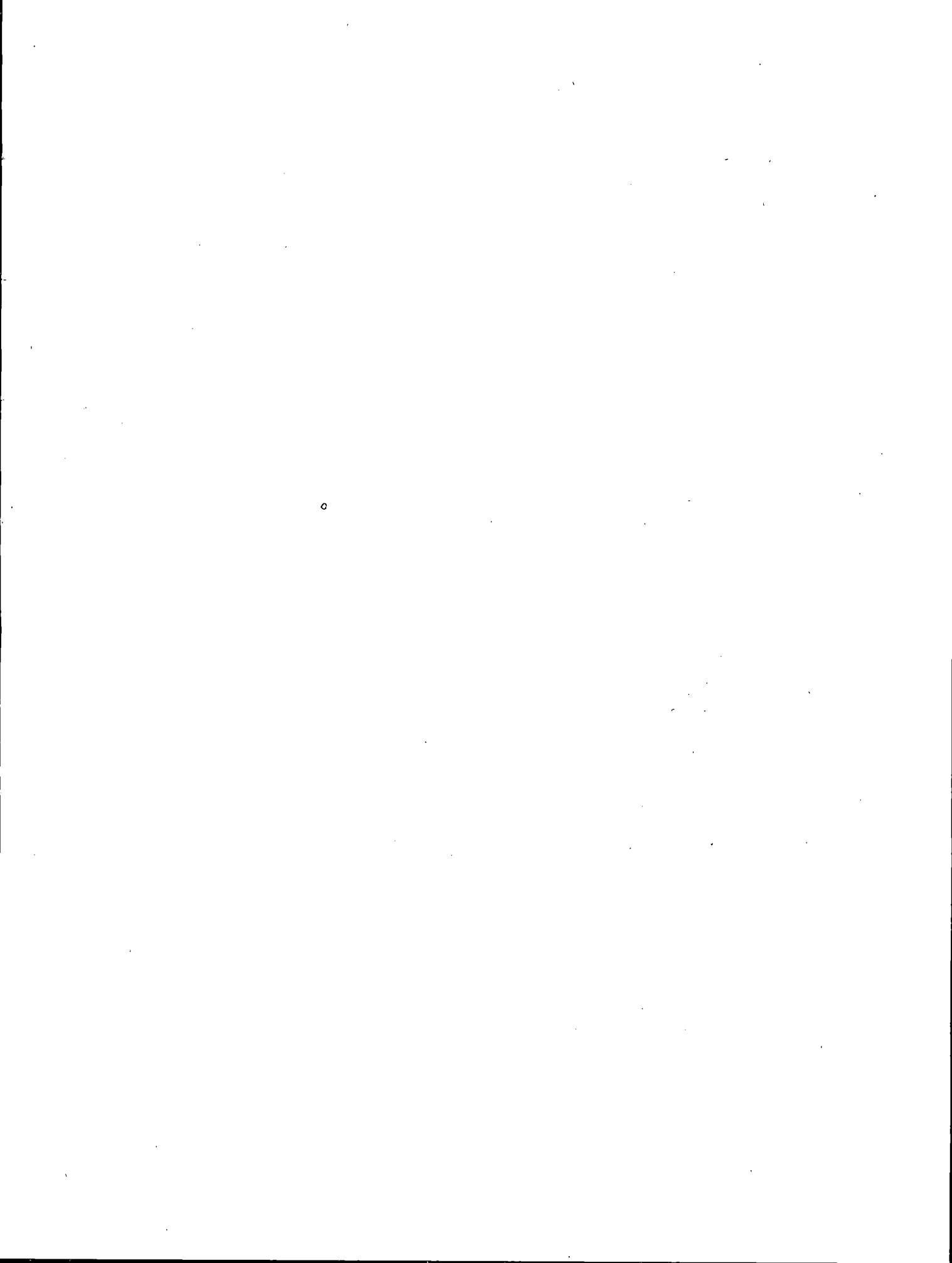
107. He supported the Argentine draft resolution and the amendments proposed by Australia and France, which rightly stressed the point that the two Council resolutions should be carried into effect simultaneously and as rapidly as possible.

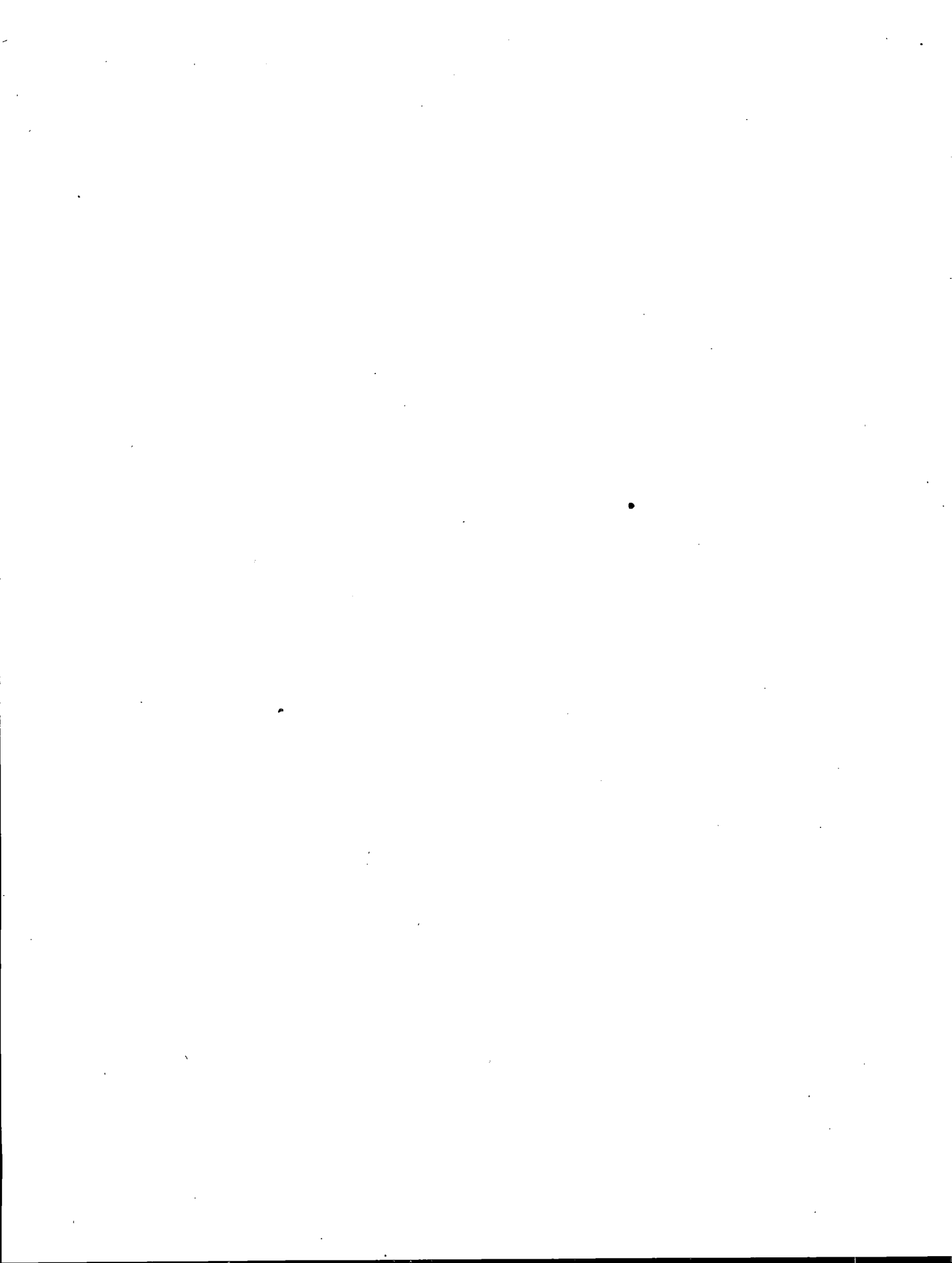
108. Mr. STANOVNIK (Yugoslavia) said that the question of water resources was very important to

Yugoslavia. He therefore warmly endorsed the views expressed on that subject by the other representatives. 109. In particular, he drew attention to two aspects of the problem. On the one hand, it was essential to study without delay means of controlling and utilizing water since water resources played a most important part in the expansion of agricultural production, a question of concern to the whole world and particularly to countries where crops were periodically destroyed by drought or flood. On the other hand, the question

of water resources was an international one, particularly in areas like south-eastern Europe, where rivers crossed several countries. The problem should therefore be studied at the international level by means of meetings of experts and conferences, taking into account the need for respecting the national sovereignty of States as pointed out by the representative of Argentina and as mentioned in the General Assembly resolution.

The meeting rose at 6 p.m.







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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile, Czechoslovakia, Iraq, Netherlands.

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

World economic situation (E/2353 and Corr.1, E/2353/Add.1 and Corr.1, E/2354, E/2377 and Corr.1) (*continued*)

[Agenda item 3]

1. Mr. NUNEZ PORTUONDO (Cuba) recalled that in commenting on the Secretary-General's report on the world economic situation at the Council's previous session (590th meeting), he had expressed fear that after several months of increased demand for raw materials as a direct result of the Korean war, countries which were producers and exporters of those primary commodities would revert to a period of economic crisis, such as that traversed in 1949. That earlier period had been characterized by an increase in population and in unemployment, a cut in exports resulting from the progressive diminution of external demand, and steadily deteriorating trade relations as a result of low prices of raw materials and a rise in the prices of consumer goods, manufactured goods and capital equipment on the world market. The *World Economic Report 1951-52* (E/2353 and Corr.1) confirmed his apprehensions.

2. The prices of most primary commodities had fallen off sharply during 1952, while those of manufactured goods, after a steep rise in 1950 and 1951, had levelled off, but had not gone down appreciably. Purchasing power had been limited by higher direct and indirect taxes, reduced subsidies for consumer goods and a contraction of consumer credit. The Secretary-General's excellent report went on to point out that the imbalance in international trade had persisted from 1950 to 1952, with most countries being unable to comply with the International Monetary Fund's injunction to abolish trade restrictions, and producers of primary commodities incurring growing deficits in foreign exchange.

3. Generally speaking, the balance of payments situation had shown increased deficits between the sterling and the dollar areas on the one hand, and between Western Europe and the dollar area on the other until the middle of 1952, when there had been a slight reprieve. In order to reduce those deficits, a great many countries were compelled to tighten import restrictions and otherwise keep internal demand in check. There was some satisfaction, however, to be derived from the 75 per cent increase in industrial output over pre-war levels and in the 10 per cent rise in food production as compared with the 1934-1938 period. Nevertheless, the *per capita* food production was lower than pre-war, while population had increased by 15 per cent.

4. The economic difficulties confronting the world fell into three inter-related groups: those affecting the maintenance of economic stability; those responsible for the continued imbalance in international payments; and those accounting for the slow progress of the underdeveloped countries. The most encouraging sign of a return to stability was the decrease in the dollar deficit borne by the non-dollar area in its international trade in 1952. At best, it was precarious since it had been brought about by tightened import restrictions imposed in Western Europe, in the sterling area and South America. The principal obstacle, failure to achieve convertibility of currencies with its adverse effects not only on trade between the dollar area and the rest of the world but on the scale of production and trade among the countries outside the dollar area — had not been overcome. Consequently, most countries which were not receiving aid from the United States suffered keenly unless they imposed severe restrictions on the import of goods from the dollar area. Private investment by American investors in projects abroad had not been sufficiently adequate to cause any considerable reduction in the dollar shortage.

5. Moreover, the wealth of the world was more unequally distributed at present than before the Second World War: the wealthy countries were getting richer and the poor ones poorer. So long as the underdeveloped nations continued to depend on their exports of primary commodities, they remained at the mercy of fluctuations of foreign demand for those products and could not advance their economic development. Unfortunately, private investors of the highly industrialized countries placed their capital, for the most part, in extractive industries, and although public investment had increased, it was still inadequate. A substantial increase in the flow of capital to the underdeveloped countries was vital to the improvement of living standards. The falling off of external demand had left those countries with accumulated stocks of primary commodities which had been liquidated, in some cases, by a partial devaluation of currency. The cost of living had risen as a result of high food prices and the high cost of imported goods. The latter factor, combined with the drop in prices of raw materials, had brought about a deterioration in their trade relations in 1952.

6. As a primary commodity-producing and exporting country, with an economy dependent on one or two basic products, Cuba was only too familiar with the close inter-relation between the price and volume of its exports, determined by foreign demand, and the living standards of its people. It believed that prosperity, like peace, was indivisible and that one of the essential conditions for the welfare of mankind in the present industrial era was economic equality, so far as possible, among the various parts of the world. The main task of the Economic and Social Council, therefore, was to eliminate the hunger which generated envy and hatred of more fortunate nations and to set up international machinery to promote the economic objectives set forth in the Charter.

7. Cuba's economic difficulties did not reflect any weakness on the part of the Cuban people or its Government, or any reluctance to face its problems with courage and determination. The course of its economic development had been influenced by historical and geographical factors; the impediments to that development could in no case be attributed to any lack of industriousness or ability. The Council should seek general solutions to ensure the full development of countries like Cuba in the light of their economic history.

8. A recently published book entitled, *El desarrollo económico de Cuba* by Dr. Gustavo Gutiérrez y Sanchez, a distinguished economist who had held high posts in the Cuban Government, described the historical background which would enable the Council to appreciate Cuba's economic and social progress and to learn from its experience in coping with economic problems. The introduction gave an account of the natural handicaps to its economy which the Cuban people had been striving to offset during the fifty years since it had won its independence: its relatively limited natural resources, lack of coal and hydro-electric potential, uncertainty regarding possible oil deposits, and comparatively low fertility of its land. The book itself described the very encouraging way in which the Cuban economy had developed during the first fifty years of the country's emancipation. The Cuban people, through their own intrinsic qualities and thanks to private initiative, had made remarkable achievements in spite of all the difficulties left as a legacy of the Spanish colonial régime. The book reviewed the growth of the population, the development of education, the development of land utilization and tenure and the increase in the value of both rural and urban property. The data given by Dr. Gutiérrez amply illustrated the great efforts made by the people of Cuba towards their country's economic development.

9. A very interesting study of the structure of the national income for the period 1945 to 1950 had been conducted under the auspices of the National Bank of Cuba. The results of the study showed that the revenue from non-agricultural production was distinctly higher than that from agricultural production, that the combined production of products other than sugar was far higher than the sugar production, that private enterprise was the principal source of revenue, and that the volume of internal trade was three times that of external trade. At the same time, the Cuban balance of payments situation had been steadily deteriorating since 1946.

10. Turning to the serious problems now confronting Cuba, he declared that they could not be solved without

international co-operation. In 1952, the record sugar production in Cuba had paradoxically had a very disturbing effect on the country's economy. The sugar market had changed from a sellers' to a buyers' market and Cuba had been left with a large surplus supply of sugar while millions in other parts of the world had had to go without. The International Bank had been quite right in stating in its annual report (E/2360 and Add.1) that the Cuban economy was now more than ever dependent upon sugar and that any drastic drop in the production or in the price of sugar was liable to have disastrous results.

11. Cuba was disturbed about its deteriorating balance of payments situation with the United States. It should be borne in mind that Cuba was one of the principal importers from the United States and that anything which caused a decline in Cuban exports must inevitably also lead to a reduction in its imports from the United States. In 1952, the unfavourable balance of payments with the United States had been temporarily covered by exports to the United Kingdom and Japan and that accounted for the over-all favourable balance.

12. The Cuban Government had acted resolutely to meet the situation caused by the record sugar production in 1952. It had created a large buffer stock to be distributed during the next five years and had placed a limit on the production of sugar for 1953. That measure had naturally caused a decline in economic activity and it would prove quite useless if the other sugar producing areas were to place no limit on their production. In order to stimulate trade, the Cuban Government had reduced its already low tariffs for the most characteristic exports of other countries, particularly those outside the dollar area, so that those countries would in their turn be able to import substantial quantities of Cuba's principal products. That trade policy had been backed up by energetic credit policy to enable countries to import larger quantities of sugar from Cuba. Credit was allowed to countries suffering from a dollar shortage which were prepared to take more than their normal quota of Cuban sugar.

13. His country had for some time urged that an international sugar conference should be convened and he was therefore very glad that such a conference was to be held in London on 13 July 1953. He sincerely hoped that the results would prove beneficial to consumers and producers alike. As his delegation had stated in 1952, Cuba could not be expected to go on making the sacrifice of limiting its sugar production if the other sugar-producing areas were not prepared to follow suit.

14. Unemployment was an ever-present problem in Cuba just as it was in all the under-developed countries with an agricultural economy depending upon a single product. With the increase in the population the problem was reaching alarming proportions in Cuba, in spite of all the efforts made and for reasons quite beyond his country's control.

15. The problems he had mentioned must be solved and for that international co-operation was essential. The man in the street, who represented the vast majority of the population in every country, would be unable to understand and might not always tolerate a situation in which one country was unable to sell its surplus supplies of a product while other countries suffered from a shortage of that very product. The rich and powerful countries must do something to help those in a less favourable position for the United Nations

itself had been set up with the purpose of achieving conditions in which every human being would have his share of material well-being.

16. The PRESIDENT called upon the observer from Czechoslovakia, the former Vice-President of the Council, who had asked to speak.

17. Mr. NOSEK (Czechoslovakia) said that the data contained in the Secretariat report concerning the economic situation in the capitalist countries clearly showed the disastrous consequences of the armament's race. It revealed stagnation or even a decline in industrial production in the majority of the capitalist countries during 1951 and 1952, a decrease in production of consumer goods and a resulting rise in unemployment, a fall in consumption and in agricultural production and a collapse of trade relations between those countries.

18. The data on the Soviet Union, the People's Republic of China and the Peoples' Democracies, including Czechoslovakia, on the contrary, showed how those countries had been able to ensure a permanent improvement in the material and cultural conditions of the masses. Nevertheless, the economic development of the countries that were striving for peace was not described in sufficient detail; he would therefore give some supplementary information and correct certain inaccuracies contained in the report.

19. Since the end of the Second World War, Czechoslovakia's economic policy had had two basic objectives: the two-year plan of post-war reconstruction and the five-year plan, covering the years 1949 to 1955, of construction and development of the socialist economy.

20. The two-year plan had been brought to a successful conclusion and by 1948 industrial production had returned to its pre-war level. Under the five-year plan Czechoslovakia's industrial production, with other branches of the national economy, had shown a rapid and steady improvement; in the first four years gross industrial production had increased by 82 per cent and it was now nearly twice what it had been in 1937. Today industry comprised 73 per cent of the national income whereas before the war it had been only 58 per cent. The increase in industrial production from 1951 to 1952 had equalled a third of Czechoslovakia's entire industrial production in 1937, and in heavy industry for example, the increase had equalled two-thirds of the pre-war total.

21. That steady rise in industrial production proved that the economy was based on solid foundations. During the implementation of the two-year plan it had shown an average annual increase of 20 per cent and since the beginning of the five-year plan it had risen steadily by 15-16 per cent on an average. Such results, unknown in the capitalist world, had been achieved thanks to the active participation and enthusiasm of all the workers, technicians and engineers, and despite the fact that the population had dropped from 15,200,000 before the war to 12,500,000 today.

22. The *World Economic Report, 1951-52*, showed that Czechoslovakia's industrial production for 1952 had increased in comparison with 1951 by 18.3 per cent of the total. The production of consumer goods had increased by 10 per cent and that of capital goods by 27.3 per cent. A comparison of present-day production with that of pre-war capitalist Czechoslovakia demonstrated the full extent of the tremendous expansion in Czechoslovakia's industrial production; thus

whereas in the twenty-four years from 1913 to 1937 annual coal production had increased by only 2,400,000 tons, a similar increase had been achieved by the Czechoslovak People's Democracy in only four years, from 1949 to 1952. Other striking examples of the strides made by socialist industry in comparison with the capitalist area were furnished by the figures for lignite extraction, electric power production, crude steel production and hydraulic power.

23. The five-year plan also comprised the development of the country's mineral deposits; the Government was therefore helping to finance geological exploration and the sinking of new mines. Great progress had also been made in the production of foodstuffs, and the mechanization of industry had made great strides.

24. Side by side with industrial progress had been the development of socialist agriculture. Czechoslovakia's agriculture had been completely transformed from the system of individual production to that of a more productive collective economy. The elimination of boundaries between farms had been a factor in the increase in agricultural production.

25. A comparison of the figures for 1948, before the start of the five-year plan, with those for 1952 showed greatly increased production of wheat, barley, oil-bearing plants, sugar beet, potatoes, flax and other crops. The figures for livestock were also much higher than those for 1948. The mechanization of farm work had risen from 27 per cent in 1951 to 31 per cent in 1952; thus almost one-third of all agricultural work was now done by machinery.

26. The demand for agricultural products was such that domestic production was insufficient and imports were far higher than they had been before the war; in 1952 the percentage of imported foodstuffs compared with total consumption had been: wheat 43 per cent, meat 5 per cent, game 39 per cent, butter 25 per cent, eggs 14 per cent.

27. In the light of those facts, and comparing the present figures with those for 1937 when imports of basic foodstuffs had represented barely 13 per cent of total imports, it was clear that there had been a remarkable increase in consumption which demonstrated the improvement there had been in the Czechoslovak people's standard of living. An exhaustive account of all that Czechoslovakia had done and was still doing to give its workers a better life in all respects would range far beyond the confines of the item under discussion, and he would therefore restrict his remarks to the subject of consumption.

28. Evidence of the great and continuing improvement in the standard of living of Czechoslovakia's workers was furnished by the increasing quantity and variety of available foodstuffs, as well as of other consumer goods. The report was unsatisfactory in that connexion, since the data it contained on the subject were inaccurate and vague. A true idea of the improvement which had taken place, could be gained by comparing the following figures for *per capita* consumption of certain essential foodstuffs since the war, with that in 1936:

Meat: 39 kilos, compared with 26.75 kg. (an increase of 45 per cent);

Sugar: 27.5 kilos, compared with 23.75 kg. (an increase of 15 per cent);

Wheat flour: 124.5 kilos, compared with 90.5 kg. (an increase of 54 per cent).

29. Similarly, the *per capita* consumption of milk in Prague was today 0.5 litres a day, compared with 0.30 litres, in 1932 (an increase of 60 per cent).

30. The statistics showed that today all citizens of Czechoslovakia were really able to obtain all the products they needed, and that they did in fact buy them, so that the figures given were genuine *per capita* figures of consumption. In the pre-war capitalist Republic a large part of the population had been unable to satisfy their needs, owing either to unemployment or to starvation wages, and only a privileged class had been able to live in comfort.

31. The quantity of foodstuffs available to the workers was continually increasing. Similar increases were taking place in the sale of other consumer goods such as, for example, bicycles, furniture, watches, shoes and men's, women's and children's clothing.

32. Those facts refuted the assertion in the *World Economic Report* that, in Czechoslovakia, *per capita* food consumption of the urban population had not increased in 1952.

33. One important fact should be borne in mind: the control of workers' wages and income had greatly increased the purchasing power of the mass of urban and rural workers. That was why, despite the increasingly large supply of goods, there was sometimes a dearth of certain products.

34. Employment in all sectors of the economy had risen by 4.6 per cent compared with the previous year. In particular, the number of women in employment had increased and at the end of 1952 had been 34.6 per cent of the total labour force.

35. None of the successes achieved in the creation and development of Czechoslovakia's economy would have been possible without the disinterested help and co-operation of the Soviet Union. Since the Second World War Czechoslovakia had intensified its commercial links with the Soviet Union and the Peoples' Democracies. Whereas during the post-war period the capitalist States had endeavoured to take advantage of the collapse of Czechoslovakia's economy caused by the fascist occupation, and had made economic assistance subject to impossible political conditions, Czechoslovakia and the Soviet Union had developed

a new type on international relations, unknown in the capitalist world, based on the sincere desire to give mutual assistance and thus to attain a higher degree of economic prosperity. Those relations were firmly based on planned development, disinterested mutual help, especially in the technical sphere, the principle of complete equality, mutual advantages and reciprocal confidence.

36. That development of Czechoslovakia's external relations was also reflected in the figures for foreign trade. The participation of the USSR and the Peoples' Democracies in Czechoslovakia's foreign trade had shown the following increases: 1937, 11 per cent; 1948, 30 per cent; 1949, 45 per cent; 1950, 52 per cent; 1951, 60 per cent; 1952, 68 per cent (January — June).

37. The increasing participation of the USSR and the Peoples' Democracies in Czechoslovakia's foreign trade did not, however, mean that Czechoslovakia was unwilling to maintain commercial relationships with the capitalist countries. On the contrary, the rapid increase of activity in all sectors of Czechoslovakia's economy would facilitate an exchange of goods with the capitalist countries too. A development of commercial relations with those countries depended, however, on the re-establishment of normal international economic relations and primarily on the abandonment of the policy of blockade and economic discrimination followed by the western countries.

International action for conservation and utilization of non-agricultural resources: report of the Secretary-General (E/2367 and E/L.495/Rev.1) (concluded)

[Agenda item 7]

38. The PRESIDENT recalled that the general debate had been held at the previous meeting and said there were no further speakers; since then a joint draft had been submitted by Argentina, Australia and France which included the oral amendments made at the previous meeting and which the representative of Argentina had accepted. He called for a vote on the draft resolution (E/L.495/Rev.1).

The draft resolution was adopted unanimously.

The meeting rose at 12.15 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

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

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

World economic situation (E/2353 and Corr.1, E/2353/Add.1 and Corr.1, E/2354 and E/2377 and Corr.1) (continued)

[Agenda item 3]

1. Mr. LANZA (Uruguay) first wished to convey to the Secretary-General his delegation's thanks for and congratulations on the *World Economic Report, 1951-52* which provided an excellent over-all picture of economic development in 1951 and 1952 together with useful analytical material. To anyone wishing so far as possible to anticipate events affecting the lives of nations and to meet the many difficulties which arose, a study of the underlying causes and the consequences of economic phenomena was indispensable. Much had already been done to mitigate the effects of crises, to give greater stability and strength to the economies of countries in the process of development and to enable them to exist side by side with the industrial nations which, with their vast capacity to produce and consume, dominated the markets. However, the war had left unfortunate consequences behind it and international unrest was largely responsible for the imbalance of the world economy. The world market was suffering from the prevailing uncertainty and could not achieve a genuine equilibrium except in an atmosphere of lasting peace.

2. Much progress had nevertheless been achieved thanks to the United Nations, which enabled the representatives of sixty countries to study major problems together and to devise solutions. Uruguay, which was a country in process of development and a staunch champion of the principles of the Charter, had always sought to direct its economy along the lines recommended by the United Nations; it had accordingly made stability its principal objective. Agriculture and cattle-raising were the country's chief resources, and meat, wool and hides accounted for over 75 per cent of its

exports by value; efforts were currently being made to expand production, and private enterprise was receiving effective help from the *Instituto Nacional de Colonización* for that purpose. The Government was also considering putting into effect a plan prepared by Mr. Luis Alberto Brause on the basis of the recommendations of the technical assistance missions of FAO and the International Bank for Reconstruction and Development.

3. Uruguay suffered from a lack of fuels but had substantial reserves of water power, some of which were already being used to generate electricity; important projects were planned in that field, in particular the harnessing of one of the country's largest rivers.

4. Since the last war, the indices of industrial production had risen; domestic and foreign capital investment had made possible the construction of new factories, the need for which had been felt as a result of import difficulties. Production was now capable of meeting part of the domestic demand.

5. Uruguay could import only to the extent that the hard currency countries provided a market for its products. It was for that reason that its imports and exports had been regulated with a view to ensuring that the available foreign currency was used to make purchases in countries which had opened their markets to Uruguayan products.

6. It was a matter for regret that some countries should adopt an attitude of indifference or cynicism towards United Nations recommendations. But the beginning made, which had already given such satisfactory results and offered so much hope for the future, must be continued. It was enough to compare the present situation with that of twenty years earlier to be convinced of that. None of the international conferences held at that time with a view to dealing with the world depression had achieved concrete results; the spirit of co-operation and international understanding had been conspicuous by its absence. The whole outlook had since changed; problems were no longer studied within the narrow confines of national frontiers; it was a generally accepted fact that everything was inter-connected, that the development, prosperity and economic health of one country were dependent upon those of all countries; it was in that spirit that the United Nations was working. International peace and security required a universal struggle against hunger, poverty and illiteracy.

7. There was still a gap between the primary producing countries and the industrial countries; that gap was even widening with the result that the latter countries were becoming still richer and the former, still more impoverished. That question was of vital interest to Uruguay, which was a country in the process of development. The *World Economic Report, 1951-52* offered no encouragement in that respect. It indicated in fact that food production had increased less than industrial production, since the war—10 per cent

as against 75 per cent — and that even that increase was more apparent than real, since the world population had increased by 15 per cent during the same period. Great efforts had been made in that field in recent years under the aegis of FAO. It should, however, be emphasized that so far as earnings were concerned the primary producing countries were at a disadvantage in comparison with the industrial countries. The trend of the indices of exports and imports of selected primary producing countries as shown by table 70 of the *Report* was significant in that respect. There was a real imbalance between the two categories of producers, which was increased by transportation costs. Countries in process of development were dependent upon the industrial countries, which alone possessed adequate merchant fleets. In 1951-52 the primary producing countries had had to pay 110 per cent more for freight charges than in 1949-50, and that had further increased the imbalance since there had been no corresponding increase in the volume of foreign trade during the period.

8. Uruguay had accordingly submitted two proposals to the Council in connexion with agenda item 8, one for an increase in the number of members of ICCICA and the other for immediate studies of the prices of iron and steel products. The Uruguayan delegation proposed to submit two further draft resolutions on the world economic situation.

9. He agreed with the other representatives who had stressed the importance of establishing a system of balanced multilateral exchanges between primary and industrial producers. Prompt action must be taken in order to prevent any widening of, and to close the gap between, the two groups. The most rational method would be to offer the countries in course of development better opportunities of marketing their products. The first pre-requisite was for the industrial countries to throw their markets open. There was, however, another problem — that of convertibility. Purchasers in primary producing countries were often unable to supply the foreign currency accepted as a medium of payment by the industrial countries, which had the effect of hampering international trade and retarding world economic development. Some action would have to be taken on that matter also. An outstanding example of what could be done was the European Payments Union. The Economic Commission for Latin America would shortly consider the possibility of creating a Latin-American payments union. Such an agency would help to solve the financial problems which arose in a typical raw materials producing area: consideration might later be given to a clearing system between the European and Latin-American payments unions.

10. In discussing the world economic situation, it was essential to consider the economic units formed by the various regions as well as individual countries. The twenty nations of South America formed a single unit with a definite character of its own. Their peoples were young, bold and eager to develop their economies; their resources were complementary and their interests in harmony. The Economic Commission for Latin America had been of real service to that community; all the agencies of the United Nations should participate in an undertaking the success of which could not but be beneficial to the world economy as a whole.

11. His delegation hoped that the governments concerned would carry into effect the economic recommendations made by the Council at the present session.

The task was difficult; while there was clearly some divergency of views, there was also a unanimous desire in the United Nations to meet the hopes of all peoples and to hasten the advent of democracy, justice and peace, the only possible foundations for a sound and balanced economy.

12. Mr. OZGUREL (Turkey) congratulated on his delegation's behalf the departments of the Secretariat, which had prepared the *World Economic Report, 1951-52*. The information it contained was extremely useful and would provide an excellent basis for economic study and research.

13. The most striking feature of the world economy between 1950 and 1952 had been the lack of uniformity and balance, which had been particularly noticeable in world production. Food production had not increased at the same rate as industrial production with the result that the world as a whole had insufficient foodstuffs and the standard of living had suffered in many countries.

14. The unevenness was also evident in the trend of prices and demand. Following an upward movement in 1950 and during the first six months of 1951, there had been a levelling off and even some declines in 1952, which had threatened world economic stability.

15. There had been a marked disequilibrium in international trade. Most countries had been unable to comply with the Articles of Agreement of the International Monetary Fund and had been obliged to impose new restrictions on their foreign trade in order to avoid excessive deterioration of their balance of payments position or the total exhaustion of their gold and foreign currency reserves.

16. The causes of that situation were many and various: the increase in armaments expenditure following the outbreak of hostilities in Korea; the unforeseen acceleration in accumulation of stocks; the slow development of the under-developed countries; the sensitivity of basic commodity prices; the steady growth of world population; the absence of a regular flow of capital to cover requirements; dollar deficits, mainly due to the predominant position of the United States in the world economy; protectionist measures; the disproportion between expenditure and resources in many countries and the resulting inflationary pressure; and, lastly, the financial and monetary policy of certain governments.

17. Those were the factors which had to be dealt with if the disequilibrium was to be remedied. Some of them were temporary and their effect had considerably decreased and was even unnoticeable at the present time. That was true, for example, of inflationary pressures. Others — armaments expenditure, economic development, the flow of capital and the dollar deficit — seemed to be more persistent or structural in character. Those factors exercised a great influence on economic development and, consequently, demanded the Council's full attention. There was no need to comment on the size of armaments expenditures which absorbed a substantial portion of available resources to the detriment of civilian needs. The Turkish delegation had expressed its views on the dollar deficit and the flow of capital during the consideration of the reports of the International Monetary Fund and the International Bank for Reconstruction and Development (682nd and 684th meetings).

18. There was nothing new about the question of the development of the under-developed countries; the

three groups of experts, who had drafted reports on full employment, economic development and international economic stability, had in turn expressed their anxiety about it and had drawn similar conclusions. They had all stated that it was important to expedite and finance the development of the under-developed countries. The experience of recent years only confirmed that opinion. The *World Economic Report, 1951-52* showed that the gap between the industrialized and the under-developed countries grew wider as world income increased. Obviously, regular and continuous trade between two groups of countries, one of which was growing steadily richer and the other steadily poorer, was inconceivable unless the rich countries granted the poor countries special facilities in the form of loans or otherwise. No other solution seemed possible. The Council would have to deal with the problem in the near future if it was to find a remedy for the world's economic ills.

19. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that consideration of the *World Economic Report, 1951-52* was of special interest at the present session. It was now possible to make an accurate assessment of the results obtained by the various countries in recent years.

20. There were two marked trends. On the one hand, countries such as the USSR, the People's Republic of China and the European Peoples' Democracies were striving to develop their economies on peaceful lines in order to meet the needs of their peoples and, on the other hand, countries like the United States, the United Kingdom and France were pursuing a policy of armaments race and neglecting the needs of their peoples.

21. Analysing the development of the situation he referred to the three categories of countries given in the report: (1) the principal capitalist countries, i.e., the industrially developed countries whose economy was based on private enterprise (United States of America, United Kingdom, France, Western Germany, Italy, Belgium, Netherlands, Sweden, Denmark, Norway, Canada and Australia); (2) the countries with planned economies, i.e., the USSR, the People's Republic of China and the European Peoples' Democracies; (3) the under-developed countries, i.e., the countries of Latin America and some countries in Asia and the Far East.

22. The Secretary-General's report showed that the industrial production of the twelve countries in the first category had, generally speaking, increased in 1951 as compared with the previous year. However, the increase in production had not been maintained in 1952, which had marked the beginning of a notable decline. As early as the second half of 1951, there had been a sharp drop in production in certain industries, particularly in textiles. The movement had gathered momentum, and in 1952, in most of the countries in the first category, production had remained stationary or had even decreased substantially as compared with 1951; that was particularly true of the United Kingdom, Belgium, and Denmark.

23. The trend had become even more marked during the first quarter of 1953 and, although the Secretary-General's report tried to present the economic situation of the United States and the Western European countries in a deliberately favourable light, the picture was quite different in reality. According to the United Nations *Monthly Bulletin of Statistics* for March 1953,

the index of textile production, for example, had dropped in 1951-1952 by 16 per cent in the Netherlands, 23 per cent in Belgium, 10 per cent in Italy, 18 per cent in Canada, 17 per cent in the United States and 14 per cent in the United Kingdom. The total production of textiles for all those countries had decreased by 13 per cent. Motor vehicle production, excluding lorries, had dropped by 19 per cent in the United States; in the United Kingdom it had decreased considerably.

24. An objective analysis of the situation showed that the falling off of production in other industrial sectors working for the civilian market was directly attributable to the relentless drive for the production of armaments. He stressed the change that had taken place in the position of different countries in world production. The share of the United Kingdom in the total industrial production of Western Europe, the United States and Canada had fallen from 13.3 per cent in 1950 to 12 per cent in 1952. During the same period the share of Western Germany had risen from 7.5 to 8.7 per cent. Those figures showed clearly that, in the countries in the first category, industrial production for civilian consumption was declining. The Secretary-General's report could not hide the fact and the survey prepared by the Economic Commission for Europe (E/ECE/157) brought it out even more clearly. No objective observer could avoid the conclusion that the economic situation of the main capitalist countries was wholly unbalanced.

25. It was impossible not to realize that that state of affairs was due to the armaments race. Even the Secretary-General's report had to admit that the changes in demand were due to two main causes: large-scale rearmament and the speculative boom in raw materials which had at first been accompanied by inventory accumulation. According to the Secretary-General's report, government expenditure under those headings, in the industrialized countries in the first category, had accounted for three-quarters of the increase in national income between 1950 and 1952.

26. It was to be regretted that the report made only a timid and veiled reference to the causes of that situation and did not say plainly that the economy of the principal capitalist countries had been transformed into a war economy during the past two years. Nevertheless, no one would venture to challenge that fact. Indeed the new President of the United States himself had made a statement to that effect in September 1952.

27. The aggressive policy of the NATO countries was based on the fallacious theory that an economy built on armaments production could ensure prosperity. Even the *Wall Street Journal* now seemed to reject the theory; in an article entitled "War or Peace", published on 31 March 1953, it spoke of the absurd theory, long held by certain Washington economists, that prosperity was due to military expenditure and deplored the fact that that totally unreasonable theory continued to exercise its baneful influence.

28. Mr. Dulles had advocated the winding-up of economic assistance to the Western European countries in favour of purely military assistance, although experience had proved that the militarization of an economy inevitably led to reduced purchasing power and the shrinking of domestic markets.

29. Several representatives had made significant statements on the matter in the Council, while avoiding, with remarkable delicacy, the use of the expression

"economic crisis" to which they preferred the more colourless word "recession". The French representative, for example, in his statement of 16 April 1953, (688th meeting) had said that a recession in the United States, even slighter than that of 1937-1938, was all that was needed to produce economic disturbances in the rest of the world. Although it was true that a recession in the United States would be a very heavy blow to countries such as France and the United Kingdom whose economies were subordinated to that of the United States, it would not have such disastrous effects on the countries whose economy was independent of the United States. It was indisputable that such an economic crisis could not and would not have any negative effects on the economies of the USSR, the People's Republic of China and the European Peoples' Democracies. Naturally, in addition to the NATO countries, the under-developed countries, which were largely dependent on their foreign trade and most of which were the victims of economic exploitation by the more industrialized capitalist countries, would also be affected.

30. Turning to the situation in the countries with planned economies, he stated that their industrial production had increased by 15 to 30 per cent in 1951 and 11 to 24 per cent in 1952. The Secretary-General's report stated that the expansion of industrial production in those countries was associated with an increase in the stock of fixed capital, the application of improved methods of production and the introduction of incentive pay schemes. It was therefore not surprising that there was a substantial increase in productivity in those countries. In the Soviet Union, for example, the expansion in industrial production between 1940 and 1951 had been 70 per cent due to increased productivity. The index of industrial production of the People's Republic of China for 35 different commodities had increased 30 per cent per year and, in 1952, had reached 126 per cent of the pre-war maximum; the index of production for consumer goods had risen, in 1952, to 132 and for capital goods to 116 as compared with the pre-war figures.

31. In the People's Republic of China industrial production was steadily rising and the rate of industrialization in that country at the present time was high. Unlike the capitalist countries, the USSR and the People's Republic of China did not suffer from sudden declines in production. Production met the ever-increasing material and cultural needs of society.

32. In 1952, as a result of the increase in fixed capital, the production of consumer goods in the USSR had exceeded the 1940 level by 60 per cent. In that connexion the Secretary-General's report was wrong in attributing the rapid increase in capital goods to the USSR's military effort. There was no foundation for that statement. Without the development of the producer goods industries neither capital reconstruction nor the production of consumer goods would have been possible. The essential first step was the reconstruction of the nation's industrial equipment.

33. The statements in the report concerning real wages were equally inaccurate. The facts provided amply disproved the assertion that real wages had declined in 1951 in all the People's Democracies except Hungary. In 1952, Romania had carried out a monetary reform which had resulted in savings for the people to the order of ten thousand million Lei as a result of the subsequent fall in retail prices. The

monetary reform carried out that same year in Bulgaria also had resulted in lower retail prices and had made possible the abolition of the rationing system. It was unfortunate that the Secretary-General's report should seem deliberately to minimize the successes of the USSR, China and the People's Democracies in raising the general standard of living.

34. In the chapter on the fifth Five Year Plan, the report omitted to point out that the principal purpose of the plan was to raise the standard of living of the people in every field, including the fields of culture and public health. From the purely materialistic viewpoint it was important to note that *per capita* industrial production in the USSR was far above the pre-war level. In 1951 the output of electric power had been two and a half times higher than the 1940 level. The production of iron had risen 50 per cent, steel 70 per cent, coal 60 per cent, cement 200 per cent, cotton goods 20 per cent, woollen goods 60 per cent and paper 70 per cent.

35. With regard to agriculture, the total harvest in 1952 had been eight thousand million *poods* (1 *pood* — 16 kilogrammes); gross wheat production had increased 48 per cent as compared with 1940 and between 1945 and 1952 cattle herds had increased by 13,400,000 head.

36. The Five Year Plan which covered the period 1951-1955 called for a 70 per cent increase in the volume of industrial production, a 40 to 50 per cent increase in cereal production, a 55 to 65 per cent increase in cotton production and a 65 to 70 per cent increase in sugar beet production. In view of the successes obtained in 1951 and 1952, there was every reason to believe that the current Five Year Plan would be completely fulfilled.

37. The construction of dams, hydro-electric plants and irrigation works on the Volga, the Don, the Dnieper and the Amu-Darya opened up the broadest possibilities. Already the annual output of electric power had increased by 22,500 million kilowatt hours and the total area of irrigated land had increased by 28.25 million hectares.

38. The completion of the Volga-Don canal, the construction of hydro-electric plants and irrigation projects and the execution of afforestation projects were also eloquent testimony to the USSR's desire to build for peace. In 1952 approximately three-quarters of the national income of the USSR had gone to the people in the form of expenditures to satisfy their material and cultural needs; the remainder of the national income had been devoted to the expansion of production. It should be mentioned that between 1940 and 1952, the USSR's national income had increased by 83 per cent. In 1952 alone it had risen by 11 per cent as compared with the preceding year.

39. In 1951 real wages in industry had increased by approximately 57 per cent and by a further 7 per cent in 1952. During the same period the income of agricultural workers had increased by 60 and 8 per cent respectively. The total number of workers in the Soviet Union as a whole was 41,700,000 at the end of 1952, an increase of 900,000 over 1951. In 1952, as in previous years, there had been no unemployment in the USSR.

40. The Secretary-General's report mentioned the progress made in providing the population with consumer goods. In 1952, co-operatives and State stores had increased sales by 10 per cent as compared with

1951. Since 1 April 1953 there had been a further reduction in the price of consumer goods, the sixth in a series which had started in 1947. Those reductions saved the consumer 46,000 million rubles annually; the lower prices on the collective farm market accounted for a further saving of 7,000 million rubles, making a total saving of 53,000 million rubles.

41. Reviewing the economic development of the various Soviet Republics which had been underdeveloped before the Revolution, he emphasized that in those countries the rate of development was even more rapid than in the rest of the Soviet Union.

42. Between 1928 and 1951 industrial production in the Republics of Uzbekistan, Kazakstan, Kirghizistan, Turkmenistan and Tadjikistan had increased twenty-two-fold whereas it had only increased sixteen-fold for the USSR as a whole. One figure would be sufficient to illustrate the progress made. The *per capita* production of electric power in those Republics was 27 times higher than the output of Turkey, Iran, Pakistan, Egypt, Iraq, Syria and Afghanistan combined.

43. Progress in agriculture was equally astonishing. In regard to mechanical equipment, those Republics at the present time were ahead of certain of the most highly developed countries of Western Europe, not to mention the countries of the Middle and Near East. There were 14 tractors per thousand hectares of cultivated land in Uzbekistan whereas the comparable figures for France and Italy were 7 and 4 respectively. In 1951 cotton production compared very favourably with that of the great producing countries: 2.1 tons per hectare as compared with 0.83 tons in the United States, 1.15 tons in Egypt, 0.72 tons in Turkey and 0.34 tons in India.

44. In cultural matters, tremendous progress had been made in the Eastern Republics of the USSR. There were 58 students per 10,000 inhabitants in Tadjikistan; 60 in Turkmenistan, 64 in Kirghizistan and 71 in Uzbekistan. The corresponding figures for the same number of inhabitants were Iran: 3, India: 9, Egypt and Turkey: 12, Sweden: 21, Italy: 32, France: 36, and Denmark: 34.

45. Progress in public health was no less remarkable. Before the Revolution there had been one doctor for each 31,000 inhabitants in Uzbekistan, the same ratio as in present-day Pakistan; there was now 1 doctor for each 895 inhabitants. Those figures might be compared with the statistics for France and the Netherlands where there was one doctor for each 1,000 and 1,160 inhabitants respectively.

46. The USSR, the People's Republic of China and the Peoples' Democracies in Europe had established friendly ties of economic collaboration based on the principle of equal rights and mutual respect for national sovereignty. Trade between those countries had tripled in the period 1948-1952 whereas the United States and the countries of Western Europe had reduced their trade with the USSR and the countries in question for the purpose of weakening their economies. That had not prevented the foreign trade of the USSR, the People's Republic of China and the Peoples' Democracies from doubling during the period 1948-1952.

47. That progress was entirely based on economic planning. Those countries had concluded long-term agreements designed to satisfy their requirements for capital goods and raw materials and to assure stable markets. The USSR offered the Peoples' Democracies excellent technical assistance under the best possible

conditions. As a result of such economic collaboration it had been possible rapidly to build up national industry in those countries, thus making it possible to strengthen their independence.

48. The People's Republic of China had in the past three years exceeded pre-war production levels in both industry and agriculture. The total value of industrial production in China had more than doubled and agricultural production had increased one and a half times. A whole series of new industries manufacturing machine tools, looms, agricultural machinery, locomotives etc. had been established.

49. Moreover, in 1952 the People's Republic of China had carried out a programme of democratic agrarian reform, almost everywhere in its territory. The reform had provided the starting point for fresh progress in the economic field. The improvement in the material position of workers was reflected in the steady rise in wages. As compared with 1949 the wages of workers and employees had risen between 60 and 120 per cent. There was also a steady decline in the retail prices of industrial products and foodstuffs, and the purchasing power of the people had substantially increased. In 1951 social insurance had been made compulsory for wage-earners in all enterprises employing more than 100 workers. Housing construction was going on at a steady pace, inflation had been halted and for the first time in the history of China state revenue had exceeded expenditures.

50. Similar progress had been made in the countries of Eastern Europe and particularly East Germany. In that connexion it was regrettable that the Secretary-General's report which dealt at length with the economic situation in West Germany referred very briefly to East Germany which had made steady progress in every branch of economic, social and cultural life.

51. For 1951-1952, the record of the countries with centrally planned economies compared very favourably — if any comparison was possible — with that of the capitalist countries, in which the armaments race had aggravated the economic situation, increased the cost of living and lowered standards of living while permitting capitalists, particularly large corporations and monopolies, to make enormous profits. The Secretary-General's report was strangely silent on that point. It also paid insufficient attention to the disastrous effects of the armaments race on the condition of the working classes. The claim that real wages and consumption had increased was contrary to fact and could not possibly be based on an objective analysis of the cost of living and wages in the capitalist countries, particularly those which were engaged in the armaments race.

52. The fact was that the official price and wage indices in capitalist countries failed to take into account the increase in taxes in recent years. The cost of living index in the capitalist countries had risen; in the United Kingdom, for example, it had risen 20 per cent between 1948 and 1952. That upward trend had been particularly marked since the beginning of the armaments race. The wage index had not followed the same trend. In the Netherlands and Denmark, for example, the Government and the trade unions had concluded agreements stabilizing wages at a lower level than could possibly have been maintained without a deflationist policy.

53. According to the Secretary-General's report, wages moved upward more easily than downward. That explanation, which was wholly unwarranted, was

no doubt intended to justify the fact that the fall in the prices of raw materials in 1952 had not been followed by a corresponding decline in the prices of finished products. It was obvious that the explanation served the purposes of the big industrialists and monopolies, especially when it was recalled that the United States National Association of Manufacturers had recently stated that wages would have to be reduced. The USSR delegation considered, on the contrary, that measures must be taken to reduce the profits of the large corporations and capitalist monopolies.

54. The report also stated that some governments — those of the United States and Western European countries — had adopted fiscal and credit policies to restrain the tendencies towards excessive total demand which had arisen about the middle of 1950. In fact, those governments had sought to decrease the purchasing power and the consumption of the civilian population. Thus, for example, social security payments had lagged behind the rise in the cost of living.

55. According to its advocates, the armaments race stimulated economic activity; the facts showed that it had brought about a lowering of the standard of living of the working classes by greatly decreasing real *per capita* income and civilian consumption. The production of consumer goods had also declined. The Secretary-General's report was echoing a mistaken theory when it said that the *per capita* production of food was less than before the war because world population had increased 15 per cent whereas the output of food had been only 10 per cent larger in 1951-1952 than the average for the years 1934-1938. The reasons for the shortage were to be found not in population growth but in the economic and social conditions prevailing in the capitalist countries, particularly in those which were rearming. The natural resources of the world, in particular of Asia, combined with technical knowledge, were more than sufficient to meet the needs of all the continents; however, in order to exploit them it was necessary to put an end to the armaments race and to devote every effort and all material resources to peaceful activities.

56. The Secretary-General's report had been unable to overlook the fact that in the capitalist countries, particularly in Western Europe, unemployment had increased and hours worked had decreased, the inevitable result being a decline in production. For example, unemployment had increased 8.3 per cent in Belgium and 16 per cent in Italy. In addition, there was partial unemployment. The number of unemployed given in United States statistics did not include those who were theoretically in employment but were not working; there were at present 1,725,000 such persons, which raised the real number of the totally unemployed to 3,700,000. To that figure should be added the 8,870,000 persons working short-time, who did not receive unemployment benefits, which placed an additional burden on the working classes. Thus, the armaments race failed either to assure full employment in the capitalist countries or to compensate for the reduced activity of industries engaged in peace-time production. Unemployment persisted although more and more young men were serving in the armed forces.

57. The armaments race was of benefit solely to the capitalist monopolies, whose net profits had attained unprecedented figures for the last three years. The figures for the United States alone was 57,000 million

dollars. In the course of the past five years, net profits of the American monopolies had amounted to 96,600 million dollars, as against 46,000 million in the period 1940 to 1944. Plainly the main effect of the armaments race was to impoverish the mass of the population in the capitalist countries and to lower its standard of living, and to concentrate capital in the hands of the industrial monopolies.

58. Turning to international trade, he noted that according to the Secretary-General's report there was a serious disequilibrium in the trade relations of the United States, Western Europe and Japan. That disequilibrium was due, *inter alia*, to the contraction of markets, the decline in production, the fluctuations in the prices of primary products, and, lastly, the almost total cessation of trade with the USSR, China and the People's Democracies.

59. Thus, the exports of Western European countries in 1952 had fallen off as compared with 1951. In 1951 they had exceeded the 1950 level, but the improvement had been due to temporary factors associated with the armaments race and therefore could not last. The economy of the Western European countries had been injured by the armaments race and their balance of payments position had further deteriorated; that applied particularly to countries with a chronic imbalance of payments, such as all the countries dependent on the United States. Those countries should take energetic measures to stabilize their foreign trade, although not the measures they had hitherto taken, the only effect of which had been to lower the standards of living of their peoples.

60. In addition to increased military expenditure, the armaments race had entailed a contraction of markets and reduction of sales of civilian consumer goods. The sales of ordinary consumer goods in capitalist markets had greatly declined; for example, the exports of cotton goods by the seven principal exporters — the United Kingdom, the United States, Japan, India, Italy, the Netherlands and Western Germany — had declined 18 per cent in 1952 as against 1951. The imports of foodstuffs to Western Europe had also fallen off considerably. The general trend towards the contraction of trade on the capitalist market had intensified the struggle for markets.

61. The protectionist policy of the United States added to the difficulties of countries which wished to export their goods to the United States. Furthermore, what the United States called economic assistance was in reality a means of acquiring new markets and sources of raw materials in order to overcome internal difficulties, the interests of the so-called beneficiary countries being completely disregarded.

62. In maintaining high price levels on the home market, the United States had two aims: to ensure large profits for the monopolies, and to sell at low prices abroad in order to obtain new markets. That policy ignored the interests of the American consumer, disorganized the foreign trade of other capitalist countries and destroyed historic economic ties. The countries which traded with the United States were wholly dependent on that Power. Statistical data in the Secretary-General's report showed that the exports of Norway, Sweden, Belgium and France to the United States had decreased 12 to 38 per cent in 1952, while the exports of the United States to those countries had risen 10 to 26 per cent.

63. At the present session of the Council, as well as in the Economic Commission for Europe, several countries of Western Europe had expressed their anxiety concerning that situation and had asked the United States to abolish its tariff barriers or at least substantially to reduce import duties. The United Kingdom representative, in particular, had addressed an urgent appeal to the United States, and had said that if the Western European countries were unable to increase their exports to the United States they would inevitably be obliged to reduce their purchases in that country. Nevertheless, as indicated by a recent article in *The New York Times*, it was obvious that the United States Government had no intention of changing its present policy. The hopes of Western European countries would be disappointed: the United States was determined to maintain the protective system.

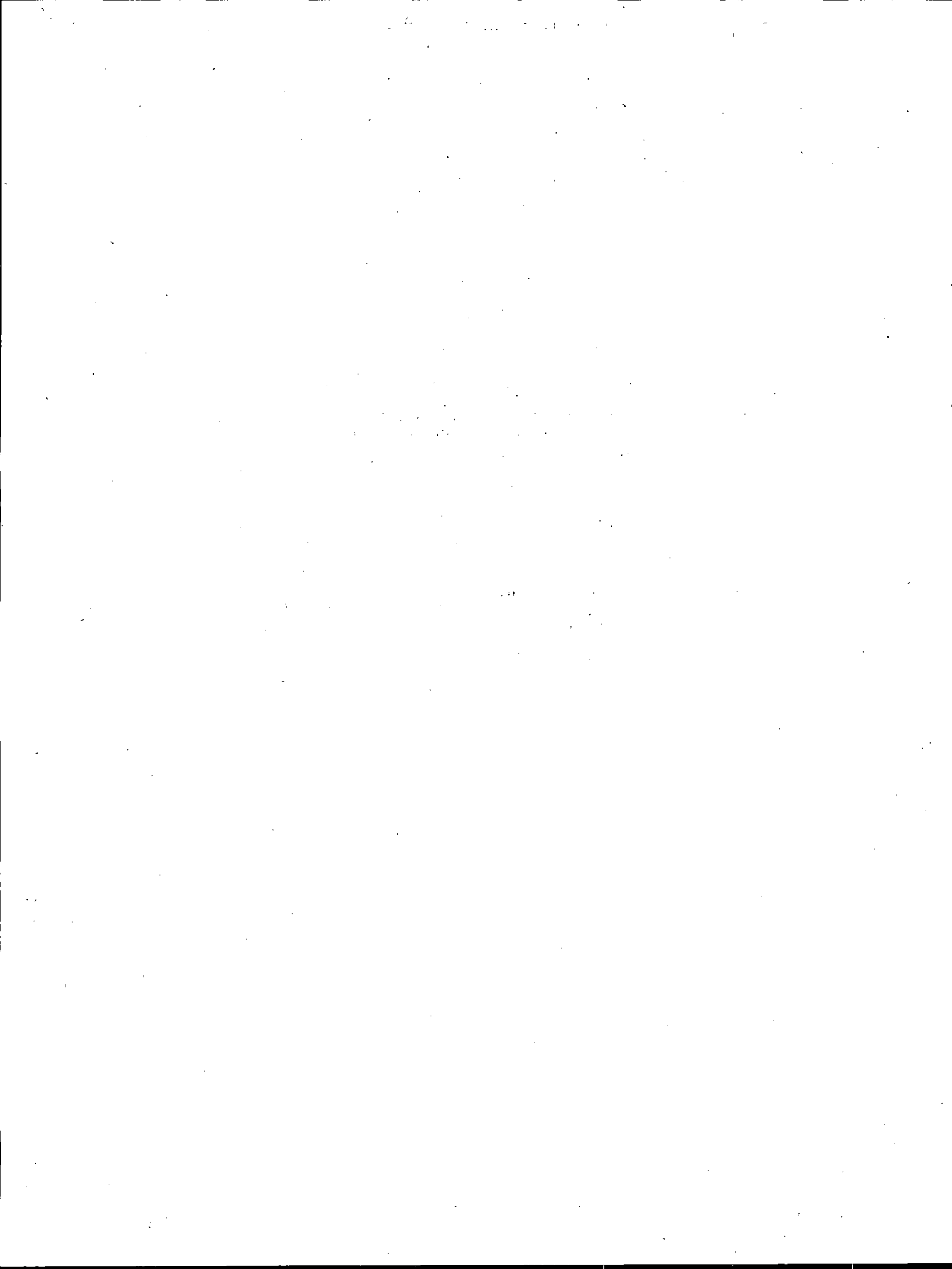
64. Moreover, the United States was forcing those countries out of their traditional markets, such as Latin America. In 1951, United States exports to Latin America had been 2.8 times larger than in 1938, while exports from Europe had risen by only 55 per cent. Competition on the capitalist market had been intensified by the economic expansion of Western Germany and Japan; from 1950 to 1952, Japanese exports had increased by 50 per cent and these from Western Germany had doubled. Western Germany now ranked after the United Kingdom as the second largest exporter in Western Europe.

65. Between 1950 and 1952, there had also been an increase in the disequilibrium of trade between the capitalist and the under-developed countries. The terms of trade had become even more unfavourable in 1952. In 32 countries, purchasing power derived from exports had declined in 1952 as compared with 1951. International trade was passing through a critical period;

the situation was made worse by the almost total cessation of trade between the capitalist world and the Peoples' Democracies. Nevertheless, the dislocation of the capitalist market and the creation of a second market which, owing to circumstances, was at present the preserve of the USSR, China, and the Peoples' Democracies, did not mean that no trade between the two markets was possible. For its part, the USSR was prepared to make every effort to ensure international co-operation in the economic field.

66. What were the world's economic prospects? The USSR, China and the Peoples' Democracies had a steadily expanding economy. On the other hand, the future of the economies of the capitalist countries was a matter for concern according to the representatives of those countries themselves. The armaments race had brought about an economic crisis in the capitalist countries, which were afraid of peace. Several representatives of those countries had recently expressed misgivings regarding that situation. It would be remembered that the USSR delegation had long ago drawn the Council's attention to the disastrous consequences of the armaments race. Hitherto the Council had taken no concrete measures; it had not recommended to States that they should put an end to the armaments race and devote themselves to peace-time activities, in the interests of all the peoples of the world. It was to be hoped that the Council was now ready to carry out its duty under the Charter, namely to achieve international co-operation in the economic field and to recommend to Member States that they should create the conditions of stability and well-being necessary to ensure peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples.

The meeting rose at 1 p.m.





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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile.

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

World economic situation (E/2353 and Corr.1, E/2353/Add.1 and Corr.1, E/2354 and E/2377 and Corr.1) (continued)

[Agenda item 3]

1. Mr. BORIS (France), speaking on a point of order, observed that in the course of his previous speech; when referring to "terms of trade", he had used the expression "*taux d'échange*". Those words had been rendered by the English interpreter as "rate of exchange", which had caused a certain confusion among the English-speaking representatives. In consequence he had decided, in consultation with the Secretariat, that the phrase "*rapport des échanges*" should in future be used as the French equivalent of "terms of trade".

2. He emphasized that he had no intention whatsoever of criticizing the interpreters, who in his opinion did their work admirably.

3. The PRESIDENT noted the French representative's explanation and agreed that the work done by the interpreters and translators was consistently excellent.

4. Mr. MATÈS (Yugoslavia) said that the basic figures for the year under review, particularly if placed against the background of a longer period of time, disclosed, simultaneously with a continuous progress in man's conquest of the forces of nature, an alarming growth of developments in the reverse sense.

5. A close study of the figures, or of economic developments during the year in question and the years and decades preceding it, would show not only the increase of production and income, but also the distribution of income among the nations, or in other words the emergence, development and present state of the problem of under-developed countries and the disparity between the advancement and well-being of the peoples

of those countries and the peoples of the more developed countries.

6. Such a study would disclose more specific serious problems, the most important of which were:

(1) The disproportion between the increase in food production and the increase in population, resulting in a decrease in the *per capita* consumption of calories in large areas of the world;

(2) The fact that, despite the increase in the volume of world trade, monetary reserves had decreased alarmingly in all countries except the United States;

(3) The fall in Europe's income from foreign investments, which was \$500 million less than it had been in 1938;

(4) The crisis in the world circulation of capital;

(5) The disintegration of the traditional system of multilateral trade and the free convertibility of currencies.

7. Nevertheless the potentialities for an increase in production were such that a stage could be achieved at which no one need live in destitution, but a necessary pre-requisite was economic co-operation and the settlement of outstanding problems on an international level.

8. Many of the proposals designed to eliminate some of those problems — such as, for instance, the dollar deficit, the balance of payments deficit, the deterioration in terms of trade, or the non-convertibility of currencies — tended to remove the consequences rather than the basic causes of that lack of equilibrium which was the essential feature of world economy at the present time. The methods adopted in the most recent survey of the ECE secretariat¹, however, would facilitate a study of the roots of the problems, and many previous speakers in the debate had taken a similar view.

9. A number of proposals for the solution of world economic problems had recently appeared. The formula "trade not aid" was attracting increasing interest among European and American economists. Within the OEEC, the theory of triangular trade was gaining ground, and it was also advocated by the Council of Europe and ECE. Despite considerable differences in the various proposals to re-establish a triangular system of trade, they had all one feature in common; they tended to restore the necessary balance by means of certain modifications in the present direction of the movement of goods. Without agreeing with all the assumptions upon which those plans were based, he nevertheless considered that the triangular pattern provided the best basis for an analysis of the most acute problems of world economy.

10. He then explained that he did not intend to include the USSR and the countries within its economic orbit in his consideration, not because of their internal economic system but because, firstly, they had surrounded themselves with a barrier through which only a trickle of trade could pass and, secondly, the informa-

¹ *Economic Survey of Europe since the War* (E/ECE/157)

tion available with regard to the conditions and possibilities in that economic orbit was very limited and in so far as it did exist was not comparable with data from other parts of the world.

11. The essence of the triangular trade proposals was that the under-developed countries should produce more raw materials which they would sell primarily to the United States and Europe, purchasing in return industrial commodities, primarily in Europe. That should solve the problems of under-production, hidden unemployment and balance of payment deficits in the under-developed countries and those of the dollar shortage and employment in the European countries, and should lead to multilateral trade, the free convertibility of currencies and the re-establishment of the international flow of capital.

12. The starting-point of those proposals was an increase in the production of raw materials; but that was obviously not possible in the present circumstances, for several reasons:

(1) Such an increase would have occurred had there been a constant demand, but in recent decades the effective demand for raw materials had been far smaller than the capacity to produce them and had resulted in a constant fall in raw material prices;

(2) Too great a concentration on the production of raw materials placed the economic and political destiny of the country concerned in a state of dependence upon fluctuations in world trade;

(3) The production of raw materials required a far greater expenditure of human labour than the production of industrial commodities, a fact which led to unfavourable long-term movements in the terms of trade of under-developed countries. The basic problem of under-developed countries was low productivity of labour, and an increase in the output per worker could be achieved only by developing new branches of production and above all by industrialization;

(4) The rate of increase in industrial production was much greater than the actual production of raw materials; the rate of increase in the demand for raw materials would apparently in the near future be much smaller than the rate of increase in industrial production.

13. Thus an analysis of the situation of the under-developed countries showed that an increase in their production of raw materials would be possible only through a comprehensive industrial development and above all through their industrialization on the basis of their own resources, and provided there was a more intense influx of capital into those countries by way of loans, grants, or in some other form. Their industrialization would thus not only provide a powerful incentive for industrial production in the under-developed countries themselves, but would result in a growing effective demand for raw materials. Moreover, the industrialization of those countries would make their economy more flexible and better able to withstand fluctuations in the world market.

14. The problem could not, however, be solved entirely by an increase of industrial production in the under-developed countries. The task was to facilitate an integrated agricultural and industrial development in those countries. But for that, too, intensive financial assistance from outside and, indeed, substantial grants were essential.

15. The fundamental problem facing the European countries was that they had lost their traditional income

from foreign investment and their traditional markets where they had been taken over by the United States. Europe was thus compelled to satisfy a considerable part of its raw materials requirements from the United States and that fact tended to intensify the dollar deficit. The ECE report stated that Europe would have to increase its 1938 volume of exports by 80 per cent in order to be able to import the same quantities of commodities in present-day conditions.

16. The means to attain the required increase in Europe's exports suggested in most of the triangular trade proposals, and particularly in the ECE report, were that Europe should replace the United States in the markets of the under-developed countries and that the United States should abolish tariffs and licence systems and permit the European countries to earn dollars by competing on the American markets. But the United States had erected high tariff walls for the very purpose of protecting itself against such competition, and recent discussions on the topic did not hold out much hope of any change in that respect.

17. Europe would be able to increase its exports to the under-developed countries if it were not for the powerful competition of the United States, but it seemed unlikely that the United States would yield its markets to European exporters merely because exports were a more vital problem for some European countries than for the United States.

18. Nevertheless he did not consider Europe's position to be hopeless. On the contrary, Europe was called upon to play an important role in the world, but for it to play that role conditions outside Europe must change so as to make a change in the economic structure of its production and exports possible.

19. Only through comprehensive economic development and industrialization could the income of under-developed countries increase sufficiently to create an additional effective demand which would constitute a new market for Europe. That would not, however, be a market for consumer goods but for capital goods. But so long as the under-developed countries remained producers of raw materials only, their effective demand would remain small and the possibilities of creating new markets and thus solving Europe's economic problems extremely limited.

20. The third link in the triangular scheme—the United States—was called upon to buy more raw materials from the under-developed countries and to sell less industrial products abroad. But the United States would not necessarily be able to make that change as a step towards the solution of the problem of the dollar deficit of the rest of the world.

21. First, an increase in raw material imports was possible only in the event of an increase in industrial production, which in turn, could hardly take place without an increase in exports of manufactured goods. Moreover, an over-all increase in imports of raw materials would not solve the problem and during the recent boom only a small proportion of the increased United States expenditure on such imports had gone to countries outside the Western hemisphere, i.e., the countries which were Europe's main prospective markets.

22. Secondly, in the post-war period there had been a considerable increase in imports of foodstuffs and raw materials into Europe from the United States, an increase made possible mainly by United States aid to Europe. It could not be assumed that that aid would continue in the circumstances envisaged by the

triangular plan. Further, no industrial country was greatly interested in exporting foodstuffs and raw materials in view of the very limited effect of such exports on domestic production and employment. The industrial countries of Europe could therefore hardly be considered as a favourable market of the United States.

23. The triangular scheme showed how closely world economic problems were inter-connected in the field of production, trade and finance. The basic weakness of the solutions usually proposed for the purpose of bringing about that triangular balance was a rather ingenuous tendency to believe that economic realities could be changed by government measures in a field where economic laws operated and where particular interests were the paramount consideration.

24. Far from considering the situation to be hopeless. Mr. Mates said that he believed in a progressive solution of world problems. Such a solution, however, could not be achieved by an effort to dictate a reorganization or reorientation of trade, but through fundamental change in the sphere of production. The movement of commodities, the levelling of balances of payments and other symptoms of stability would follow as a result of the functioning of economic laws.

25. Mention had been made several times in the course of the discussion of the question of effective demand, and the Belgian representative had even suggested (688th meeting) that a special study of the question should be made. Effective demand was, however, merely another aspect of the problem of production and could only be increased by increasing world production.

26. The possibilities for increasing world production were tremendous, chiefly in the under-developed countries. It was there that steps to solve the problem should begin. It could not be hoped in existing conditions that capital would flow into the under-developed countries through the traditional channels. The economic "climate" of the nineteenth century had disappeared and a new economic "climate" was not likely to come into being so long as there was no multilateral trade, no convertibility and no greater equality in living standards. To base the solution of the problem on the emergence of a new economic "climate" would, in fact, be putting the cart before the horse.

27. Whatever point of departure was selected — whether it was the problems of the under-developed countries, the situation in Europe or the role of the United States — the final conclusion was always that the main task was to assist a more rapid development of the under-developed countries. No other point of departure appeared practicable with the possible exception of the Soviet orbit, and that only if that area ceased to be virtually isolated. In that event, however, it would have to be regarded partly as a component part of Europe and partly as belonging to the group of under-developed countries.

28. The study of the economic problems of the world should logically be divided into the three parts to which he had referred, with the addition of a fourth part, the Soviet orbit, as long as it remained isolated. Europe itself should be subdivided into two parts — the industrialized and the less-developed countries.

29. Incontestably a policy of grants and long-term low-interest loans was not based on traditional economic concepts, but the present-day world had no alternative. For at least twenty years the majority of the industrial countries had been pursuing a policy of full employ-

ment, which in fact amounted to influencing the distribution of the national income. Countries could follow a policy of redistribution of the national income by means of taxation and other administrative measures, but in the international field that was impossible, and other means must be found. The novelty of a policy of grants and long-term low-interest loans came from the fact that it had been devised to solve a problem that had never before been tackled.

30. Such grants and loans would lead to a comprehensive economic growth of the under-developed countries and thus to an increase in food production, a change in the structure of their economy and of their exports and imports, an increased national income, intensive education and the gradual solution of population problems. Europe would find new markets and would be enabled to reorganize its production and exports and thus extricate itself from its present situation. The United States would be able to maintain its high level of employment and high standard of living. Such grants would have a stimulating effect on the American economy, but the United States would have first to contribute financially towards such a development.

31. Mr. MUÑOZ (Argentina) commended the Secretariat upon the excellence of the *World Economic Report, 1951-52* and observed that the facts it contained should be weighed not in an absolute sense, but rather in so far as they shed light on the progress being made towards optimum economic goals. The economic progress, in the view of Argentina, was valid only as a means of advancing the welfare of the people through steady improvement of economic and social conditions, and of strengthening the country through the integration of those improvements with its basic social and economic structure. Conceding that the definition of "under-developed countries" at best could not be very precise, and even accepting the experts' premise for that definition, namely, *per capita* income, there was still no justification for placing Argentina in that category. The authors of the economic report, instead of attempting to classify countries as "developed" or "under-developed", would have been better advised to have adhered to a geographical grouping, with the United States considered separately as an economic unit. Moreover, owing to prevailing obstacles to assembling comparable economic statistics, some of the statistical comparisons in the report necessarily were an inaccurate reflection of the actual conditions being studied. Finally, one or two years was too short a period for a proper evaluation of economic fluctuations unless the variations noted in that time were related to the general economic background of the country in question.

32. Going back to the immediate post-war period, he reviewed the economic situation of Argentina, which, despite certain newspaper reports to the contrary, had shown a steady upward trend. It must be borne in mind from the outset that Argentina was primarily dependent on its agricultural and livestock production for the maintenance of its capacity to import the material required for its economic development, that its vulnerability to fluctuations on the world market was made more acute by the chronic drain on its resources required to service its external debt, and that the resulting deficit trend in its balance of payments became the more marked when production of its basic commodities fell off sharply. During the period from 1946 to about 1948, it had almost wholly overcome those difficulties by redemption of the external debt, nationalization of

public services, accelerated industrial development and a steady acquisition of capital equipment. Toward the end of 1948, however, Argentina had begun to experience foreign trade difficulties as a result of a weakening of the international market for raw materials and the loss of the Western European market temporarily to the United States as a result of the Marshall Plan. Exports had fallen off by 40 per cent, as had the accumulation of necessary foreign exchange, with the result that the country had been forced to adopt emergency measures such as import restrictions, cuts in government expenditure and stepped-up production of essential commodities. However, in 1950 and 1951 it had resumed its intense economic activity.

33. Unfavourable climatic conditions had then curbed agricultural and livestock production to the point where Argentina did not have the exportable surpluses necessary to obtain the imports without which it found it difficult to maintain a satisfactory level of productivity. Moreover, the Korean war had brought on a sharp rise in the prices of capital imports and a general shortage of strategic materials and the country had been compelled to use up a large proportion of its foreign exchange to secure the needed raw materials, fuel and other essentials. The value of its exports was highly disproportionate to that of its imports, with the result that its balance of payments situation had deteriorated and it had had to resort in part to payment on the basis of credit reciprocity. It had chosen to forfeit, to some extent, a favourable balance of payments in order to maintain its imports, for without them Argentina could not have preserved its high standard of living and full employment. The Government did not underestimate the importance of accumulating gold and foreign exchange reserves or of ensuring a proper balance in international payments; they were the long-term goals of sound economic policy. They were, however, only means to an end, that end being the maintenance of high standards of living, and they could not in themselves ensure economic and social progress. At the same time as remedies were being sought to offset the effects of factors of imbalance, the rate of production and general economic activity had to be maintained on a high level.

34. Argentina had worked out its Economic Plan of 1952 toward that end. The plan called for increased production, particularly in drought-stricken areas, increased exports, greater savings, cut-backs in output of luxury goods and a reduction in imports through rationalization of industrial consumption. It had had beneficial effects on all sectors of the economy, especially in so far as the wheat crop and cattle production were concerned. The programme had been facilitated by a sound fiscal policy involving substantial government investment, ranging from 13 to 18 per cent of the national income. Nevertheless, an even greater proportion of the national budget was devoted to public works, education, public health, social security and other public services, so that the population benefited all around even though those benefits were not reflected in an increase in real wages. It was clear, therefore, that given the substantial variations from country to country in the factors reflecting living standards, great caution should be exercised in comparing any of those factors such as real wages or price levels, out of context.

35. As a further illustration of how governments could cope with recurrent economic problems, he outlined the principal objectives of Argentina's second

Five-Year Plan (1953-1957), which gave paramount importance to promoting the orderly development of the social economy and to maintaining full employment.

36. On the domestic level, the Plan called for a 27 per cent increase in agricultural and livestock production over the first Five-Year Plan and a 38 per cent increase in exportable surpluses, as well as a balanced development and expansion in industrial production.

37. On the international level, the Plan was based on the principle of the economic independence of nations within the framework of a system of economic co-operation. That economic independence could be achieved only by full exercise of self-determination in national economic policies. The Plan further recognized the need for the gradual industrialization of the under-developed countries so as to give them greater protection from world market fluctuations, the establishment of parity between prices of manufactured goods and raw materials and a universal and permanent anti-cyclical policy. Countries whose political and economic structure was such that they were chronically placed in the position of creditor or debtor nations should seek, through international technical co-operation compatible with their economic independence, to restore stability in their balance of payments situation. Discriminatory measures which prevented that stability should be condemned outright. Finally, the Plan was designed to promote the international exchange of technical information and to stimulate the flow of productive capital into Argentina to further its economic development.

38. The last few years in the world's economic development had been marked by the sudden expansion that had followed the outbreak of the Korean war and the recession brought about by a partial relaxation of international tensions. In that period, after the initial abnormal fluctuations in terms of trade had subsided, it would be seen that there had been a levelling off for the industrialized countries in an upward direction, while the levelling off for the countries producing primary commodities had been in a downward direction. Thus, Western Europe and the United States had experienced a 5 per cent rise in terms of trade, while Argentina and the other Latin-American countries had suffered a loss of some 10 per cent. In effect, industrial countries with highly developed and diversified economies could withstand short-term or long-term fluctuations far better than countries producing primary commodities. Unfortunately, the former had not taken adequate account of that reality, as was shown at the International Materials Conference. In that connexion, while it was premature to pass final judgment on the value of primary commodity agreements in stabilizing international trade at international conferences convened to elaborate such agreements, inflexible and short-sighted positions were often adopted and the problem of trade in raw materials and foodstuffs was often envisaged unilaterally. Any discussion of prices, for example, in negotiating commodity agreements, could not be reduced to haggling between exporters and importers, as in the case of the International Wheat Agreement. In view of the fact that the major importers were much less vulnerable to variations in price and supply than the exporters whose economies depended primarily on the export of primary commodities, the problem must be viewed in a larger perspective. It would be extremely difficult to satisfy the needs of both groups by concluding separate agreements for each primary commodity. Moreover, the industrialized

countries had given undue emphasis to the policy of price stabilization; it was pointless to stabilize prices of primary commodities at a fixed level while prices of manufactured goods were permitted to climb. The only fair solution was to establish a measure of parity between the two price categories by maintaining flexible prices for primary commodities. Although some progress could be made in certain limited sectors by means of international commodity agreements, a lasting satisfactory solution was the adoption of a system which would include all primary commodities figuring in significant quantities in world trade and would eliminate drastic fluctuations affecting imports and exports of those products. Of course, such a solution was also dependent on the settlement of prevailing currency difficulties with a view to establishing a sound system of international payments.

39. In the course of the debate, much emphasis had been placed on the lag in food production as compared with the steady growth in population, and on the absolute necessity of increasing food output. While it was obvious that food production should meet the needs, food-producing countries should not be expected to specialize exclusively in that activity and thereby neglect the integrated development they must promote in order to reduce their vulnerability to fluctuations on the world market. Moreover, the problem could not be solved merely by increasing food output; there was the equally urgent need to increase the purchasing power which would enable consumers to buy the food available, and that need could not be met unless over-all economic development was fostered and accelerated in the under-developed countries, which were generally the food-producing countries.

40. Thus, there were no partial or isolated solutions of basic economic problems, for they were all inter-related just as the economies of all nations were inter-dependent. Until the vast under-developed areas of the world participated on a fair basis in the benefits of economic and social progress so far enjoyed by only part of the world, there could be no solutions. Moreover, historically, the more advanced nations had been able not only to exploit fully their own potentialities, but to use the resources and manpower of other countries with greater advantage to themselves than to the less developed regions.

41. As shown in the report of the Economic Commission for Latin America covering the period 1951-1952,² Latin America had demonstrated its inherent ability to promote economic and social progress. Those Latin-American countries in particular which had industrialized and diversified their production had greatly reduced their vulnerability to world market fluctuations and stabilized their economies. Consumption and investment indices had shown a steady rise as a result of increased productivity and increased income from foreign trade. Nevertheless, there had been a drop in the influx of new capital resulting in a trade deficit which had had to be made up by increasing exports over imports, thus reducing supply of goods and services for internal consumption. Only by increasing the rate of investment within the area of Latin America as well as the flow of capital from outside could the rate of economic development be stepped up.

42. Argentina continued to attribute major importance to economic development. Economic stability or the restoration of international economic equilibrium

was not sufficient for balanced growth. The effort should be to ensure fairer participation of all regions of the world in the benefits of progress and to establish adequate standards of living through international economic co-operation. The benefits obtained should be commensurate with the efforts exerted and should not be influenced by power relationships.

43. It was a time of renewed hope; Argentina looked forward to a climate of better international understanding and respect for national sovereignty and to social justice for all peoples of the world.

44. The PRESIDENT called upon the representative of the International Confederation of Free Trade Unions.

45. Miss SENDER (International Confederation of Free Trade Unions) regretted that while the *World Economic Report, 1951-52* gave a complete picture of the economy of the non-Soviet world, it lacked specific dates and figures for the countries of Eastern Europe. The over-all figure indicating a general rise in production in early 1952 as compared with the same period the previous year covered a high rate of expansion in some countries, particularly the United States, and stagnation or a drop in production in many others. *Per capita* food output was still lower than pre-war, especially in areas like Asia where the population growth had been most marked. The drop in production was all the more significant as it had occurred during a period of high government expenditure in advanced countries and of great economic activity in the United States, which should have buoyed up other economies.

46. She feared that once rearmament had reached its peak in the democratic countries and government defence expenditure had tapered off, there might be a recession unless spending were shifted immediately to the production of consumer goods and services. With the danger of unemployment looming, the free trade unions urged governments to give close consideration to the problem of reconversion.

47. On the other hand, it was gratifying to note that on the whole, despite the arms burden, real consumption and real wages had risen in the free enterprise countries, high levels of employment had been maintained and workers' living standards improved. In some countries, however, those standards were depressed by rearmament; that burden should therefore be equitably distributed according to economic capacities.

48. In order to speed the development of the economically under-developed countries, an international body should set up a fund made up of contributions from the major industrial nations to finance long-term development programmes. As investments could not easily be found in the needy areas, international financial co-operation therefore would benefit both the donors and the recipients.

49. The unsettling effects of the inventory cycle should be offset by assuring steady markets and steady foreign exchange earnings to countries producing primary commodities.

50. While the application of anti-inflationary measures had proved for the most part effective, the temptation to fight inflationary tendencies by unduly restrictive measures must be resisted if the margin separating inflation and deflation was not to be overstepped. Deflation had serious adverse effects on living standards and created more problems than it solved. It

² See *Official Records of the Economic and Social Council Fourteenth Session, Supplement No 2.*

impeded the steady economic expansion necessary to overcome economic difficulties.

51. Little progress had been made in ensuring full employment and in preparing palliative measures in case of a recession. The measures suggested in the United Nations report *Governmental Policies concerning Unemployment, Inflation and Balance of Payments, 1951-1952* (E/2339) had only limited effectiveness. They would have to be supplemented by bolder ones because, while it was not disputed that inflation could cause serious deterioration in balance of payments positions, deflationary policies *per se* could not rectify the situation. The *World Economic Report, 1951-52* should have made stronger comments, in that connexion, on the deflationary approach to balance of payments problems adopted by Denmark and the Netherlands, in particular, and on their reliance on deflationary policies to stimulate exports. While those policies did convert payments deficits into surpluses, they resulted in a fall in demand for imports and home-produced goods, thus creating lowered living standards and unemployment. Such deflationary policies would be harmful if used generally to eliminate payments deficits, affecting not only imports from surplus countries, but from other countries as well, and resulting generally in reduced employment and lowered living standards.

52. The existing imbalance in international payments could be dealt with effectively only by structural adjustments of the economies of both deficit and surplus countries. Planning on national and international levels with a view to increasing the supply of dollars and reducing demand for them on the international market must be undertaken. Such planning would require a relaxation of restrictions on imports into dollar countries and a greater flow of capital investment from those countries. To cut demand for dollars, production of goods now imported from dollar areas must be increased.

53. Deficit countries should enforce monetary and credit policies to prevent an inflationary rise in prices which would adversely affect their competitive status. Western Europe had been able to compete, in pricing its manufactured goods, with American exports; it had been unable, however, to provide sufficient quantities of types of goods most in demand abroad. To correct that omission, output should be adjusted product by product within the framework of general economic expansion.

54. The Secretariat deserved special commendation for the material it had provided on the economic development of tropical Africa south of the Sahara. Its pledge to supplement its documentation on that area was particularly welcome as the ICFTU had envisaged precisely such information when it had pleaded for the creation of an economic commission for Africa.

55. Reviewing the main policies consistently advocated by the ICFTU, Miss Sender recalled its support of the European Coal and Steel Community as an instrument of readjustment of essential production on a regional basis and of international commodity agreements as a means of stabilizing prices of raw materials and food-stuffs.

56. The Council's immediate task was to prepare emergency measures to cope with a possible recession. Its long-range task was to seek lasting solutions for the basic problems of underfed peoples, imbalance in international trade and payments, and inflation and deflation.

57. Mr. HSIA (China) said that, except for the portions based upon unverified data obtained from questionable sources, the report on the *World Economic Report, 1951-52* came up to the usual high standard. The report showed that there were still many problems confronting the world but, while appreciating the problems, the Council should also emphasize every significant element of progress in the years under review. It was encouraging to note the rise in agricultural and industrial production and the growth in the quantum of international trade. In its introduction, the report referred to the three main areas of continuing economic difficulty, namely, the problems relating to the maintenance of economic stability, those concerned with the persistent disequilibrium in international payments and those arising from the relatively slow advance of the under-developed countries. The report also stated quite rightly that all those problems were closely interrelated and that the solution of each one depended to some extent upon the success achieved in dealing with the others.

58. Economic stability was the keynote of China's economic policy in Taiwan and was the guiding principle in all its economic measures. In order to supplement the information given in the *World Economic Report, 1951-52*, he gave a brief account of the economic conditions in Taiwan during the year 1952.

59. The rise in prices at the beginning of the year had been offset by a corresponding fall in prices later on so that, for the year as a whole, both wholesale and retail prices had remained remarkably stable. That had been due principally to improvements in production, to United States aid and to improvements in the public finance situation. There were ten articles listed in the world economic report as indicators of economic activity and the output of each of those articles had continued to rise rapidly during the year 1952.

60. The two mainstays of the island's rural economy were rice and sugar-cane. During the pre-war period, Taiwan had been an exporter of rice, but when his Government had taken over the island immediately after the war it had had to import large quantities of rice to meet the local demand. Since then the production had increased rapidly and, in spite of the growth in the population, a certain quantity of rice was now available for export once more.

61. The recovery of industrial production since the war was also very encouraging. The Japanese had laid a fairly good, though somewhat unbalanced, foundation for industry but the bombing during the war had caused a tremendous setback. On taking over the island after the Second World War, the Government of the Republic of China had had to concentrate of reconstruction as well as on the development of industry. The sugar industry was the principal industry of Taiwan. The sugar production had suffered a setback in 1951 owing to the loss of the mainland market and the consequent slump in the local price of sugar. The production had since recovered and it was estimated that, for the year 1952-1953, it would exceed the 1950 level by 36 per cent. The year 1952 had shown an increase in all the major branches of industrial production, with the exception of paper and pulp, but it had not yet been possible to catch up with the record set up in the pre-war years. The greatest progress had been in the generation of electric power, and in the production of chemical fertilizers and textiles. The generation of electric power and the production of

chemical fertilizers were still insufficient to meet local demands but the island should shortly be self-sufficient in both cotton yarns and cotton piece-goods.

62. Both imports and exports had shown substantial increases in 1952 and, in absolute terms, imports and exports had been about equal in each of the three years from 1950 to 1952, with a very slight balance in favour of exports each year. Imports made available through the invaluable assistance of the Mutual Security Agency had substantially increased the supply of commodities available to Taiwan.

63. The financial administrators in Taiwan were convinced that a balanced budget was essential to economic stability but it was an almost superhuman task to balance the budget of a small island which was obliged to maintain a large army. Nevertheless, the budgetary deficit was being continually reduced and would probably be cut to about 6 per cent for the year 1952.

64. Two other factors were also contributing towards the stabilization of the economy. The first was the land reform programme which involved the reduction of land rent, the sale of land under public ownership to the present tenants and the redistribution of private land, the ultimate aim being the creation of peasant ownership under the policy first advocated by Dr. Sun Yat-sen. Thus Taiwan, like Japan and the Republic of Korea, was yet another illustration of the fact that that objective could be achieved by peaceful means without violence or bloodshed. The second stabilizing factor was the labour insurance programme launched in March 1950. More than 90 per cent of the industrial workers were now covered by that programme.

65. The economy of Taiwan depended too much upon the export of a single commodity, but its fundamental economic difficulty lay in the extraordinarily rapid growth of the population. However, his country had faced greater problems in the past and he was confident that it would in due course be able to meet and overcome its current difficulties.

66. The PRESIDENT called on the representative of the World Federation of Trade Unions.

67. Miss KAHN (World Federation of Trade Unions) recalled that, in the recent debates in the First Committee of the General Assembly, the Chilean representative had stated³ that the problem of poverty among the working masses must be resolved if there was to be an atmosphere of genuine peace throughout the world. In the same debate, the Bolivian representative had said⁴ that her country's greatest need was world peace and had referred to the new budget of her country; cutting military aid and increasing civilian expenditures. Those two statements illustrated the general thesis which the WFTU had frequently discussed before the Council.

68. In February 1951, the WFTU had unsuccessfully urged the Council at its twelfth session to include an item in its agenda dealing with the lowering of the workers' standards of living as a result of the war economy. In the supporting document it had submitted (E/C.2/281), the WFTU had not only analysed the impact of a war economy upon national budgets and production but had also shown how it would inevitably lead to a decline in civilian production, a rise in prices, an increased tax burden on the low income groups and

a general state of disequilibrium as well as rising unemployment in certain branches of production. Unfortunately the predictions in that document had come true in the past two years.

69. She felt that the WFTU could make a most useful contribution by describing the world economic situation as it affected the workers. For the worker, the most serious problem was unemployment. The *Economic Survey of Europe since the War* (E/ECE/157, page 145) stated that the description of the post-war period in Europe as a period of full employment was, at least, a serious over-simplification. According to that report, the main centres of unemployment had shifted from northwestern to central and southern Europe, areas in which the total unemployment for the year 1951 had averaged 3,600,000 as compared with 1,900,000 in 1938. The survey also stated that there was no reason to think that in Europe as a whole, the amount of disguised unemployment was smaller at present than before the war. A similar remark regarding disguised unemployment was contained in the *Review of Economic Conditions in the Middle East, 1951-52* (E/2353/Add.1). The figures given in the April 1953 issue of the United Nations *Monthly Bulletin of Statistics* showed that there had been a very marked increase in unemployment in 1952-1953 in Australia, Austria, Belgium, Denmark, France, Western Germany and India. When account was also taken of the rapid spread of involuntary part-time work, it was clear that the economic situation throughout the capitalist world was characterized by an enormous and growing unemployment and under-employment of the available labour force. Since 1949, when the WFTU had placed the question of full employment before the Council (E/1332), it had always urged the Council to take affirmative action to protect the interests of the masses of working people, and to attempt to avert economic recessions and crises.

70. Turning to the question of the standard of living, she said that the level of consumption in the capitalist sector of the world, taken as a whole, presented at best a discouraging picture and at worst a terrifying one. Several speakers had already referred to the lag in food production. The *Review of Economic Conditions in the Middle East, 1951-52* (E/2353/Add.1) showed how that area, which had been a net exporter of cereals in the pre-war period, had become a net importer in 1947-1951. The ECAFE⁵ report showed that in the Far East, excluding the People's Republic of China, an increase in non-food crops had been achieved only at the expense of food crops, a suicidal policy from the narrowest economic point of view. The inclusion of China raised the index of total crop production by over 6 per cent from 1949-1950 to 1951-52, while without China the increase was less than 1 per cent with no increase whatsoever in the past year.

71. The decline in living standards and the impact of inequitable income distribution in the United States was shown by recent studies of the Federal Reserve Board for the year 1951. In that year, 57 per cent of all families in the United States had had annual incomes of \$4,000 or less and had received only 28 per cent of the total money income, while 43 per cent of the families with incomes of more than \$4,000 had received 72 per cent of the total money income — \$4,000 was roughly the amount considered a necessary minimum

³ See *Official Records of the General Assembly, Seventh Session, First Committee, 604th meeting.*

⁴ *Ibid.*

⁵ See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 6.*

budget for a family of four by the United States Bureau of Labor Statistics. Post-war inflation in the United States had drained away the small savings which the workers had managed to accumulate in previous years. The average liquid assets on 1 January 1952 of all families with total family incomes under \$4,000 was \$65 as contrasted with \$355 in the first quarter of 1947, a decline of more than 80 per cent.

72. No serious impression was being made on the vast housing problem which affected developed, semi-developed and colonial countries alike. In addition, there had been a setback in the field of social security in the capitalist countries.

73. At the same time, there had been a serious overall increase in the cost of living as compared with the period a year earlier for 51 of the 73 countries for which data was published in the April issue of the United Nations *Monthly Bulletin of Statistics*. There had also been actual wage reductions in Japan, Malaya, Ceylon and Cuba. The decline in the workers' living standards had been further affected by a shift in the tax burden. For example, in India there had been a marked increase in indirect taxes with a corresponding decline in the proportion of direct taxes. That represented an enormous shift of the tax burden from high to low income groups. A similar shift in the tax burden had been noted in France. Paradoxically enough, the decline in living standards was taking place at a time when it would have been technically possible to increase production and to bring about a real increase in the living standards of the mass of the people. The *World Economic Report, 1951-52* noted a definite slackening of industrial production in what it defined as the economically developed free enterprise economies, a situation which was in marked contrast to the continued expansion in the USSR, China, and the Peoples' Democracies. Experience had demonstrated that the continual increase in production in those countries did not lead to crises and unemployment, but on the contrary served as a basis for a steady improvement in the material and cultural welfare of the workers. That had recently been demonstrated in the sixth round of price cuts in the USSR.

74. All the reports of the United Nations and of its various economic commissions reflected the growing dislocation of international trade. The WFTU was naturally seriously concerned at that situation, which had had disastrous effects on the employment and living conditions of the workers. It was therefore very glad to note the trade agreement concluded between the Governments of Ceylon and China and the similar agreements between Brazil, Argentina, Chile and Uruguay on the one hand and the socialist countries on the other. It was encouraging to note the growing importance of Eastern European exports to Latin America. It was also significant that, although the United Kingdom had accepted new United States restrictions on its trade with China, it had at the same time been forced to recognize the vital importance to its economy of trade with the socialist sector. The importance of a resumption of normal trade relations in the Far East had recently been very clearly illustrated by the New York representative of the Bank of Japan in an interview reported in *The New York Times* of 19 April 1953.

75. The WFTU had constantly protested against the policy of preparation for war which lay at the root of the deepening world economic crisis. It was now

perfectly clear that, far from acting as a stabilizing influence, war production had quite the reverse effect on the economy. The greatest stimulus to an improvement, in the world economic situation would come from the ending of the Korean war and of all attacks against colonial peoples.

76. In conclusion, she outlined the steps which the Council could take to improve the economic situation: it should encourage the conversion of economies based on war preparations to peaceful economic development; urge the free and independent development of the economies of all countries, particularly the under-developed countries, in the interests of the working population; stimulate increases in the purchasing power of the workers and prevent attempts to solve foreign market problems at the expense of the workers; recommend the maintenance and restoration of high levels of employment and promote increases in unemployment benefits; and lastly it should put an end to political discriminations and barriers to trade which were impeding the restoration and expansion of trade between all countries irrespective of their political or economic structures.

77. The PRESIDENT next called on the representative of the International Federation of Christian Trade Unions.

78. Mr. THORMANN (International Federation of Christian Trade Unions) said that the fact that world production had not increased during the year under review to the same extent as in the preceding years proved that there had been a stabilization of living standards. The principal reason was that the wage-earners' purchasing power had not increased as much as national income. The *World Economic Report, 1951-52* showed that the share of national income spent on wages was relatively less than it had been. Furthermore, in many cases taxation had been extended, which had also affected the workers' purchasing power. The IFCTU hoped that the members of the Council would consider taking steps to equalize the distribution of national income. An increase in production without a simultaneous increase in the purchasing power of the masses could only result in fundamental economic and social disequilibrium.

79. The IFCTU attached great importance to the question of production, which it considered to be the chief factor in attaining a better standard of living for the peoples. In his organization's opinion the problem of production was frequently approached from a too exclusively technical point of view, whereas it was in fact an essentially human problem which could not be solved in the absence of good relations between employers and workers.

80. Attention had already been drawn to the critical situation with regard to food supplies. Nevertheless almost unlimited progress was possible in agricultural production, as had been shown by the work done within the framework of the technical assistance programme. The United Nations and FAO had already studied various means of increasing production of foodstuffs and it was to be hoped that those means might be put into practice on a large scale without delay.

81. It was idle to talk of raising the intellectual level of the workers, improving their education and helping them to take a leading part in their countries' economic and social life, so long as their material needs remained unsatisfied. In some cases it seemed that priority should

be given to programmes of expansion of agricultural production rather than to increasing industrial production, although they were not, of course, mutually exclusive.

82. The IFCTU was deeply disturbed by the fact that, as shown in the report, the wealth of the world, already so unequally distributed, was becoming increasingly so. An endeavour should be made, in the international as in the national sphere, to obtain a more just distribution of material benefits.

83. The problem of the under-developed countries, and particularly the under-developed dependent territories, had been discussed by the Governing Body of the IFCTU at a meeting at Algiers in March 1953, and a resolution had been adopted approving, subject to certain fundamental principles, the technical assistance measures that had been possible owing to the establishment of international funds. The IFCTU felt a genuine admiration for the work done by the United Nations in the matter of assistance to under-developed countries; nevertheless much still remained to be done and the available means were insufficient for the execution of all the plans that had been drawn up. It was evidently difficult for industrial countries to invest capital in growing countries, especially as more and more capital was required in their own industrial enterprises. At the same time he wondered whether all that was possible had been done in that field of international solidarity.

84. It would be a mistake to think that the only problem for the under-developed countries was that of material wealth. Simultaneously with the increase in material goods there should be a development of their people's intellectual and spiritual life. Many of those countries possessed a splendid cultural and spiritual heritage. Their industrial and agricultural

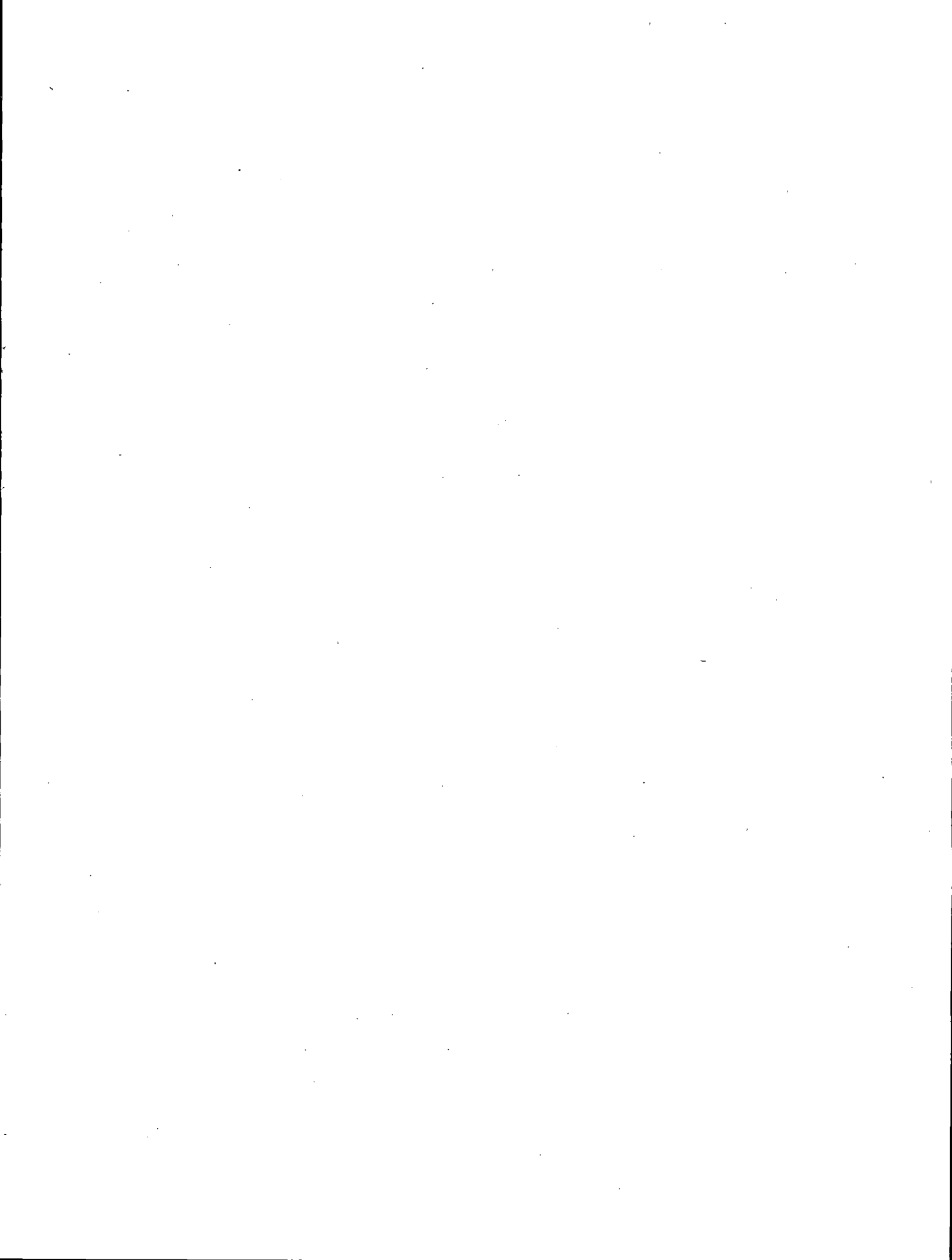
development must not be allowed to result in moral and spiritual stagnation or even regression.

85. Another important point was that of economic integration. That problem chiefly affected Europe, but the movement might well spread to other continents. The final aim of economic integration was to raise the standard of living, and hence the IFCTU wholeheartedly applauded the steps taken in that direction by a number of European countries. Nevertheless there might be certain dangers resulting from too much haste. There would necessarily be some levelling of living standards, but it must be levelling up and not levelling down. There was also the risk of unemployment caused by the movement of industries or the closing of factories. Obviously there would have to be a period of transition, but efforts to obtain future advantages should not lead to the sacrifice existing economic and social benefits.

86. His organization felt some anxiety in connexion with the question of unemployment. The report spoke of the possibility of a more or less serious recession, and in the light of recent political developments a number of economists had already sounded a warning note against the possibility of a crisis. The IFCTU was appalled at the thought that a reduction in armaments expenditure might lead to a drop rather than a rise in the workers' living standards. The Council had, however, had many opportunities of studying measures for the maintenance of full employment and world economic stability. It would be unfortunate if the Council's debates were to become too academic and to fail to influence the practical policies followed by governments. He hoped that the Council's work would lead to positive measures to avert an economic recession the results of which would be disastrous for all and especially so for the workers.

The meeting rose at 5.50 p.m.









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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile, Denmark.

The representatives of the following specialized agency: Food and Agriculture Organization of the United Nations.

World economic situation (E/2353 and Corr.1, E/2353/Add.1 and Corr.1, E/2354 and E/2377 and Corr.1) (continued)

[Agenda item 3]

1. Mr. ROMULO (Philippines) said that the *World Economic Report, 1951-52* was marked by the same qualities as previous reports on the world economic situation: objectivity, balance, and detailed analysis of the principal problems arising for various countries in the economic field. The Division of Economic Stability and Development fully deserved the congratulations addressed to it in the debate on the work which it had accomplished with the help of the Bureau of Statistics, FAO, the Fund and the Bank.

2. Members of the Council certainly represented their own countries, but they also represented the United Nations as a whole; it was therefore natural for them to describe the problems, the achievements and the hopes of their respective countries, but they would not discharge their responsibilities if they failed to make clear the essential connexion between the economic situation of their own countries and the world economic situation. It could not be repeated too often that in the present-day world there were practically no problems that were purely national but only national aspects of international problems. That statement held good particularly in the economic field, where the effects of decisions and achievements by each country went beyond its frontiers and affected neighbouring peoples and even those in other continents.

3. The Philippine delegation would therefore refer only to the aspects of its country's economic situation which reflected world or at least regional trends. As everyone knew, the Philippines was an agricultural country and a producer of raw materials; it had been a battlefield during the Second World War and was

now a new Asian State which had just achieved its independence after 400 years of colonial status. That brief summary explained the position of the Philippines in the world economy.

4. Like other countries in a similar position, the Philippines was very much at the mercy of the forces governing international trade. Thus, the demand for raw materials caused by the Korean war, and the sharp rise in prices during 1950 and the first half of 1951 had considerably benefited the economy of the Philippines, which had reached a certain degree of prosperity during those years. The balance of trade had been favourable; revenue from exports had risen by 69 per cent. That increase and the energetic measures which had been taken to restrict expenditure of foreign currency had enabled the Philippines to increase its financial reserves. The Government had also been able to speed up reconstruction and to set on foot new plans for economic development. The situation had appeared so favourable that the United Nations Committee on Contributions had immediately raised the Philippines' contribution to the Organization by 30 per cent.

5. Both the boom in raw materials and its consequences, however, had been of brief duration. From the middle of 1951, demand had begun to waver for diverse reasons and prices had fallen rapidly: countries producing raw materials had immediately felt the effects. The Philippines had suffered particularly as regards its exports of copra, copra oil and manila hemp; for the first eleven months of 1952, the value of those exports had fallen by 37, 44.1 and 40.2 per cent respectively. The prices of certain finished products which the Philippines was obliged to import had also fallen, but not to the same extent as the price of raw materials.

6. As a result, the balance of trade had deteriorated and the reserve of foreign currency had dwindled; it had been necessary to tighten import restrictions and exchange controls, which had brought about a reduction in the volume and value of foreign trade. The pace of economic development had been temporarily slowed down. In order to maintain reserves of foreign currency, at the level required to meet essential needs, the Philippines had been obliged to reduce their imports by \$72 million in relation to 1951; the Government was also proposing to modify customs tariffs in order to reduce imports still further; it had found it impossible to reduce the tax on foreign currency transactions from 17 to 12.5 per cent as it had hoped to do.

7. That brief analysis showed how a country whose economy was based on the export of raw materials could pass in a few months, as a result of fluctuations in the price of certain articles, from relative prosperity to a really difficult situation.

8. Despite everything, the Secretary-General's report indicated that production in south-eastern Asia had risen slightly in 1952. That was particularly true of the

Philippines, with the exception of copra production, building wood and certain other articles; generally speaking, the production of commodities for domestic consumption had increased more than that of the principal exports. Thus, despite several typhoons, the rice crop had increased by 214,000 tons, a rise of 8.2 per cent over 1951; the maize crop had been 26.5 per cent more plentiful than in 1951; produce from fisheries had increased by 10.5 per cent and that from stock-breeding by 13.2 per cent. As in the rest of the world, however, the increase in food production had been less than the increase in population.

9. As for exports, a decrease of 30.2 per cent in copra production and 32.8 per cent in building wood in relation to 1951 was to be noted, but there had been an increase of 9.4 per cent in sugar and tobacco output. As for minerals, the progress in relation to 1951 had been notable; 329.1 per cent for lead; 64.4 per cent for chrome; 27.9 per cent for iron; 28.6 per cent for copper; and 17.9 per cent for gold; manganese production, however, had decreased by 9.3 per cent. Considerable progress had also been achieved in the manufacturing industries, owing partly to import restrictions and to national investment. Heavy industry was still in its infancy, but the establishment of a ship-building yard and a steel factory, in which the Government had invested \$3,250,000 had to be mentioned. Production of electric power had risen by 12.1 per cent.

10. The population of the Philippines, however, had increased by 24.8 per cent between 1940 and 1951, while over-all production had increased only by 7.1 per cent; those rates had been more or less maintained in 1952. Employment had increased by 3 per cent in 1952, but under-employment was still a serious problem in agricultural areas. Real wages had increased by about 3 per cent in relation to 1951.

11. Those minor advances had not made up for the heavy drop in foreign trade, which had caused a decrease in the national revenue and budgetary receipts. Exports had fallen by 17.7 per cent and imports by 10.5 per cent. That deficit had led the President of the Philippines to warn the country that, despite the progress made, the national economy was threatened by a "possible retrogression".

12. The picture he had drawn of the economic situation of the Philippines was also true of the majority of under-developed countries. Its main features were, first, the instability of the economy, which was constantly at the mercy of fluctuations in international trade — as the latest ECAFE report stated, a recession of no significance to industrial countries might be disastrous to under-developed countries, which were not sufficiently cushioned against economic disturbances — and second, the inability of national efforts to fill the gap which existed between the under-developed and other countries and which, according to the Secretary-General's report, had become even wider in 1952, without external aid. While the economic development of a country was, of course, the responsibility of its government and people, they could not make the desired progress unless they received technical assistance and could obtain investment capital and capital goods from abroad.

13. Countries in the process of development unquestionably needed capital goods, but were precluded from obtaining them by an unfavourable balance of trade. Countries like the Philippines needed foreign

capital to finance their development, but the implacable law of economic survival compelled them to take protective measures that tended to discourage the influx of capital. It was generally recognized that the economic progress of the under-developed countries was essential to world economic progress, but the financial and technical assistance which those countries were receiving from the developed countries was still insufficient to ensure that their efforts were crowned with success. In his delegation's opinion, one of the most significant conclusions of the Secretary-General's report was that a substantially expanded flow of foreign capital to the under-developed countries would contribute to a solution of the three main problems confronting the world — the maintenance of economic stability, the elimination of the chronic disequilibrium of balances of payments and the dangerously slow rate of economic development of the less favoured regions. In that connexion, the final paragraph of the introduction to the report was particularly relevant.

14. His delegation was glad that the Council was considering the world economic situation at a time when the political atmosphere appeared to be clearing and when there was some prospect of a general relaxation of tension, which could at long last bring the two-thirds of the world's population living in under-developed countries within sight of the day when they could satisfy their desire for a better life on equal terms with the inhabitants of more prosperous countries. If the political situation continued to improve, the Council could play a decisive part in bringing about a definite improvement in the world economic situation. With that end in view, it might at its next session consider the recommendation recently made by the Committee of Experts regarding the creation of a special fund for grants-in-aid and for low-interest, long-term loans for the purpose of accelerating the economic development of the under-developed countries. The experts had recommended that, at the outset, the fund should be financed by voluntary contributions amounting to a minimum of \$250 million from thirty countries. It was true that, according to the studies so far made, the under-developed countries needed \$2,000 million annually from external sources to cover the cost of their economic development, but the creation of a special fund would show the world that the United Nations was prepared to take the initiative in the general endeavour to secure economic prosperity and stability. In that connexion, the announcement by the President of the United States that his Government intended to redouble its efforts to implement the principles of the Charter as soon as the political situation permitted more constructive international economic and social action was encouraging.

15. His delegation had always been convinced that effective international action to improve the living conditions of the peoples of the less-favoured regions of the globe was essential to the success of the United Nations and to the attainment of its purposes. The moral and material resources of the free world were sufficient to safeguard its economic and military security against any force which might threaten it. The world was suffering from a lack of imagination; the narrow scope of the programmes in progress or planned was proof of the fact that the noblest endeavours were paralysed by inertia, timidity and fear. He trusted that the Council would show itself worthy of the task which now lay before it and that all Member States would give it their unreserved support.

16. In undertaking the joint task which lay ahead, the under-developed and other countries should not be placed in separate categories, as was apparently too often the case; the impression should not be given that the former were always complaining and the latter always more disposed to give advice than adequate assistance. In reality, all national problems were but the different aspects of the disease from which the world economy was suffering. The realization by every State that its own fate was closely bound up with that of others would mark the opening of a new era of international co-operation, based on mutual respect, whose benefits would rapidly be universally felt.

17. Mr. BIRECKI (Poland) regarded the examination of the *World Economic Report, 1951-52* as the most important item on the agenda of the present session. Under the terms of the Charter, the Council was assigned the task of promoting higher standards of living, full employment and solutions of international economic and social problems.

18. True to the principles of the Charter, the Polish delegation had always upheld the need to develop international co-operation among all States regardless of their economic system. It had always opposed a discriminatory economic policy since such a policy, by subordinating the interests of the international community to the interests of certain individual States, could only serve to aggravate the disequilibrium and tension prevailing in the world.

19. Recent events had borne out the correctness of that view. The increasing militarization of the economy of the United States and of the countries of Western Europe as well as the discriminatory trade measures taken against certain groups of States had had detrimental effects on the standard of living of the peoples. They had resulted in the contraction of domestic markets, the reduction of exports, a disequilibrium of balance of payments and an increased danger of inflation and unemployment.

20. In the face of those facts, no one now thought of maintaining that United States aid, so highly extolled a few years before, had had a favourable effect on the economy of the countries it was intended to benefit. According to the conclusions of the OEEC report, the conditions underlying the present economic situation of Western Europe could not properly be regarded as transitory. It must be recognized that present difficulties were due to an inherent defect—the economic preponderance of the United States. A number of representatives, who had criticized the Polish delegation in the past for using the term “dominant economy”, had not hesitated to use it themselves during the present session in attempting to explain the causes of the present economic stagnation. The representatives of France (688th meeting), the United Kingdom (689th meeting) and Belgium (688th meeting) had drawn attention to the decline in production and the rise in unemployment in their countries and had been compelled to admit that, as an economic stimulus, re-armament had been found wanting.

21. With the increasingly frequent expressions of disillusionment, he would contrast the optimistic forecasts of those who had only recently maintained that United States aid would bring salvation to the world. In 1948, in his book *The American Continent and World Disequilibrium*, Mr. Robert Marjolin, Secretary-General of OEEC, had gone so far as to state that the countries receiving Marshall Aid would

completely regain their economic independence in 1952. Striking evidence that those hopes had waned was provided by the fruitless pilgrimages of missions to Washington and by the fact that Mr. Marjolin himself was now obliged to paint the state of the European economy in particularly gloomy colours.

22. Recognizing the bankruptcy of that unsound policy, those who had previously been its staunchest champions were now demanding its replacement by an entirely different policy expressed by the slogan “trade not aid”. Industrialists like Mr. Henry Ford, Jr. who could not be suspected of anti-capitalist views, had been compelled to admit that the “slight recession” in the United States in 1949 had had disastrous consequences for the countries receiving Marshall Aid, since the United States had at once made ruthless cuts in its imports.

23. After those unhappy experiences, it was surprising that the authors of the world economic report seemed reluctant to draw the necessary conclusions and contented themselves with phrases whose vague optimism did not square with the facts. Thus, it was difficult to accept the statement that the period between 1950 and 1952 had been characterized by sharp fluctuations in balances of payment which left it somewhat obscure... as to whether the underlying trends had been “towards or away from equilibrium”. That statement was not in accordance with the conclusions of many observers regarding the present situation. In that connexion he cited the views of the London *Economist* on the chronic dollar shortage in the OEEC countries, the recent report of the Mutual Security Agency to the Public Advisory Board of the United States, which stated that the dollar shortage could not be compensated even by an increase of imports, and statements by Mr. Eden and the Governor of the Bank of Canada, both of whom had frankly said that the restrictions on international trade could not fail to worsen the balance of deficits of many countries.

24. The only remedy for the present situation offered by the authors of the report was an expansion of United States imports and a lowering of tariffs. That remedy was however unrealistic in the circumstances. The only real solution was the restoration of the economic independence of the Western European countries and a general return to a peace economy.

25. In his statement of 20 April (691st meeting) the USSR representative had shown that the economy of the Peoples' Democracies was immune from depressions and ensured a steadily rising standard of living for the people. The indices of industrial production were rising in Poland, Czechoslovakia, Hungary, Romania and Bulgaria. The rate of industrialization in those countries was such that development plans had been more than fulfilled everywhere. Modern technical processes and a better organization of production, based on new working methods, had made possible a substantial increase of output. Investment was steadily increasing; in the case of Poland, it was estimated that in 1955 investment *per capita* would be eight times the pre-war level.

26. The Peoples' Democracies had been able to carry out their industrialization programmes at that rapid rate as a result of the credits on very favourable terms and the invaluable equipment they had received from the Soviet Union.

27. Proceeding to a more detailed study of the economic development of his country, he pointed out

that in 1952 industrial production in Poland had exceeded the planned level for that year under the six-year plan by approximately 14 per cent, representing an increase of 6 per cent over 1951. The rate of production, which in 1951 had made it possible to exceed the planned figures by 8 per cent, was now such that Poland was three months ahead of the plan. Citing the 1952 figures for coal, electric power and steel, he stressed the fact that Polish steel production in 1952 had risen to one-quarter of the production of the United Kingdom, one of the most highly-industrialized capitalist countries.

28. As regards the volume of essential industrial products, Poland was rapidly filling the gap between it and many capitalist countries whose industries had reached a high level of development before the Second World War. It had already exceeded the industrial level of Italy and was rapidly approaching that of France. In 1952, in heavy and medium industry alone, the index was 320 compared with the pre-war level, or 425, if changes of population were taken into account. In relation to 1937, it had produced nearly twelve times more metal and wood-working machine tools, nearly five times more agricultural machinery and implements, nearly three times more coal, $4\frac{1}{2}$ times more electric power and $2\frac{1}{2}$ times more chemical fertilizers. Production of iron had increased 13 per cent over 1951, steel 14 per cent and iron and steel products 10 per cent. In the case of many articles, Polish industry had been able to undertake mass production and assembly and in 1952 it had manufactured twice as many prototypes, new high-efficiency machines and industrial equipment than in 1951.

29. In agriculture, the area sown had increased by approximately 1,420,000 hectares since 1951 and although the increase in production had been lower than the planned level, owing to unfavourable weather, the harvests of wheat, barley and oats had nevertheless exceeded those of the preceding year. The increase in the total harvests of cereals and other agricultural products in 1952 was mainly due to improved supplies of chemical fertilizers and more intensive mechanization.

30. With regard to investments under the large-scale works plan undertaken throughout Poland in 1952, 350 villages had been electrified and 180 kilometres of water pipes had been laid. In so far as town planning was concerned, 580,000 dwellings had been rebuilt and 111,600 new ones constructed.

31. In 1952, the productivity of labour had increased by approximately 13 per cent in industry and by approximately 17 per cent in building enterprises. It was noteworthy that approximately two thirds of the increased production in 1952 was due to increased productivity, the labour force having increased by only 32 per cent.

32. In the cultural sphere, the number of schools offering a seven-class cycle had increased by approximately 850 and in 1952 there had been one school of that type for every four villages, as compared to one school for every seventeen villages before the war.

33. As regards public health, the number of hospital beds had been increased by 9,000 and the number of doctor hours worked in municipal clinics and rural welfare centres had increased by approximately 20 per cent.

34. Poland had suffered greatly in the Second World War and regarded peace as the primary condi-

tion for its development. Together with the delegations of the other 'Peoples' Democracies, the Polish delegation considered it essential to remind States Members of the United Nations that international economic co-operation based on respect for equal rights and national sovereignty alone could ensure the triumph of the principles of equity proclaimed by the Charter. The Polish delegation therefore hoped that, in the interests of the peaceful co-existence of nations, the number of countries which shared those views would progressively increase.

35. Mr. PEREZ PEREZ (Venezuela) wished to add his delegation's congratulations to those that had already been offered to the Secretariat for its work on the *World Economic Report, 1951-52*. He noted with particular satisfaction that the economic development of Africa had been the subject of a special and highly important study.

36. The world economic situation appeared to be less unfavourable than might have been feared; nevertheless, it was not fully satisfactory and the conditions of stability referred to in Article 55 of the Charter apparently remained a more or less distant objective. Prosperity was by no means general; the gap between rich and poor countries had increased; many economies still depended on a single crop or product; and the increase of food production had lagged behind the growth of population. International tension had greatly hindered progress towards prosperity by compelling States to employ for arms production resources which could have been used to reduce the general economic disequilibrium. It was idle to pretend that an economy based on free enterprise could prosper in such an atmosphere; on the contrary, threats of war distorted the play of the market, discouraged investment, promoted inflation and consequently led to economic instability. An example of that process was given in the passage in the Introduction to the Report referring to the under-developed countries. The governments concerned had succeeded, by fiscal methods, in alleviating to some extent the effects of price fluctuations and thus reducing inflationary pressures, but the problem was a more general one and could be solved only by diversification of the under-developed economies and by enabling them to develop in a climate of peace, confidence and security.

37. Turning to the economic situation in his country, he said that in Venezuela, which had long been an exporter of agricultural products, tariffs had traditionally been very high. In recent years, the Government had of its own accord substantially reduced those tariffs. That policy, combined with the absence of exchange controls and the plentiful supply of foreign currency, had permitted a flow of foreign goods to the market. Venezuela now played an important part in international trade. Although its population was little more than five and a half million, its imports and exports in 1952 had amounted to 805 and 1,590 million dollars respectively, one of the highest *per capita* rates in the world. The development of its trade balance had enabled the Venezuelan Government to meet its obligations and to build up its reserves, thanks to an anti-inflationary policy of converting surpluses into gold. Towards the end of 1952, the *Banco Central de Venezuela* had held over 440 million dollars in foreign currency; the legal reserves had corresponded to 90 per cent of the paper money in circulation, which represented 114 per cent of the

gold reserve. The *bolívar* was a freely convertible hard currency with a high purchasing power on the international market.

38. In 1952, Venezuela had produced 105 million cubic metres of petroleum, a record figure, exceeding by 5.6 per cent production for 1951, which had itself represented an increase of 13.8 per cent over 1950. Such a large volume of production was proof of the flexibility of the industry, which had adjusted itself to new circumstances and which supplied a large proportion of the world's needs.

39. The Venezuelan Government had always pursued a multilateral trade policy, naturally taking into account the need for obtaining foreign currency to pay for its imports. Most of its transactions, however, as well as the largest volume of its trade, were with the United States, with which its trade balance and balance of payments was unfavourable. The Venezuelan economy was to a considerable extent dependent on the volume of its sales to the United States and was adversely affected by any restrictions on that trade. The Venezuelan delegation accordingly shared the hopes expressed by several representatives, including the representatives of France and Sweden.

40. In the interests of international economic equilibrium and its own interest, the United States should encourage imports from as many countries as possible. The dominant position of the United States carried with it exceptional responsibilities. The United States had already demonstrated considerable goodwill and a remarkable spirit of international co-operation, shown by, among other things, its participation in the technical assistance programmes. The future of international trade and the world economy would be threatened, however, if, in order to protect the selfish interests of certain national groups, the United States Government tightened existing restrictions on imports or introduced new ones. In order to sell, it was necessary to buy and United States exporters would find themselves without markets if their prospective buyers had no dollars.

41. In that connexion, he drew the Council's attention to the case of Venezuelan petroleum products. In recent years the United States had bought over 40 per cent of Venezuela's petroleum exports. The volume of purchases had increased steadily, although domestic production in the United States had also increased considerably during the same period, which showed that foreign petroleum was a complementary factor in the United States economy. It was to the advantage of the United States to import crude petroleum and heavy oils which it did not produce in sufficient volume to meet its industrial needs, and to reserve its refining capacity for higher grade products. Moreover, if the United States reduced its petroleum imports, Venezuela's exports would be cut by an estimated 25 per cent; its entire economy would suffer; investment essential to economic development would be endangered; Venezuela would be obliged to reduce its purchases in the United States.

42. Almost all representatives had emphasized the importance of international capital to the economic development of the under-developed countries. Venezuela was proud of offering foreign investors adequate guarantees and outstanding advantages. In that respect, the development of petroleum legislation in Venezuela was particularly instructive: it had been possible to carry out needed reforms and to protect national inter-

ests without injury to the concession holders. The entire process had taken place in an atmosphere of remarkable harmony and co-operation. Other countries had followed Venezuela's example, and various 'oil producers' in the Middle East had applied the fifty-fifty principle in sharing the profits of the exploitation of their national wealth.

43. The authors of the *World Economic Report, 1951-52* and several delegations had paid special attention to the problem of food production. Under-developed countries frequently tended to use internal financing methods which were inflationary in character and which promoted industrialization without a corresponding rise in food production. Venezuela, whose petroleum industry had developed with exceptional rapidity, was in danger of becoming a country with a single-product economy. Measures had therefore been taken to develop agriculture and cattle-raising; farmers received technical assistance and credit. The results, while encouraging, were as yet insufficient. Venezuela ought not to have to allocate 15 per cent of its import expenditures to the purchase of food-stuffs. Programmes already in hand would lead to a solution of the problem and would thus help to improve the world food situation.

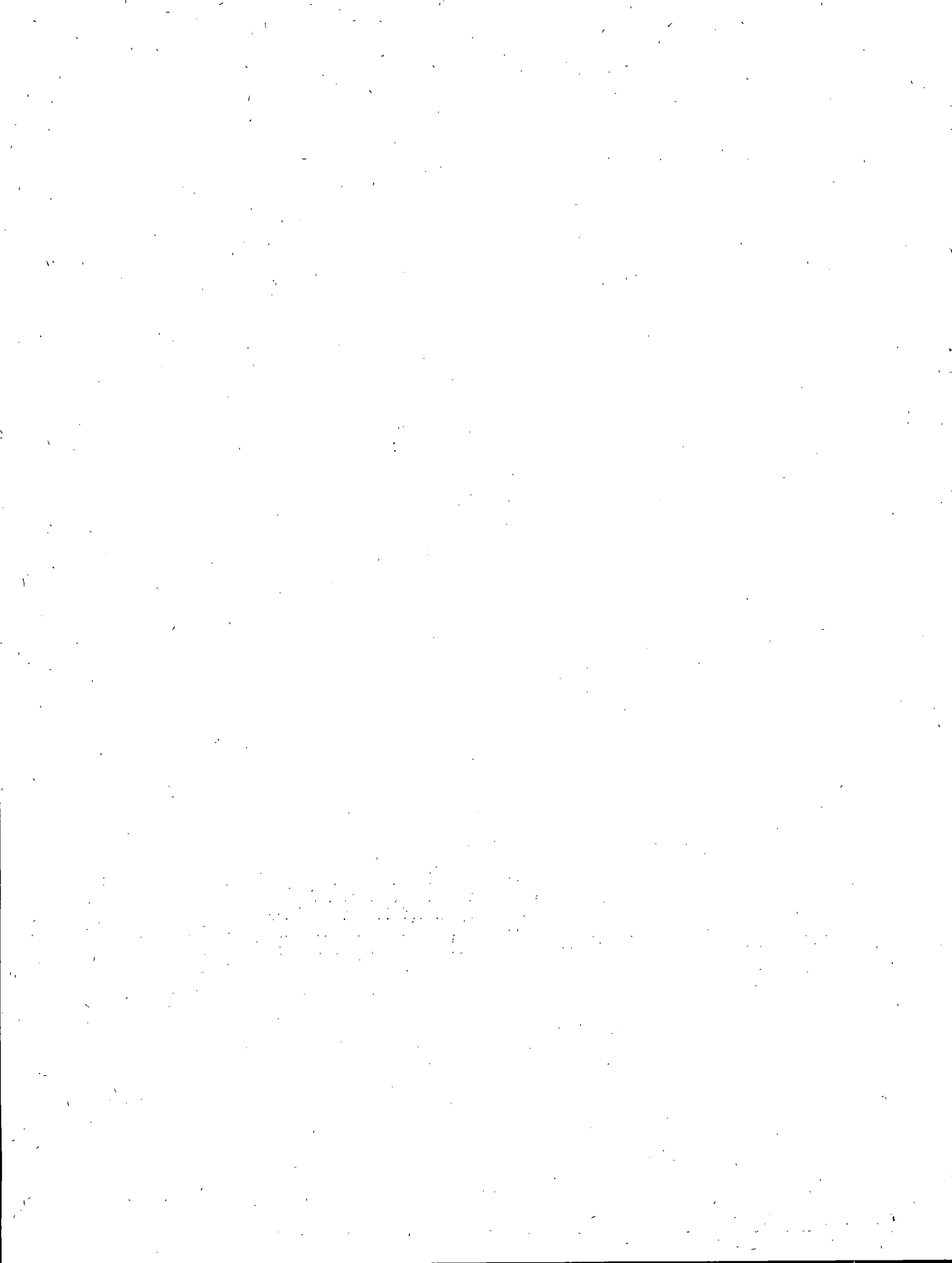
44. Venezuela, which had a sound currency and adequate means of payment, was faced by smaller difficulties than most of the non-industrialized countries, but like them felt concern regarding the weakness of single-product economy. That important problem could be solved only under a régime which respected and protected private enterprise and private property. Countries with such a régime manufactured armaments only when compelled to do so for defence purposes, as had been shown by events in 1946 and in particular by the reconversion of industry in the Western countries. Now that the economy of the under-developed countries was being modernized, it was to be hoped, if the process was to continue, that, as international tension relaxed, the industrial Powers would be able to allocate new resources to civilian production and thus contribute to a steady improvement of the world economic situation.

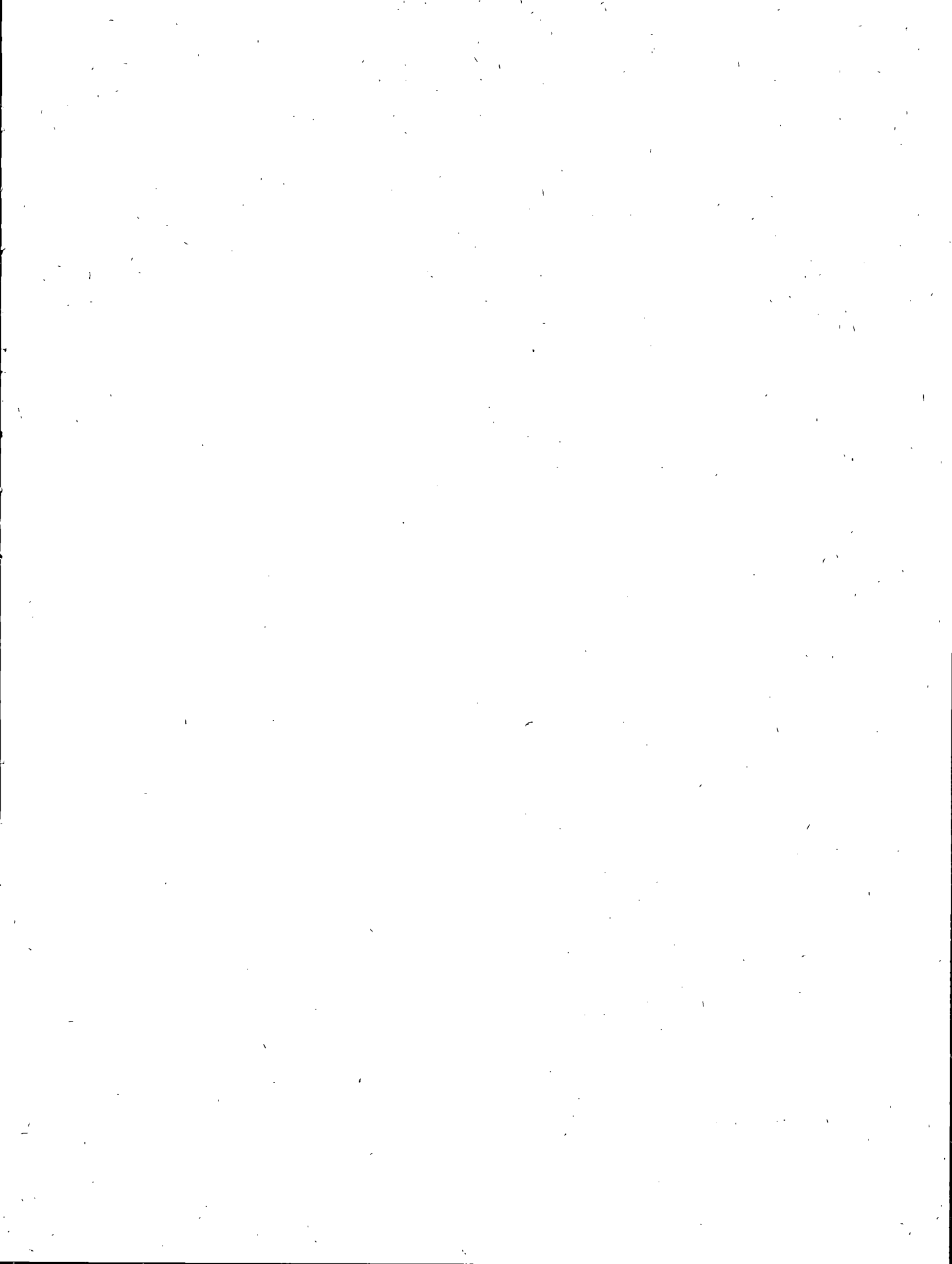
45. The PRESIDENT said that the Danish Observer had asked to speak.

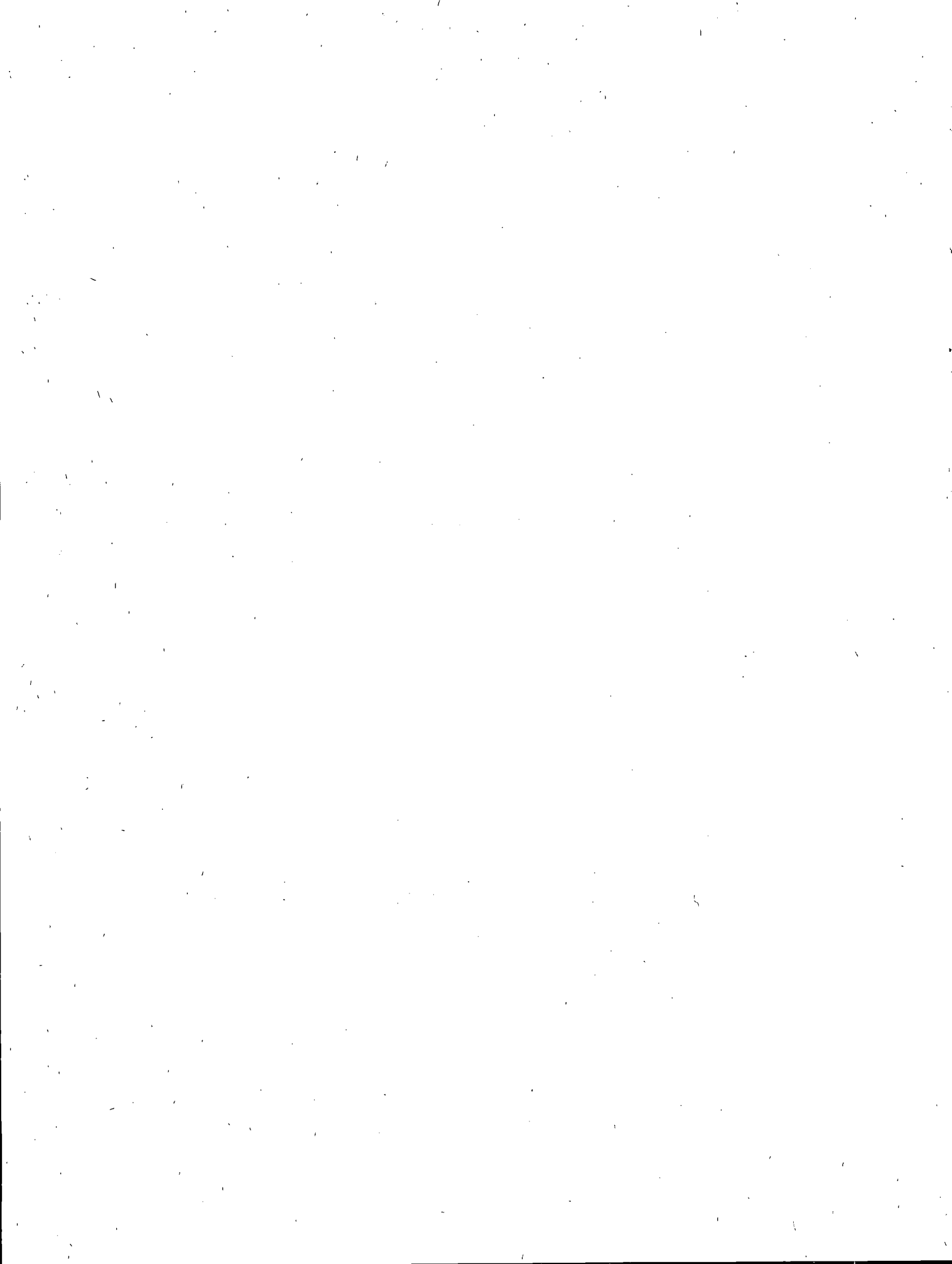
46. Mrs. WRIGHT (Denmark) thought that the primary purpose of the *World Economic Report, 1951-52* was to provide a basis for a useful discussion of world economic problems. As the Swedish representative had pointed out (689th meeting), however, the analysis of some cases appeared to be unduly brief and superficial, thus distorting the general picture. That was true of the passage dealing with Denmark.

47. The Danish Government therefore reserved the right to communicate any additional information and to make any comments which might facilitate an understanding of its economic policy and an appraisal of its results. It might, for example, supply that information in the form of an appendix to its reply to the United Nations full employment questionnaire. The Danish Government hoped that it would thus help the Council to examine world economic problems in full knowledge of the facts, taking due account, in particular, of experience which should be of interest to countries whose prosperity depended on their ability to adjust to world economic trends.

The meeting rose at 12.35 p.m.









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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

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

The representatives of the following specialized agencies: International Labour Organisation, International Bank for Reconstruction and Development.

World economic situation (E/2353 and Corr.1, E/2353/Add.1 and Corr.1, E/2354, E/2377 and Corr.1, E/L.496, E/L.497 and E/L.499) (*continued*)

[Agenda item 3]

1. Mr. EL-TANAMLI (Egypt) congratulated the Secretariat on the very detailed and realistic analysis of the world economic situation contained in the documentation submitted. He would, however, have some criticisms to make later regarding the *Review of Economic Conditions in the Middle East, 1951-52* (E/2353/Add.1).

2. He wished first to dwell on some of the political factors which had had important economic repercussions since the end of the Second World War. Everyone was well acquainted with the effects of the Korean war and the armaments race on the world economic situation. The inflationary pressures of 1950 had profoundly disturbed the economies of many countries and, even after the reversal of the trend in 1952, the situation brought about by those inflationary pressures was still making the restoration of economic stability difficult. The under-developed countries, with their more vulnerable economies, had suffered doubly from the effects of inflation, under-employment and the disequilibrium in the balance of payments. Their products were normally the first to be hit by a fall in prices and their balances of payments were so delicate that the slightest change in the terms of trade automatically led to a considerable decline in their standard of living.

3. The war in Korea and the armaments race were not only a waste of human effort but they were also a

permanent cause of disequilibrium in the world economy. In describing how some countries had succeeded in adapting their economies to the armaments programme while at the same time increasing their civilian production, the *World Economic Report, 1951-52* appeared to be trying to give an impression of stability in the economies of the countries concerned. He feared, however, that such stability was somewhat shaken by the repeated conversions required of the economy as well as by certain psychological factors. Yet that danger was not insurmountable and was, in fact, negligible in comparison with the disastrous effects of war and of the armaments race. The political situation had had the further effect of causing a decline in trade between Eastern and Western Europe, a factor which was not likely to help in solving the balance of payments problem.

4. Turning to the more human aspects of the political situation, he referred to the generous assistance afforded by the United States to the countries of Western Europe. The purpose of that aid had been to restore stability to the economies of Western Europe so that, in the international field, such stability could be reflected in the abolition of all exchange restrictions and the return to a system of multilateral trade and payments. Unfortunately those international objectives had not yet been attained. In that connexion, he drew attention to the significant statement in the 1952 *Annual report of the International Monetary Fund* (E/2351): "In their efforts to satisfy the competing claims of divergent social and economic objectives, many countries have adopted economic and monetary policies which have meant that they were attempting to live beyond their means. Any such attempt is bound, sooner or later to be frustrated, but if this is not clearly understood, or if for social or political reasons governments feel it impossible to act in accordance with a correct understanding of the situation, the necessary adaptations of domestic policies to current changes in the balance of payments are not quickly or adequately made." Much change did not seem to have occurred in the economic situation in Western Europe since the publication of that report.

5. Although the *World Economic Report, 1951-52* showed that an improvement in the balance of payments situation had occurred during 1952, it expressed the view that the improvement was only temporary. Another problem facing the countries of Western Europe was that of making their industry able to compete with that of the United States. There were also certain other intangible factors to be borne in mind. The countries of Western Europe had perhaps become weakened in their normal reactions by growing accustomed to receiving assistance. However, in their latest appeal for "trade not aid", they had shown their determination to try a new method of solving the balance of payments problem.

6. Turning to the problems of the under-developed countries which were also suffering the evil effects of

the political and economic situation, he expressed disappointment at the failure of international co-operation to come effectively to their assistance. In spite of technical assistance, the basic problems of developing the economies of the under-developed countries and of financing such development still remained without any satisfactory solution. As the Secretariat report stated, the flow of capital from the surplus countries to the under-developed countries was the essential prerequisite if stability was to be restored in the world economic situation.

7. The situation in Egypt was fairly typical of that in the other under-developed countries. As a result of the Second World War, the Egyptian economy had suffered inflation and Egypt had not had the advantage of any assistance after the war. Owing to the freezing of its sterling assets and the difficulty of procuring capital goods in the sterling area immediately after the war, Egypt had been deprived of the benefits of the savings it had been forced to accumulate during the war. The Korean war and the increase in the price of raw materials had brought a certain improvement in the terms of trade but the subsequent slump in cotton prices had resulted in a very difficult situation. Like the other under-developed countries, Egypt was suffering from a decline in the price of its exports which had not been offset by a similar decline in the price of its imports. That had resulted in a huge deficit in the balance of payments and a significant decrease in Egypt's foreign currency reserves.

8. Without wishing to introduce any political acrimony into the debate, he felt it necessary to refer to the impact of certain political factors on the economy of his country. The freezing of Egyptian assets in sterling had brought about inflation. It was true that an agreement had been reached freeing some of Egypt's sterling assets but the fact remained that, in 1952, Egypt had been forced to sell a fairly large proportion of its dollar reserves in order to pay for its sterling deficits. Moreover, there had been a considerable decline in Egypt's exports to the United Kingdom in 1952, largely due to political factors. The decline in British imports had reached disturbing proportions. They had fallen from the normal value of £39 million in 1951 to £7 million in 1952. During the same period, France, which was normally the fourth largest importer of Egyptian goods, had taken more than £18 million worth of Egyptian exports. The second political problem which affected the economic activity and stability of the Middle East was the imposition of a new heterogeneous State. That imposed new economic responsibilities on the neighbouring countries in addition to the adverse affects on trade relations. Egypt had spent substantial sums to assist the Arab refugees who had been forced to leave their homes and property in Palestine.

9. In the midst of economic and political difficulties, Egypt had done its best to meet its difficulties and to undertake structural reforms which would lead to lasting stability. Since the liberation of the Egyptian people from the vestiges of certain feudal institutions, the Government had succeeded in cutting down on imports of luxury goods and excessive tourist expenditure abroad, measures which had decreased the balance of payments deficit. At the same time there had been a reduction in the administrative costs of public services. In order to finance the last cotton crop, the Government, with a view to maintaining economic stability, had provided the economy with the necessary flow of

credit. Government expenditures in production and other fields would also help to counteract the deflationary tendencies which had been imposed on the Egyptian economy by the decline in the price of cotton on the world market. The Egyptian Government had just reduced cotton prices to a fairly low level and was continuing to conclude the necessary agreements with various countries to facilitate the flow of cotton exports. All those measures taken in 1952 seemed to be restoring stability to the Egyptian economy. The balance of trade had been re-established during the first quarter of 1953 and the value of the Egyptian pound was attaining very satisfactory levels.

10. The Egyptian Government had also carried out certain structural reforms, including a change in the system of land ownership freeing the country from the *wakf* system which had involved the inalienability of property. The land reforms had raised the standard of living and had accelerated the tempo of investment in industry, while increasing purchasing power and expanding industrial markets. The Government had also introduced balanced co-ordination of economic development under a Higher Council which was dealing with such questions as irrigation, electrification and the creation of certain basic industries. In addition, the Egyptian Government had taken steps to encourage foreign investment. It had introduced a number of amendments to the existing legislation on corporations. Those amendments should encourage foreign capital to invest in the various branches of economic activity. Furthermore, the recent relaxation of certain foreign exchange controls, by facilitating the return of foreign capital and income to the country of origin, was incontrovertible evidence of the spirit in which his Government was approaching the economic problem in Egypt.

11. He hoped that, in future, the political events which had disturbed Egypt's economic development would give way to a new era of mutual understanding and co-operation.

12. He had certain criticisms to make about the Secretariat's *Review of Economic Conditions in the Middle East 1951-52*. The Secretariat did not seem to have paid sufficient attention to the verification of the material it had included in the document. For example, it was stated on page 34 that "in Egypt, for example, in 1942 and 1943, Allied military expenditures represented an addition of some 25 per cent to the national income". It was very difficult to see how the Secretariat could have arrived at such an estimate since there had been no calculation of the Egyptian national income until the year 1945. Moreover, what had actually taken place was inflation and not a real increase in the national income. The impact of inflation had been clearly recognized in the report of the *ad hoc* Committee which had met in 1948 to discuss the proposal for an economic commission for the Middle East (E/1360)¹ and the report had not noted any increase in the national income. Similarly, he doubted whether the Secretariat could have had sufficient technical information to enable it to make the sweeping statement on page 44 of the document that efforts to overcome the lack of coal and iron deposits by utilizing electricity and local iron ore could have only a limited measure of success.

13. It was stated on page 38 of the report that income from agriculture constituted 42 per cent of the Egyptian national income, but according to reliable

¹ See *Official Records of the Economic and Social Council, Ninth Session, Supplement No. 4.*

estimate agriculture produced not more than 30 per cent of the national income of Egypt. He regretted that the Secretariat had made use of studies that were out of date instead of basing its report on official statistics. For example, it was stated on page 3 that the United Kingdom had given direct financial aid to Egypt, although the partial unblocking of Egypt's sterling assets could hardly be described as direct financial aid. Page 2 of the report referred to the withdrawal of workers from the Suez Canal Zone in 1951 as a factor which had tended to increase unemployment, when in fact there had been no "withdrawal" of workers as the workers concerned had themselves decided to leave their jobs. The action taken by the Egyptian Government had made it possible to find jobs for those workers immediately in the various branches of the economy without any increase in the overall unemployment figures. Page 46 of the report referred to the training opportunities afforded to many thousands of industrial employees in army workshops of the Allies during the Second World War. Far from helping the economy, that had constituted an added difficulty because the workers thus trained had become used to very high wages and it had proved very difficult to re-assimilate them into other jobs, so the experience they had acquired was in fields far removed from the civilian economy of the country. Such statements did not tally with those of the 1948 *ad hoc* Committee and reflected a false political approach to the question. He explained that his criticisms referred only to the first 80 pages of the report; he had not been able to study the whole report as it had only been circulated in English.

14. Mr. BLOUGH (Secretariat) said that he had listened very carefully to the debate on behalf of the Secretariat and had been encouraged by the views expressed by some representatives that the Secretariat should not hesitate to enter into the economic analysis of controversial questions. He was very glad that the analysis of such questions would be received sympathetically. The Secretariat's aim was to produce the most honest and well-balanced documentation it could and he appreciated both the congratulations and the criticisms voiced by delegations. The Secretariat was always glad to take note of criticisms and suggestions and to discuss them with delegations with a view to improving its future reports.

15. The PRESIDENT announced the closure of the general debate and opened the discussion on the two draft resolutions submitted by Uruguay (E/L.496 and E/L.497).

16. Mr. BROTONS (Uruguay) wished to make a point of order before dealing with his delegation's draft resolution. The *World Economic Report 1951-52* incorrectly stated on pages 5-11 that in an endeavour to overcome the slump in the wool market, Uruguay had permitted wool to be exported against non-convertible currencies whereas previously wool sales had been permitted only to the United States. The fact was that although the 1950-51 wool harvest had been exported only against United States dollars, eighteen countries had purchased wool from Uruguay in that year.

17. He then submitted the draft resolution contained in document E/L.497. In that connexion, he observed that the problem of the discrepancy between the prices of manufactured goods on the one hand and raw materials and foodstuffs on the other always became more acute as a result of war or an international emergency. When that occurred the industrialized countries appealed to the raw-material producing countries to

increase production and established a system of price controls. Once the war or emergency situation was over, the controls were abolished, the prices of manufactured goods rose and the currency reserves accumulated by the raw material producing countries lost their purchasing power at an alarming rate. A system of ceiling prices in its existing form was unfair to the non-industrialized countries.

18. During the meetings of the Inter-American Committee of Experts for the study of marine and freight insurance rates held from January to March 1952, representatives of shipping companies had categorically expressed the view that various factors militated against the establishment of any control of freight rates. The technical opinion was that freight rates must be regarded as a variable factor which could not be stabilized and that they should be taken into account when ceiling prices were established.

19. The Uruguayan delegation considered however that in case of war or emergency freight and insurance rates should be subjected to price controls equally with goods. The experts appeared to think that that would be difficult. In any event, measures should be taken to prevent the under-developed countries from suffering from an increase in costs over which they had no control. That was the object of the draft resolution.

20. The PRESIDENT asked whether the members of the Council were prepared to discuss the Uruguayan draft resolution although twenty-four hours had not elapsed since its distribution.

21. Mr. SAKSIN (Union of Soviet Socialist Republics) suggested that the discussion should be deferred under rule 56 of the rules of procedure.

22. Mr. TANGE (Australia) was ready to discuss the draft resolution, on the understanding that the vote would be deferred until the following day.

23. He was not altogether clear about the implications of the draft resolution (E/L.497). It appeared to refer to a possible future situation rather than an existing one, since domestic price ceilings on primary commodities had been substantially diminished in a number of countries in recent months.

24. Secondly, the final paragraph recommended that ceiling prices, when established, should be based on values f.o.b. port of shipment; presumably the words "based on" should not be interpreted to mean "identical with", as, if so, the price at the point of consumption would make no allowance for the cost of transport and insurance.

25. He wondered whether "values f.o.b. port of shipment" should not be amended to "landed costs". Furthermore, the precise meaning of "ceiling price" was not clear. The representative of Uruguay was presumably referring more particularly to domestic ceilings imposed in importing countries. The question was whether the reference to ceiling prices was intended to cover prices established in international agreements, either multilateral or bilateral, between governments, relating to the sale of raw materials.

26. The subject was somewhat technical and perhaps would be more suitably discussed in a committee than in plenary session. Or, if the delegation of Uruguay wished for a discussion in plenary session in order to bring the matter to the attention of governments, perhaps it would not press for a vote but would agree to have the matter referred to the Secretariat for transmission to the group of experts set up under General

Assembly resolution 623 (VII). That was a mere suggestion and not a formal proposal.

27. Mr. BROTOS (Uruguay) confirmed that his proposal did not refer to the present situation but to a possible future eventuality. Marine transport in general represented a heavy burden for under-developed countries, most of which possessed no merchant navy and were obliged to use their resources to pay for the services of foreign shipping. In case of war or international emergency freight rates were liable to rise or fall very suddenly. In such circumstances, the industrial countries fixed ceiling prices for raw materials. During the Second World War ceiling prices had been fixed for primary commodities, but those prices had been c.i.f. and not f.o.b., so that any fluctuation in freight and insurance rates had affected the returns received by the exporting countries. The draft resolution was intended to eliminate such situations.

28. With regard to the final paragraph of his draft, he confirmed that the intention was that ceiling prices should be based on values f.o.b. port of shipment; they would not necessarily be the same. He could not endorse the suggestion that the matter should be referred to the group of experts. The problem was quite simple and could well be discussed in plenary session.

29. Mr. BERMUDEZ (Uruguay) said that after the submission of the draft resolution contained in document E/L.496, the Secretariat had informed his delegation that the studies suggested therein were already being carried out pursuant to General Assembly resolution 623 (VII) and a resolution adopted by the Economic and Social Council at its fourteenth session. He therefore proposed that consideration of the Uruguayan draft resolution should be deferred to a later session.

30. He submitted a further draft resolution² sponsored by the delegations of Argentina, Uruguay and Venezuela.

31. The PRESIDENT said that since that draft resolution had not yet been distributed the discussion would be resumed after a lapse of twenty-four hours.

Economic development of under-developed countries: integrated economic development (E/2384 and E/L.500)

[Agenda item 4]

32. Mr. NUÑEZ PORTUONDO (Cuba) said that the attitude of the Cuban delegation was still as outlined by him at the Council's meeting on 17 June 1952 (608th meeting).

33. His country had co-operated in all plans for the solution of the serious problem of the under-developed countries, and had proposed the establishment of an international finance corporation and voted for resolution 416 C (XIV).

34. He had been glad to hear from the President of the International Bank, in his statement on 14 April (684th meeting), that the proposal had been extensively discussed at the seventh annual meeting in September 1952, and that the Bank had taken note of the discussion in the Second Committee of the seventh session of the General Assembly and would submit a report on the subject during the Council's ensuing session.

35. The establishment of an international finance corporation would provide new sources of capital which would facilitate the progressive development of the less developed countries. If loans were backed by govern-

ment guarantees, and if the finance corporation's resources were directed towards certain sectors of the under-developed areas, it might be hoped that a solution of the problem would be found.

36. During the seventh session of the General Assembly the Cuban delegation had said³ that the authority administering the special fund must see that non-self-liquidating projects essential for the economic development of the under-developed countries were given priority, and that the policy of the fund should provide for special subsidies only if there was a sufficient guarantee that that new obligation would not impose an additional burden on the economy of the under-developed countries.

37. The reason for which the Cuban delegation had submitted its draft resolution during the fourteenth session of the Council was that it felt that one of the obstacles in the way of a greater flow of private capital to the under-developed countries was international double taxation. His delegation felt that income from foreign investment in under-developed countries should be taxed only in those countries. The question had been referred to the Fiscal Commission, which would doubtless report on it to the next session of the Council.

38. He had already made his views clear in his statement on the world economic situation (690th meeting) and would not repeat them, but would add that he hoped the world situation would give food for thought to the more highly developed countries and that at the next session they would make every effort to find solutions to problems which were of equal and vital interest to all.

39. Mr. MORALES (Argentina) said that his delegation was vitally interested in the question of industrialization as a factor in integrated economic development. There was an obvious relationship between the economic structure of a country and its level of development, which accounted for the contrast between the high standards of living in industrially advanced countries and the much lower economic and social levels of the less developed areas. That structural imbalance also determined the varying capacities of different countries to develop: the industrialized nations, with their high rate of capitalization, could advance much more rapidly than the less developed countries which had limited resources for the formation of capital owing to their lower levels of productivity. Moreover, the latter group, in addition to their internal weakness, had to overcome external obstacles which caused serious delays in their economic progress. The *Economic Survey of Latin America 1949* (E/CN.12/164/Rev.1) had indicated the wide divergence between theories of the international division of labour held by classical economists and the economic realities of the contemporary world. In practice, the theory of the absolute mobility of factors of production had not worked out, and the economic viability of industries could only be measured in relative terms within the framework of the economic structure concerned.

40. Consequently, the industrialization of countries in the course of development was essential for their balanced economic growth: it was the only way to overcome under-employment in areas with limited resources and steady population growth, particularly when increased productivity in primary commodity fields brought about unemployment. Development of industries in under-developed nations also reduced the

² Later distributed as document E/L.499.

³ See *Official Records of the General Assembly, Seventh Session, Second Committee, 201st meeting.*

need for a large volume of imports, and ensured a maximum level of real income, by making available to the population the goods and services which it required.

41. It had been contended that industrialization might result in the abandonment of production of primary products, thus causing a falling-off in the supply of those commodities at a time of increasing development throughout the world. That argument was not tenable. Indeed, industrialization was the only way to foster conditions of stability, improvements in standards of living and an increase in agrarian production in those countries where the major part of the population was engaged in low-output agricultural activities. Obviously, no country could undertake industrialization without taking full account of its over-all potentialities. It had to study carefully and adapt its levels of technological development; it had to work out those methods best suited to initiate a rational industrial development without sacrificing any of its sustaining economic activities. It was not a matter of choosing between agricultural and industrial development; rather, it was a matter of promoting balanced expansion in all sectors of the economy so as to improve living standards, increase real income and maintain full employment.

42. As the ECLA report had shown, Latin America had developed very substantially in the past twenty years. Nevertheless, as the *per capita* income remained low, there was a need for further increases in production to improve living standards. That acceleration would be possible only by increasing the rate of capitalization within each country and by a greater influx of foreign investment capital, which, to date, had been very inadequate.

43. The falling-off of agricultural and livestock production in Argentina in the last few years had not been brought about by a neglect of agricultural activity in favour of industrial development, but rather by unfavourable climatic conditions. Proof of that was to be found in the fact that, with the return of good climatic conditions, crop yields had exceeded all expectations and despite intensive industrial development, production levels in agriculture and cattle-raising continued higher than normal. Moreover, throughout Latin America, the marked development of the past twenty years had resulted from the diversification and expansion of primary production correlated with industrial development which had been capitalized mainly from the resources of the countries themselves. Thus, the parallel expansion in both basic sectors of the economy had consolidated its structure, reduced its vulnerability to world market fluctuations and made it possible to maintain adequate standards of living.

44. Rapid industrialization of the under-developed countries was essential in order to restore the balance with the more advanced areas of the world. For that reason, General Assembly resolution 521 (VI) was of historic importance. In compliance with the Assembly's requests, Argentina had sponsored resolution 416 F (XIV) ultimately adopted by the Council at its fourteenth session requesting the Secretary-General to continue his general and concrete studies of the economic development of the under-developed countries, giving special attention to the problems mentioned in General Assembly resolution 521 (VI) and to prepare a working paper on the subjects referred to in that Assembly resolution. Although Argentina felt that the problem of industrialization was important enough in itself to warrant exclusive study by a group of experts

and that the terms of the Assembly resolution were both broad and specific enough to constitute the terms of reference of such a group, it had, out of a spirit of compromise, not pressed that suggestion at the Council's previous session.

45. The Secretary-General's working paper (E/2384) was a good review of the various lines of action taken in the United Nations on the problem of economic development. It devoted two sections to two concrete aspects of industrial development: the transition from subsistence to exchange through expansion of enterprises at the local level and the rôle of the development corporation as an impetus to industrialization. Yet either of those questions was important enough to warrant a full analysis by an expert study group. Actually, the problem of industrialization had not been given the measure of attention devoted to other aspects of economic development such as methods of financing or technical assistance for agrarian reform. Furthermore, while several specialized agencies were co-operating in the studies on those other aspects, no one of them was directly concerned with industrialization. The question of development corporations, for example, as an instrument for promoting industrial development as part of an integrated development policy deserved close study. Judging from the experience of such countries as Mexico and Chile, it might be decided that countries in similar economic circumstances could benefit greatly from that type of stimulus to development. He suggested that the Secretary-General should keep the matter under study and assemble all possible information on the experience of various countries with development corporations so as to build the basis for a useful study by the Council.

46. In the belief that the problem of industrialization demanded full and effective study without delay in accordance with resolutions 521 (VI) of the General Assembly and 416 (XIV) of the Council, Argentina had joined with Cuba, Egypt, India, the Philippines, Uruguay and Yugoslavia in sponsoring a draft resolution (E/L.500) which it commended to the Council for adoption. The work of the expert group it would create would constitute a step forward in coming to grips with the industrialization problem and would provide a basis for a programme of rapid industrialization for the under-developed countries.

47. The PRESIDENT said that the representative of the International Chamber of Commerce had asked to make a statement.

48. Mr. BESTEBREURTJE (International Chamber of Commerce) informed the Council that General Assembly resolution 626 (VII), dealing with the right of all States freely to use and exploit their natural wealth and resources, had caused much anxiety in the business world. That anxiety arose not from any challenge of that inherent right, but from the failure of the resolution to emphasize the corresponding obligations which must be assumed by countries seeking to attract private foreign capital for their economic development. That omission conveyed the impression to the potential investor that he could not count on any security for the funds he might wish to invest in such countries. Unless private foreign investors were assured of fair treatment of their capital, proper compensation in case of nationalizations and respect for contractual obligations by the party in need of capital, they were likely to refrain from risking such investments. Thus, countries needing capital would be deprived of the necessary

funds and of technical skills, and thereby would lose valuable opportunities for development.

49. The International Chamber of Commerce wholeheartedly supported the healthy economic development of all countries and wished to facilitate it by helping to create a climate conducive to a greater flow of private foreign investments. It therefore deplored any action which would hinder the flow of foreign funds and/or technical "know-how" to the under-developed countries.

50. The PRESIDENT called on the Observer from Chile.

51. Mr. GREZ (Chile) gave a full account of the structure, functions and operations of the Chilean Development Corporation, a government agency founded in 1939. Its operations were financed by a budgetary appropriation, returns from its investments and domestic and foreign loans. Its objective was to prepare a general programme to promote a national production with a view to raising standards of living by utilizing the country's natural resources, cutting costs of production and improving the international balance of payments situation, while taking care to ensure balanced expansion in all branches of the country's economy.

52. Chile was a country with a low *per capita* income and a fragile economic structure, dependent on outside markets for the importing of much of its consumer goods and the raw materials for its industries, and on the export of its two major products, copper and nitrates, to maintain a favourable balance of payments. As most of the copper and nitrate producing companies in Chile were in foreign hands, only part of the value of those exports reverted to the country itself. Moreover, the prices of those primary products depended not on Chile's productive capacity, but on variable factors beyond its control.

53. Owing to the lack of adequate statistical information concerning Chile's economic potentialities, the Development Corporation had been unable immediately to work out a programme of co-ordinated action. In addition, the war situation at the moment of its inception had diverted it temporarily to emergency measures. During that period, however, it had undertaken preliminary studies which had led it to the conclusion that the economic development of the country could best be promoted by electrification, the construction of a large iron and steel centre, the location of oil deposits, the intensification of agricultural and livestock activities, irrigation to increase the area of arable land and the mechanization of agriculture and mining.

54. Under the electrification plan, it had built a number of generating plants, set up a National Electricity Company, established links among the various regional electrification systems, and centralized the supply of electricity in a single control station. ENDESA had built four large hydro-electric plants and was planning several others. It had substantially increased kilowatt power.

55. The first oil deposit discovered as a result of the Development Corporation's prospecting was found in Tierra del Fuego in 1945 and its output had steadily increased. In addition, a gasoline plant had been operating since 1952 and a national oil refinery was being constructed near Valparaiso, which was to start

operations at the end of 1954. In order to place the oil industry on a sound commercial basis, the Corporation had set up the National Oil Company. The entire project had been financed out of domestic capital.

56. The Corporation's objective in developing Chile's iron and steel resources was not only to increase supply to meet domestic needs, but to expand it sufficiently to create an exportable surplus. It had organized the Pacific Steel Company with a capital of \$15 million, from Corporation and private sources, to achieve that goal. It had been further helped by a substantial loan from the Export-Import Bank. The iron and steel plant had begun operations in 1950 and had steadily increased its production, making possible considerable savings in foreign exchange. Thus, with the establishment of a steel industry, an essential basis had been laid for the development of related industries.

57. The Development Corporation's promotion of agriculture had been effected by mechanization through the importing of farm machinery, and by irrigation to extend the area of cultivable land. Experiments had been carried out to ascertain the feasibility of initiating industrial plantations of sugar beet. The farmers were helped to secure farm machinery by a sound farm credit policy. Long-term loans from the Export-Import Bank and the International Bank had speeded the mechanization programme. With the help of the Corporation, it had been possible through irrigation to increase the area of cultivated land very substantially.

58. The Corporation's activities in the mining sector of the economy had been directed to increasing the output of refined metals, both for industrial use and for export, and to building a national foundry for copper and gold. In addition, a zinc refinery was in course of construction together with several other plants for the processing of lead, copper and gold ore. As a result of the large amount of capital invested in the extractive industries, their output, most of which was exported, had increased to the tune of approximately \$1 million a year.

59. In addition to the Development Corporation's promotion of the basic industries in Chile, it also assisted other manufacturing activities, such as the chemical and timber trades by extending credit primarily to facilitate imports of machinery.

60. He concluded his survey by a recapitulation of the total investments of the Development Corporation, the amounts of the loans secured from outside sources, and its total earnings on the various projects which it had undertaken. The Corporation was completing its electrification programme and its plans for full utilization of Chile's oil resources. It had likewise taken steps to obtain loans for the exploitation of Chile's coal mines and continued to ensure a steady flow of imports of farm and industrial machinery.

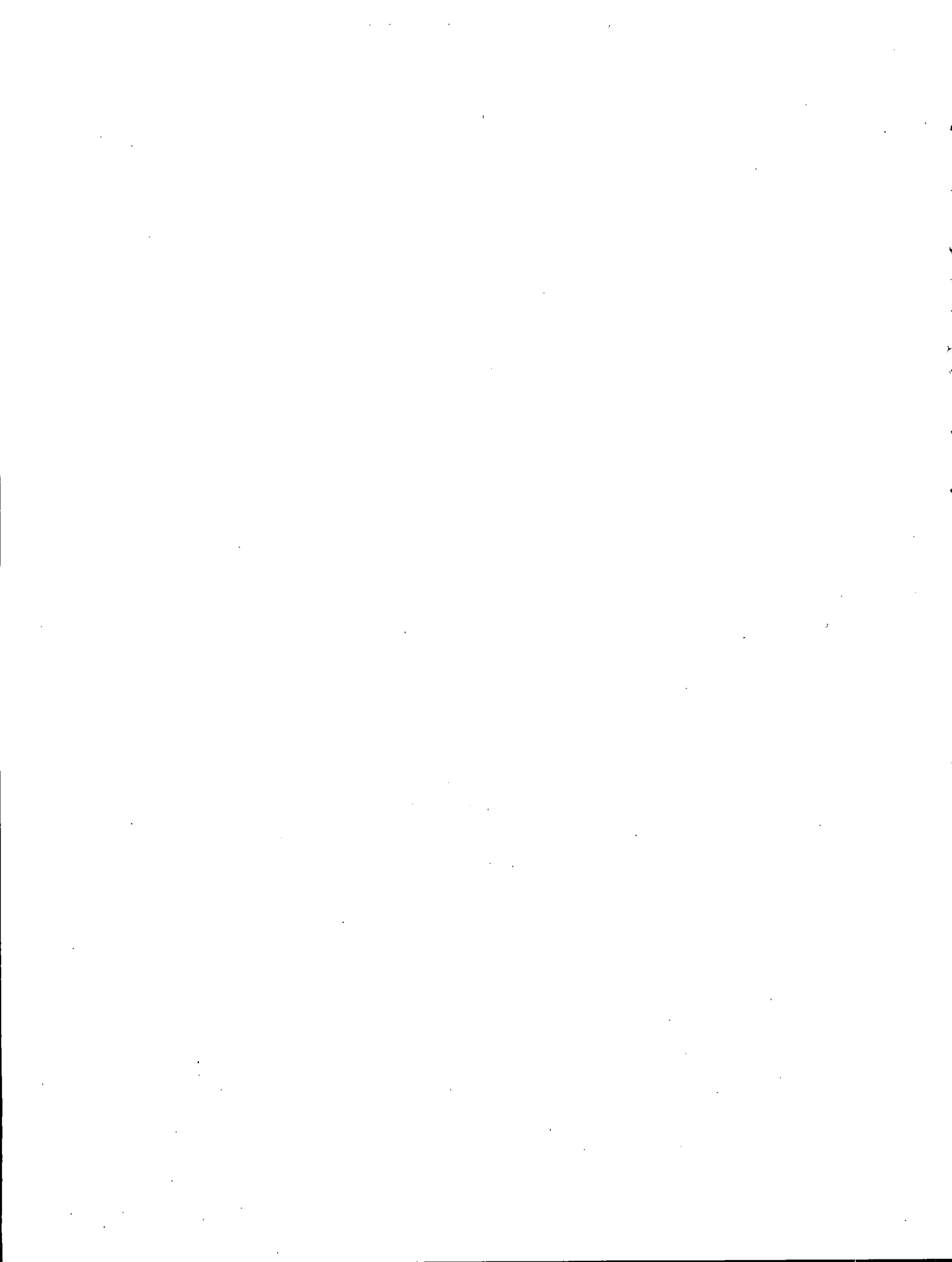
61. Finally, the Development Corporation was studying a vast plan for Chile's agricultural development, prepared by the International Bank in conjunction with FAO. The plan, if approved by the Chilean Government, would cover a period of from seven to eight years. It was also working on a programme of economic co-ordination which would determine the direction of all of Chile's economic activities. In that connexion, it had undertaken studies of national income, savings, capitalization, consumption, and productivity.

Admission to Headquarters of representatives of non-governmental organizations

62. Mr. BIRECKI (Poland) asked what the situation was with regard to the granting of entry visas to the representatives of the World Federation of Trade Unions and the Women's International Democratic Federation.

63. The PRESIDENT replied that he had been following the question, as requested by the Council. Consultations had been taking place between the Secretariat and the United States delegation, and he would keep the Council informed of any further developments.

The meeting rose at 5.35 p.m.





ECONOMIC AND SOCIAL COUNCIL

Wednesday, 22 April 1953
at 10.30 a.m.

Fifteenth Session

OFFICIAL RECORDS

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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile, Iraq, 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.

Economic development of under-developed countries: integrated economic development (E/2384 and E/L.500) (continued)

[Agenda item 4]

1. Mr. STANOVNIK (Yugoslavia) considered that the debate on integrated economic development should not be confined to the further study of certain aspects of the problem which the Council had already examined in 1952. The foundations should now be laid for an over-all plan.
2. In the first place, it was obviously essential to have a clear idea of the meaning of the expression "integrated economic development". It would certainly be a mistake to interpret it merely as the agglomeration of all the possible aspects of economic development. The Yugoslav delegation understood it to mean, primarily, the orientation which should be given to development and long-term planning, which should relate only to the essential and decisive factors of development.
3. Methods of industrial planning naturally varied from one country to another, but the main object was to study means of accelerating economic development. There was no longer any need to stress that the increase of capital investments played a primordial role in that connexion; that was an essential condition for any progress and the Yugoslav delegation intended to raise the subject again at the Council's summer session. It was still more important to determine the direction to be given to accelerated economic development. In that connexion, there was no universal formula which could be applied indiscriminately to all under-developed countries, but the problem of integrated development had some common aspects which should be synthesized.

4. The very useful working paper before the Council (E/2384) laid special stress on the study of problems raised by the transition from a subsistence economy to a market economy. In that connexion, the authors emphasized the importance of small-scale industrial enterprises and the part which might be played by development corporations. He thought, however, that it was necessary to go further and, taking the present report as a point of departure, to undertake a more detailed study of the proposed industrialization, not as a means of transition, but as a basis for integrated development.
5. The Yugoslav delegation believed that industrial development should evolve concurrently with the development of agriculture and of non-agricultural raw materials. In view of the fact that under-developed countries were mainly agricultural and that their population was usually high and had a low productivity, it was important to ensure that the objective of development plans should be not only to increase productivity by means of new investments and by modernizing cultivation methods, but also to create new possibilities for the employment of the surplus rural population. In order to prevent inflation from counteracting the effects of economic development, it was essential to provide outlets for surplus manpower, while increasing agricultural production and the output of raw materials.
6. The Yugoslav delegation wished to stress that it was opposed to any tendency towards autarchy in connexion with the industrialization of under-developed countries. Such development should lead to the expansion of the world market, to trade relations based on the equality of the negotiating countries and to a greater degree of integration in world economy. The existing economic situation lacked stability because the world was divided into two categories of countries, those which produced raw materials and those in which the raw materials were processed into manufactured goods.
7. The industrialization of countries which were in the process of development gave rise to a number of other problems, especially that of priorities. It was obvious that there could be no uniform answer to the question whether heavy or light industry should be developed first, or whether industry should be directed towards the production of goods for export or towards reducing the need for imports; that depended entirely on the conditions peculiar to each country.
8. The question of the geographical distribution of industry also could be solved in various ways. Thus, although the concentration of industry in towns held the advantages of lower cost and of enabling existing enterprises to expand, it entailed the serious disadvantage of preventing the extension of the benefits of technical progress to rural areas and consequently failing to promote the development of intensive agriculture, which would be achieved by industrial decentralization. Moreover, it might become necessary to take into account considerations other than the increase of national income, such as questions of nationality in countries whose populations comprised several ethnic

groups, the question of the distribution of employment and the problem of the development of backward areas. There again, only a complete study could provide the material for a satisfactory solution.

9. Another question was whether the best solution was provided by large factories or small-scale industry. The former type of enterprise was based on a highly-developed division of labour and on the use of many high-precision and specialized machines. Although that method made it possible to economize manpower, increase productivity and lower cost prices, it also required considerable initial investments and was not conducive to the gradual transformation of society.

10. As regards the question of relative costs, the classic theory that the international division of labour was dependent on relative costs was no longer valid in modern times, when the objective was to secure full employment in every country. In under-developed countries which were on the threshold of industrialization, the production costs of some branches of activity would exceed the current prices on the world market. Nevertheless, those countries would direct their economy towards those branches of activity to absorb the national manpower and would consequently be obliged to protect their economy, as all industrial countries had been obliged to do in their time.

11. Although he acknowledged the usefulness of the Secretariat's working paper, he thought it would be advisable to annex to it Mr. Prebisch's study on theoretical and practical problems of economic growth (E/CN.12/221) as well as the analyses concerning the preparation and economic appraisal of development plans. He believed that he was expressing the Council's wish in stressing the advisability of compiling a special study of the results of experience acquired in planned industrialization and in the modernization of agriculture. Although he did not wish to go so far as to make a formal proposal on the matter, he was convinced that such a study could only benefit by close co-operation between the regional economic commissions and the Department of Economic Affairs of the Secretariat. The Council might ask the Secretariat to undertake the preliminary work, even if it subsequently instructed a group of experts to draft a new working paper.

12. Mr. VAN LAEYS (Belgium) paid a tribute to the Secretariat for its work which the Belgian delegation appreciated because of its originality and bold opinions.

13. There were two main proposals for consideration: one dealing with subsistence economies and the other with corporations for financing development.

14. The first proposal displayed a commendable sense of reality. In a penetrating analysis, the document drafted by the Secretariat brought out the fact that the problem of the economic development of under-developed countries was more organizational than financial. He was pleased to note that the authors of the document had taken into account the extent to which the under-developed countries could draw on their own resources. A development programme so conceived had better chances of being implemented, as it would only require minor assistance from the industrialized countries.

15. He stressed the social interest of the project because it made the development of rural communities possible and tended to prevent the congregation of large colonies of workers in the towns. The project

thus fulfilled in every respect the objectives which the Council was trying to achieve, including a general rise in standards of living.

16. He also endorsed the conclusions which the authors of the working paper had submitted on development corporations in paragraph 85. Like them he felt that the matter deserved close study and that, before thinking of establishing new ones, the achievements of the existing development corporations should be examined in detail.

17. Mr. REYES (Philippines) felt obliged to point out, after a first reading of the Secretariat working paper, that the Council and the General Assembly in the course of four years had already framed some twenty resolutions on the integrated economic development of under-developed countries.

18. It was therefore perhaps justifiable to wonder when the Council would consider it time to pass to implementation. The studies made by the experts seemed to have reached the stage where their conclusions could serve as a basis for practical action. That was doubtless so in the case of the study on the proposed special fund for grants-in-aid and long-term, low-interest loans for economic development.

19. It was not always possible clearly to distinguish the dividing line between the study stage and the action stage. In practice they were often parallel and simultaneous. Although the studies on methods to increase productivity and those dealing with land reform and the rational utilization of non-agricultural resources were still incomplete they had already led to practical results in many countries.

20. The Philippine delegation was making those comments because it wished to emphasize that the drafting of a new report, like the one mentioned in the draft resolution contained in document E/L.500, should in no way impede the implementation of industrialization programmes already under way. Like the Argentine delegation, his delegation thought that a new study, stressing industrialization in the general context of economic development, deserved favourable consideration.

21. The dividing line between under-developed countries and industrialized countries was no longer so well defined as might be thought from the often arbitrary classifications met with in reports or in statements made by some representatives. It was too frequently forgotten that there was a category of intermediate countries such as India. He recalled that, at the Second Regional Conference on Trade Promotion held at Manila in March 1953, the Executive Secretary of the Economic Commission for Asia and the Far East had pointed out that India was no longer just a raw materials exporting country, but that it was at the moment exporting quite a large number of manufactured commodities. As the Chilean observer had remarked at the previous meeting in respect of Chile, other nations too were striving energetically to expedite industrialization.

22. There was thus hardly any need to dwell on the interest which the recommendations in the joint draft resolution in document E/L.500 had for all countries which had reached a similar stage of development. The Philippine delegation would therefore support that text, reserving the right to present whatever further observations it deemed useful at a later stage. Careful study of the economic development corporations and of the measures for developing subsistence communities would certainly call for more detailed observations by the Philippine delegation.

23. He then commented on the observations of the representative of the International Chamber of Commerce at the previous meeting with regard to General Assembly resolution 626 (VII). After recalling that the Philippine delegation had supported that resolution in the Second Committee and the General Assembly, he expressed his astonishment at the fact that the ICC representative had construed it in a way which a reading of the text did not justify. The Philippine delegation appreciated the ICC representative's apprehensions about the guarantees which the private owners of capital wished to have before investing their money abroad, but it could scarcely be asserted, as that representative had done, that General Assembly resolution 626 (VII) gave the owners of capital the impression that they could not count on the security of their investments. To refute the assertion, he quoted the resolution in question which recommended Member States "to have due regard . . . to the need for maintaining the flow of capital in conditions of security, (and) mutual confidence". The representative of the International Chamber of Commerce should recognize that the provisions of that resolution were in conformity with the spirit of the Charter and the principles of the draft covenants of human rights.

24. Mr. JUNG (India) said that his delegation had carefully studied the working paper prepared by the Secretary-General. It regretted that section I did not mention certain important resolutions such as those on land reform adopted on the initiative of a number of countries including Pakistan and India. On the other hand, section II dealt very effectively with the transition from subsistence to exchange.

25. On the whole India had at the moment an exchange economy, but the development of some rural areas which still had a subsistence economy was being given particular attention in economic and social planning. The subsistence and exchange sectors were closely linked and the plans for integrated economic development, designed to double *per capita* income as quickly as possible, distributed India's national resources according to the following percentages: agriculture and community planning, 17.4; irrigation and electric power, 27.2; transport and communications, 24; industry, 8.4; social services, 16.64; reconstruction, 4.1; miscellaneous, 2.5.

26. The production level and material welfare of a community depended mainly on the cultivable area per inhabitant and on production plant. To expedite capital formation, unexploited resources should be worked and some of the resources so far used for the production of consumer goods should be reallocated. The under-developed countries had a certain advantage in that respect, inasmuch as they had ample manpower more or less unused, but they would have to train much of that manpower before they could use it effectively. The accumulation of substantial cash income, before production reached a certain level, might lead to inflation. In those circumstances the under-developed countries must either oblige their populations to accumulate substantial savings or maintain an appropriate rate of progress. The two solutions had their advantages and disadvantages. Each country must choose according to how it was placed, taking into account three main factors: the rate of population increase, the relationship of capital formation to the increase in national production and the amount of national income available for investment.

27. As for the subsistence sector, the problem was to diversify and modernize the means of production in order to shorten the gap between living conditions in that sector and those in the exchange sector. Village industries could play a leading part in that connexion. It must not be forgotten that the products of the major industries were causing markets to shrink more and more and forcing craftsmen to swell the ranks of the agricultural workers. The public authorities must therefore concentrate on the development of the cottage industries just as much as on increasing agricultural production. That was the policy followed by the Indian Government. The establishment of village or cottage industries required planning to encourage local initiative, effective co-operation and an economic atmosphere in which they could operate successfully. The estimates made by the Indian Government showed that the development of the cottage industries would make it possible to increase the number of employed persons by two million per year as against 400,000 if the main industries were developed.

28. One of India's main objectives was to create the conditions required to ensure better utilization of human resources. For that purpose, the Government was guided by the following principles: A preference for methods calling for manpower rather than capital; the maximum use of available manpower; the limitation, at the initial stage, of cash income; speeding up of capital formation; the improvement of technology and labour output; control over the rate of replacement of industrial plant in order to avoid unemployment among specialized workers; distribution of capital with due regard to the need for a rapid increase in employment possibilities. The elimination of under-employment in an under-developed economy was a long-term problem, particularly for countries with very dense and constantly increasing populations.

29. Subject to the above considerations, the Indian delegation supported the conclusions in paragraphs 61 to 65 of the working paper drafted by the Secretary-General.

30. He recalled that the representative of a non-governmental organization had stated, no doubt on the basis of the ECAFE survey (E/CN.11/362) in which it was said that India had experienced a slight recession in the second quarter of 1952, that India's industrial production had decreased. The conclusion was wrong. In fact, agricultural and industrial production had increased in 1952; immediate action to check the recession had been very effective. He quoted statistics to support his assertion. India was endeavouring to develop its resources in order to fulfil the purposes set forth in its Constitution. Democratic methods were sometimes rather slow, but they were the only ones which made genuinely creative activity possible.

31. The Indian delegation felt that the analysis in section III of document E/2384 was too general and abstract. The Secretary-General should include in that study precise information on the operation of development corporations in several countries. Moreover, the question should be studied in relation to the aid that could be given by the industrialized countries by providing capital and making available their technical knowledge.

32. The Indian delegation, which was one of the sponsors of the draft resolution contained in document E/L.500, would only urge the adoption of the ideas put forward in that proposal, in whatever form the Council would find suitable. The important thing was to continue

the study of the question of industrialization of under-developed countries, regardless of whether large-scale or handicraft industries were to be set up.

33. Mr. ARMENGAUD (France) recalled that, in his double capacity as expert in technical research and Senator representing French nationals resident abroad, he had always taken a particular interest in the problems of economic development of under-developed countries.

34. The French delegation noted with satisfaction that after having attempted in preceding years to study separately the economic situation in industrialized countries and that in under-developed countries, the Council appeared to have given up that artificial distinction in favour of an over-all examination of general economic questions, while discussing separately certain definite technical points. The work of the present session was well organized from that point of view, since in connexion with item 3 of the agenda delegations had been able to discuss world economic problems, while item 4 dealt with a particular and technical aspect of the development of under-developed countries. After a general debate on world economic trends and prospects, the members of the Council should look directly for ways of expediting the solution of that particularly important and urgent problem.

35. Thanks largely to the work of the Economic and Social Council, world public opinion had become aware of the position of under-developed countries. That was a first result worth noting; but it was necessary to go further and to proceed from the stage of understanding to that of real international co-operation. Nations must agree to give up some of their present advantages in the interest of world economic progress; until the need to do so had been fully understood and accepted, the political basis essential for large-scale action would be lacking. The situation tended to deteriorate as time went on, for the rates of economic development in the two main categories of countries diverged more and more.

36. In addition to progress in the field of ideas, the United Nations had been responsible for the preparation and practical realization of effective development programmes. Moreover, it had always endeavoured to encourage and prepare national and international action on the technical level as was shown by the Secretary-General's working paper. Much remained to be done in that field and the earlier recommendations of the General Assembly still applied. Nevertheless, the document before the Council was of great interest and the methods recommended in it merited attention. No possible solution of the problem, not even a partial one, should be neglected. It should be remembered that the progress already made would lead to further progress, and that each time a difficulty had been overcome additional resources became available for another step forward.

37. The French delegation wished to congratulate the Secretary-General on the working paper. Section II of that paper had been particularly well done; it summarized with admirable conciseness the concepts of subsistence and exchange economy. Another document should, however, give an estimate in figures of how many people throughout the world would be directly affected by the proposed development. The French delegation approved of the ideas presented in the working paper and therefore had no comment to make on the general recommendations contained therein. It would be noted that the Secretary-General indirectly drew attention to the dangers of an economy based on the intensive exploita-

tion of a single primary product, and emphasized that the development of an exchange economy depended on a regular rise in the standard of living in all countries and therefore demanded a maximum utilization of local resources. With regard to the choice of site for the new industries, it would seem to be advisable at present to take into account the relative density of the population in the various regions of a given country, a method which would hasten the transition from a subsistence to an exchange economy.

38. In any case no problem was capable of a final solution; the problem of the financing of development corporations, dealt with in section III of the document, presented serious difficulties. According to the Secretary-General, the necessary funds had to come from outside sources. The idea was correct, but quantity was of paramount importance. Events had belied the hopes entertained several years earlier; while circumstances seemed more favourable today, the supply would always fall short of the demand, which was enormous. National savings were apparently inadequate and government policy with regard to subsistence sectors was influenced by the chronic shortage of capital. Because funds were limited, a very serious choice had to be made. It was to be hoped that the under-developed countries would not devote too large a share of their resources to subsistence economy and that they would not fail to mobilize their natural wealth so as to engage in international trade.

39. The use to which foreign investments were put was important. There were conflicting doctrines on the subject, and different solutions were possible in different cases. It was not enough to solve the problems of foreign participation in domestic firms, of double taxation, and of amortization of foreign capital; in addition, as the representative of the International Chamber of Commerce had remarked (694th meeting), a certain amount of security had to be provided for the capital invested. Foreign capital could not possibly be attracted if it was threatened with extraordinary measures taken on the pretext of ensuring internal security or combating speculation. Legislation should offer effective protection to investments; fair regulations were necessary to achieve that end. The investors had duties too. Freedom had to be paid for; demands acceptable in the past could no longer be made, and the needs of development entailed certain obligations with regard to the distribution of investments. In a way, capital had to be asked to underwrite an insurance policy to protect the economic system which it favoured. Part of the available funds had to be invested in enterprises which would be profitable only in the distant future or indirectly. He cited as an example the United States Tennessee Valley Authority which had not paid dividends but which had created new wealth to the benefit of the entire national economy. The *Seventh annual report of the International Bank for Reconstruction and Development*, which described several financing operations in under-developed countries, contained suggestions for a possible line of action. In any case, the greatest flexibility would be required and a wide range of solutions should be envisaged. As far as possible, each territory should enact legislation constituting a kind of charter of foreign investments and defining precisely the rights and duties of each of the contracting parties.

40. Such a spirit of co-operation would make harmonious economic development possible. The remarkable survey *Aspects of Economic Development in Africa* (E/2377) prepared by the Secretariat showed what

results had been obtained in a vast continent through the use of methods based on such principles. The document dealt in particular with organizations not unlike finance corporations. France had had considerable experience with national investment corporations, both in the metropolitan area and in the under-developed territories under its administration. In France itself, the *Fonds de modernisation et d'équipement*, owing to the utilization of what Mr. Mendès-France called "a share of the forced savings", had made it possible to finance some large-scale public enterprises. French coal, gas and electricity had benefited greatly from large new investments which, in the present state of the market, might not have come from private sources. It was now necessary to finance the secondary activities of those enterprises, such as the synthetic chemical industry. For that purpose, corporations of a new type had been created, disposing of both public and private capital. In other words, a neutral sector had made its appearance, half way between the public and the private sector, and the lessons to be drawn from that experience would no doubt be of interest for the economic development of countries rich in coal or water power.

41. In the under-developed territories under French administration, investments had been made by the *Caisse centrale de la France d'outre-mer*, the FIDES, the FIDOM, and the mining research and investment bureaux. The action had been on a somewhat limited scale, but it had made certain undertakings possible and had opened up certain prospects.

42. The French delegation thanked the Secretary-General for his efforts and asked him to continue them in order to facilitate positive achievement in the economic field and to aid governments with his advice.

43. With reference to the seven-Power draft resolution, France considered that the general studies proposed were limited in their interest. It would be better to concentrate on well defined and specific questions which would lead to practical conclusions that could be applied forthwith. The French delegation therefore viewed the draft resolution with strong misgivings.

44. Mr. WADSWORTH (United States of America) said that one of the principal aims of the United Nations was the continuous improvement of economic and social conditions throughout the world. That aim could be achieved only if the under-developed countries were in a position to keep increasing their production of goods and services. The United Nations had helped in the preparation of the necessary statistics and economic studies to bring about a better understanding of the problem on the international level; it had served as a rostrum for the discussion of the delicate questions involved; and lastly it had helped Member States to solve their problems of economic and social development.

45. Section I of the working paper prepared by the Secretary-General showed how many studies had already been carried out by United Nations in the field of economic development and of integrated economic development which was but an aspect of economic development. Sections II and III dealt with two specific questions: the importance, at the early stages, of developing small-scale industry and other enterprises based primarily on the utilization of local resources; and the part played by a development corporation in a programme of integrated economic development.

46. The Secretary-General had examined those questions from a theoretical point of view without making any recommendations; he had shed light on the

problems but had not proposed any solutions. The United States delegation considered that he had been right, as the measures to be adopted must necessarily vary according to the conditions prevailing in each country. It agreed with the Secretary-General that the questions discussed in sections II and III required more detailed study in the light of the experience of certain countries. Paragraph 3 of the operative part of the draft resolution before the Council seemed to provide for such studies.

47. A number of delegations had expressed disappointment over the fact that the document contained no specific recommendations regarding integrated economic development. Yet that was easy to explain; general studies could not take the place of careful plans drawn up by the countries concerned. Those were questions that could not be solved in the abstract. Each country must itself define the purposes and scope of its economic development, having regard to its resources and the effect of its development on its economic and social structure. The regional economic commissions could be of great assistance in that connexion as could certain advanced States which could conclude bilateral agreements with the countries concerned.

48. The draft resolution called for the establishment of a group of experts to prepare a report on integrated economic development. The United States delegation doubted the usefulness of such a general study in view of the voluminous documentation already in existence; other delegations seemed to share that doubt. It might perhaps be more useful for the Council to invite the specialized agencies, regional economic commissions and some of its functional commissions to devote special attention in their work to the programmes listed in the annex to resolution 451 (XIV) section B, paragraph 10.

49. Mr. BROTOS (Uruguay) said that while the concept that industrialization was a pre-requisite for the economic development of under-developed countries had by now become an axiom, that axiom was not equally applicable in all cases. Any country that wished to become industrialized must obviously take account of its natural resources, the stage of economic development it had reached and other special circumstances. The Secretary-General had brought that out in his working paper.

50. Section II contained an excellent analysis of the problems raised by the transition from a subsistence to an exchange economy. To promote its economic progress, a country in the process of development must strengthen its subsistence sector with a view to raising the population's standard of living, which was essential to increased productivity. Moreover, industrialization should not lead to the neglect of the other economic activities. Predominantly agricultural countries must improve their agriculture. Thus while in the process of industrialization those countries must endeavour to bring prices down and to increase agricultural production through the use of modern methods and machinery.

51. It could be argued that the radical change produced in an agricultural country by an industrialization unaccompanied by considerable improvement of its base economy would be contrary to the interests of the country and against the principles of the United Nations in the sense that it would not contribute to the much-needed increase of world production of foodstuffs. In the under-developed countries, particularly those which were predominantly agricultural and not over-populated, improvement of the subsistence economy and agricultural progress would do much to prevent depo-

pulation of the rural areas and undue concentration of the activities in urban centres. On the other hand, after those conditions were achieved, industrialization was essential to provide opportunities of productive employment to the excess population resulting from a higher rate of population growth and mechanized agriculture.

52. The problems involved were complex and could not be effectively solved without careful study on the basis of which each country could work out plans best suited for its own conditions. The Uruguyan delegation, as one of the sponsors of the draft resolution before the Council, wished to emphasize that industrialization of countries in the process of development could not be examined independently of the general problem of the world economic situation. Indeed, the industrialization of those countries would become meaningless and all efforts to that end would have been vain if the markets which were to serve as outlets for production were closed by protectionist measures. That was why the solution of problems of industrialization must go hand in hand with the establishment of an equilibrium between the economies of under-developed and of industrialized countries.

53. The PRESIDENT called upon the representative of the International Co-operative Alliance.

54. Mr. WOODCOCK (International Co-operative Alliance) said that the co-operative movement took a deep interest in the question under discussion because it itself had sprung from the industrial revolution in Western Europe and its development had been closely linked with the development of industry and agriculture and credit facilities which had followed. The history of the co-operative movement had shown its self-help character to be a powerful stimulus to popular action.

55. The International Co-operative Alliance was a federation of co-operatives in thirty-three countries with a total membership of 113 million consumers or primary producers; almost one-third of its members lived in under-developed countries. Half a century of experience had demonstrated that co-operative organization could be more effective than any other agency in combating certain evils, such as rural usury, from which consumers and primary producers were suffering. Co-operative organization was simply a tool of joint action in the

hands of its members; as with any tool they must learn how to use it. Education in human relations, methods of democratic organization, and commercial practice were important results.

56. In communities passing from a subsistence to an exchange economy the co-operative movement helped its members to pay off their debts, taught them to save and to use their savings wisely; at the same time it was an excellent school for the development of a civic spirit and good neighbour relations, and encouraged men to take an active and intelligent part in the economic and social progress of their country.

57. ICA noted with satisfaction the part assigned to the co-operative movement in the programmes worked out by the regional economic commissions and the specialized agencies. It felt, however, that in some fields the co-operative form of organization could play a still more important part. For example, where electrification was concerned, public electric power plants should be complemented by co-operatives of consumers which would provide an organized market.

58. On the other hand, ICA wondered whether the fullest possible use was being made by development agencies of the experience of some European countries in co-operative organization. Most of those countries recognized the pressing need to help under-developed countries; they were prepared to receive qualified students in their co-operative enterprises and educational institutions and to help in recruiting experts in organizing and administering co-operatives. ICA considered, in spite of all that had been done, that the search for competent persons had not always been entirely successful. The organizations affiliated with ICA were prepared to offer their full co-operation in that regard.

59. In conclusion, he repeated that co-operatives were a means by which their members could raise their own standard of living through self-help. The remarks he had just made applied not only to the problem under consideration, but to many other questions examined by the Council looking to social progress through economic development.

The meeting rose at 12.40 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

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

The representatives of the following specialized agencies: International Labour Organisation, Food and Agricultural Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, World Health Organization.

Economic development of under-developed countries: integrated economic development (E/2384, E/L.500 and E/L.502) (continued)

[Agenda item 4]

1. Mr. HSIA (China) said that the Secretary-General's working paper (E/2384), while constituting an impressive account of United Nations action and studies on the economic development of under-developed countries, did not resolve the problem of priorities to be given by countries in the process of development to certain types of information which were especially pertinent to their particular development problems. For example, the three to five ratio between investment and national income suggested by the Secretariat had not been accepted by financing organizations supplying capital or by many under-developed countries and should be given more thorough study. Similarly, as the question of inflation control required special treatment in under-developed countries, the Secretariat might make a further report on that problem with special reference to those countries. In that connexion, consumption investment statistics would be more useful than national income figures in evaluating economic development of under-developed countries and attention should be focussed on such data. Lastly, in analysing methods of reviving the flow of private capital to under-developed areas, a study should be made of past experience in providing adequate security for private investments and for foreign loans so that the problem might be resolved to the satisfaction of both creditors and debtors.

2. For those reasons, China would support the draft resolution (E/L.500). If it was not adopted, the Secretariat ought to continue the relevant studies or

refer the topics enumerated to the specialized agencies concerned with such problems.

3. Mr. TANGE (Australia) considered the Secretary-General's working paper (E/2384) to be a useful basis for further study of the broad question of economic development in the under-developed countries.

4. Australia had several doubts and reservations, however, regarding the advisability of establishing the group of experts suggested in paragraph 2 of the draft resolution (E/L.500). While it agreed absolutely that international studies on the subject should be pursued with a view to working out practical techniques for integrated national economic programmes, it considered it essential to determine precisely what was expected from further international study, in strictly realistic terms.

5. It should be borne in mind that there already existed a vast documentation on the experience of many countries in developing diversified and industrialized economies. Australia, for example, which had for many years been dependent on the marketing of raw materials and foodstuffs, had deliberately adopted as a social and economic objective the development of such an economy. Towards that end, it had consciously applied economic, social, fiscal, technical and organizational policies and, in particular, a commercial tariff policy designed to foster its industries. The records of the techniques applied could easily be made available to other governments. Similar experience by other countries could likewise be exchanged.

6. Indeed, there had been much international discussion on the subjects which the sponsors of the joint draft now wanted to entrust to another expert group. Prior to the Havana Conference, which was to have set up an International Trade Organization, some forty or fifty participating States had discussed the increase in the industrial utilization of resources as a factor in combating trade restrictions, and had even considered the inclusion in the Havana Charter of a chapter on commercial policy dealing with the tariff aspects of economic development and industrial diversification. Moreover, portions of the experts' report on *Measures for the Economic Development of Under-developed Countries* (E/1986) had discussed such aspects of the latter question as economic organization and problems of technology.

7. The problem of rapid industrialization within the framework of integrated economic development was essentially an internal problem and had to be attacked directly and realistically on the national and not the international level. Of course, generalized international studies such as those already undertaken were useful as guidance to national governments, whose task was then to adapt whatever principles they found applicable to the specific social and economic environment in which they proposed to promote their economic development. In contrast to other aspects of economic development on which joint international action was quite feasible, those brought into focus by the draft resolution depended

primarily for their solution upon the deliberate efforts of national governments. It was a mistake to believe that a resounding international resolution could provide a panacea for all aspects of economic development in every under-developed country. There was a certain pretentiousness about past United Nations decisions on economic development, such as General Assembly resolution 521 (VI), which had apparently led some delegations to expect more from international technical studies, for which they waited impatiently, than was in fact possible. On the contrary, it was clear from the list of problems in the draft resolution (E/L.500) that the mainsprings of action to solve them remained under the control of national governments, that they were matters for local initiative and local decision. It was unrealistic to think that the United Nations could lay down a programme of industrialization for any given country without intervening in its internal affairs. The United Nations could do no more than provide generalized studies as guidance and reports of experience against which national policies might be tested. The nature of the practical measures each under-developed country would have to adopt to cope with the fiscal, technical, organizational and social problems involved would depend on its system of government, its constitutional structure, its cultural traditions with their inevitable influence on the techniques adopted for economic development, and on its economic organization.

8. For all those reasons, it was inadvisable to appoint a new group of experts as suggested in the joint draft. Moreover, General Assembly resolution 623 (VII) had established a group of experts to deal primarily with the question of the inter-relation between primary commodity prices and terms of trade, but also to recommend measures which would give effect to another injunction in the resolution, namely, that countries in the process of development should adopt national programmes of integrated economic development conducive to the rational utilization of the proceeds of their primary activities, etc. The same group of experts might reasonably be asked to study the subjects enumerated in the joint draft resolution. Alternatively, and preferably, the Secretary-General might simply be requested, as paragraph 3 of the draft resolution stated, to continue and expand his studies in the field. Australia fully supported such continued studies and would strengthen paragraph 3 of the draft by directing the Secretary-General's attention to some of the problems which paragraph 2 would have entrusted to an expert group.

9. Australia's attitude could in no case be interpreted as complacency. Australia had undertaken industrialization for the same reasons which led other countries to do so at the present juncture. It differed with the authors of the joint draft resolution solely in its judgment of the most effective way to deal with the question through international facilities.

10. He would welcome information from the Secretariat concerning the possibility of further enlarged studies, not only from the point of view of cost, but from that of providing the material so urgently desired by many countries either through its own activities, or by utilizing the services of the expert group already established by the General Assembly.

11. Mr. BLOUGH (Secretariat), in reply to the Australian representative, recalled that at its resumed fourteenth session, when the Council had discussed the placing of the item "Integrated economic development" on the provisional agenda of its fifteenth session, he had said (670th meeting) that the Secretariat would be able

to submit only a preliminary paper at so early a date. That was what it had in fact done.

12. No doubt further useful studies could be made on the subject, but the question was whether such studies would achieve the ends the Council desired. In the first place, more basic information was needed on many points. The majority of the countries usually referred to as under-developed failed to reply to questionnaires circulated by the Secretariat concerning their development plans.

13. Furthermore, there were divers possible approaches to the problem and at least two kinds of studies had been suggested during the debate: general studies, including a digest of major ideas and facts, or specific studies of particular problems in particular countries.

14. Obviously the Secretariat could not cover the whole field, but if the scope and purposes could be more clearly defined it would do its utmost to comply with the Council's request, making use of the regional secretariats and functional commissions.

15. Mr. CRISTELOW (United Kingdom) said that it was quite clear from the discussion that the highest priority should be given to the economic development of the under-developed countries. That was a project on which all were agreed. Unfortunately, whatever the developed countries did to help, the main burden would always rest with the under-developed countries. Consequently he fully sympathized with the general trend of the joint draft resolution, but he was not convinced that the proposal for a group of experts in paragraph 2 would really serve any useful purpose. There were infinite complexities involved in the problem of economic development as was clearly illustrated in the working paper (S/2384). Obviously no one limited method could apply in all cases. Industrialization was the major key to economic development but it was not necessarily the only method. In the final analysis economic development would probably come about through a combination of measures and through improvisation and he doubted very much whether any group of experts would be able to draw up a general programme suitable for all countries. It was, of course, always a temptation to hope for miracles from the studies of experts but, in the field of economic development, each country must clearly take its own decisions.

16. He agreed with the Australian representative that there was some danger of a duplication of activities if the new group of experts proposed in the joint draft resolution was established. A group of experts had already been set up under General Assembly resolution 623 (VII) and the Fiscal Commission was also studying certain aspects of the problem.

17. In his opinion, a general study by a group of experts would not be of much practical value, for general principles had already been amply debated in the Economic and Social Council. What the under-developed countries really needed was technical assistance and an exchange of information on the experience gained by other countries in dealing with similar problems. The technical assistance programmes of the United Nations and the specialized agencies were already established on a firm basis and were proving their value. There was, therefore, no need for any new action by the Council in that field. With regard to the exchange of information, the countries which had practical experience on such problems as the development of cottage industries and the establishment of small-scale industrial enterprises might submit documents making their expe-

rience available to other countries. The ILO might also be able to contribute valuable information.

18. Finally, he felt it was unfortunate that the Council should be discussing the general question of economic development before discussing specific questions, such as the proposals for the establishment of a special fund for economic development and for an international finance corporation. Those two questions were to be discussed at the sixteenth session and he felt it would be better to wait for the results of that discussion before embarking upon new studies which might overlap with those already in progress. He fully endorsed paragraph 3 of the joint draft resolution and expressed the hope that the sponsors would be able to accept the amendment to paragraph 2 submitted by France and the United States of America (E/L.502).

19. Mr. EL-TANAMLI (Egypt) congratulated the Secretariat on the working paper submitted (E/2384). Section II, dealing with the transition from subsistence to exchange activities, was particularly satisfactory. Integrated economic development was both a problem of organization and a problem of choosing between the various branches of economic activity and deciding which should be given priority. Various problems were raised by the simultaneous existence of countries which had reached varying degrees of economic development. There were, for example, problems of competition on the world markets and problems relating to the terms of trade and to the different treatment afforded to manufactured products and primary products.

20. His delegation was one of the sponsors of the joint draft resolution (E/L.500) and he did not believe that the draft should give rise to so much debate. The purpose of the text was extremely simple and paragraph 2, the one which had given rise to objections, was in fact the basic paragraph. Certain representatives had criticized the paragraph on the grounds that it was both impossible and useless to make a general study of the question. In that connexion, he recalled that the French representative had congratulated the Secretariat on its report precisely because of the general principles it contained (695th meeting). Moreover, the League of Nations had produced an important general publication on industrialization so that it was obviously quite possible to make a general study of the question. It was the normal practice of the United Nations to produce general studies on the various international problems and, although a more specific study would also be useful, he saw no reason to criticize the proposal that the first study should be a general one. It had been suggested at the previous meeting that a chart of foreign investments should be drawn up and, if generalizations could be made on so specific a question as that, surely they could also be made on the problem of integrated economic development.

21. It had been suggested that the regional economic commissions should study the problem at the regional level. If that suggestion was adopted he would urge the Council to take some specific action in favour of Africa and the Middle East since there was no economic commission to cover that region.

22. Mr. ALAMO BLANCO (Venezuela) said that the working paper produced by the Secretariat was a very valuable document. It was true that certain aspects of the problem had been omitted or dealt with too briefly but on the whole the document was realistic and accurate. Venezuela was faced by many problems which were common to all the under-developed countries. It had a low level of production and a lack of technical

knowledge. It would however be a suicidal policy for Venezuela to concentrate its efforts entirely on the petroleum industry in order to ensure an adequate supply of imports into the country, for that would not establish a lasting basis for prosperity. It was essential, as in the other countries of Latin America, to diversify the economy. The *per capita* annual income of agricultural workers was four times less than that of industrial workers and civil servants who in their turn earned half as much as the workers in the petroleum industry. Agriculture and the other industries were faced with the problems of rising production costs and a lack of skilled manpower.

23. Venezuela relied largely on its imports and the high level of imports had successfully warded off inflation. Steps must be taken, however, to reduce the country's reliance on imports and it was for that purpose that the Government had been forced to introduce a system of tariffs and quotas. That was only a temporary measure and when the country had succeeded in increasing its level of production to the desired extent the barriers would be removed.

24. The group of experts set up under Council resolution 293 (XI) had said that it was not necessary for the under-developed countries to choose between agriculture and industry since they must both play an important part in economic development. The dangers of industrialization at the expense of food production had been emphasized during the debate on the world economic situation. His country was fully aware of the importance of both agriculture and industry, but it did not consider industrialization to be of secondary importance.

25. He supported the joint draft resolution as a whole, including the proposal for the establishment of a group of experts. Since there had been so much stress on the need for integrated economic development, he suggested that the word "integrated" should be inserted before the words "economic development" in paragraph 3 and throughout the documentation on the subject.

26. The PRESIDENT called on the representative of the World Federation of Trade Unions.

27. Miss KAHN (World Federation of Trade Unions) remarked that the continued inability of the chief representative of the WFTU to attend the Council session had made it impossible for her organization to submit the detailed statement it had originally planned. She regretted that General Assembly resolution 521 (VI) had not been carried out rapidly or effectively enough. More effective implementation of that resolution would in fact have done away with some of the problems which were still being discussed in the Council.

28. It had become abundantly clear that industrialization was the basic requirement of the under-developed countries. They were for the most part dependent on a single agricultural crop or upon raw materials which were of little value in the world market until they had been processed. Since the under-developed countries themselves lacked the facilities for processing or manufacturing their own products they were in an unfavourable position. Although the Secretariat working paper contained some interesting material on the development of local small-scale industry, it did not touch on the fundamental problem referred to in resolution 521 (VI). The type of economic situation in the port areas or transport centres of the under-developed countries did represent the development of an exchange economy but did not represent the development of industrialization. The rapid fluctuations in the prices of pri-

many products since the beginning of the Korean war should have dissipated once and for all any illusion that the countries depending upon such products could achieve any measure of economic stability without industrialization. But industrial development was essential, without however sacrificing efforts to bring about land reform.

29. That important point had been recognized at the ninth session of the Executive Committee of WFTU held in February 1953 at which a general economic programme had been adopted, including among its objectives the preservation and development of national industry. At the same time, WFTU had expressed its opposition to economic agreements with foreign monopolies which had the effect of retarding economic development.

30. It was disturbing to note the statement by Mr. Colin Clark in the *Manchester Guardian* of 19 January 1953 that: "In some Asian countries, and in isolated areas in Africa and Latin America, prospects of economic development are hopeful. But most of the rest of the non-Western world is faced with economic stagnation or actual retrogression". A number of representatives had referred to the fact that basic economic development had been retarded because of the "armaments economy", as a result of which the United States, the United Kingdom and other countries had concentrated on obtaining their needed raw materials without regard for economic development as such. It was also disturbing to note the attempts to frustrate the objectives of General Assembly resolution 626 (VII) which affirmed the right of countries freely to exploit their own national resources.

31. In November 1952, at the very time the Second Committee of the General Assembly had been discussing economic development, Mr. Jack L. Camp, Vice-President of the International Harvester Export Company, had made a statement to the National Foreign Trade Convention frankly avowing that the principal purpose of all private business investments in the United States or anywhere else was to make money. He had gone on to emphasize that whatever reasons the United States Government might give for its foreign aid programmes, the aim of businessmen in investing their money was to make profits.

32. The right to self-determination was surely as valid economically as it was politically and the demand of the under-developed countries for the removal of obstacles to their industrialization was simply an expression of that right. The WFTU delegation to the recent meeting of ECAFE at Bandung, Indonesia had emphasized that the chief obstacle to the development of countries which were rich in resources and manpower was the fact that their economies were in the grip of foreign governments. To show how the under-developed countries could develop without such foreign intervention, the WFTU delegation to ECAFE had referred to the industrialization of the Asian Republics of the USSR and of the People's Republic of China.

33. In most under-developed countries, industrialization had been drastically retarded by the armaments race and funds invested in their development had been used for projects directly related to the production of raw materials, projects which could not be regarded as true industrialization.

34. It was essential that those policies be changed. Economic development in the final analysis depended upon radical and effective land reform and on basic industrialization. In the opinion of the WFTU the

working paper prepared by the Secretariat tended to avoid the basic issues and she hoped that the Secretariat would shortly initiate studies on the problems of rapid industrialization and thus give full effect to the terms of General Assembly resolution 521 (VI).

35. Mr. NYMAN (Sweden) said that, although rapid industrialization undoubtedly played a significant part in the integrated development of the under-developed countries, other aspects of such development should also be stressed. Furthermore, governments had just received the report of another group of experts on the economic development of under-developed countries. Hence delegations would be in a better position at the sixteenth session of the Council than they were at present to decide whether or not there was any need for further expert studies in that field. The Swedish delegation therefore welcomed the amendment proposed by France and the United States of America (E/L.502).

36. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that the delegation of the USSR felt great sympathy for the strivings of the less developed countries to develop their resources and industry. Before the October Revolution some of the territories of the Soviet Union had been inhabited by people with under-developed economies. During the post-revolutionary years, and particularly following the five-year plans, the national Soviet Republics of the East had made great progress, notably in the development of their industries. He had already dealt with that subject in his statement on the world economic situation, and would not revert to it but merely wished to stress that the problem was a familiar one to the people of the Soviet Union. It was a fundamental policy of the USSR to raise the less developed areas to the level of other parts of the country, and for that reason the growth of industry in those areas had been more rapid than in the Union as a whole.

37. The problem was primarily a national one; every country would have to develop its own resources and national industry. Although no objections were openly voiced to the speeding up of industry in less developed areas, there were forces in the world which were hostile to the economic development of those areas and would in practice make every endeavour to obstruct it. Even the period of colonization had been marked by high-sounding declarations that the aim was to spread civilization. The under-developed countries should realize those facts.

38. Referring to the agenda item under discussion concerning the economic development of the under-developed countries, he stated that during recent years many of those countries had achieved nominal political independence, but the colonial nature of their economies survived. A colonial economy meant that the under-developed countries were sources of raw materials for the highly industrialized capitalistic countries and markets for manufactured goods from those countries. As a result they were extremely dependent on fluctuations in the world market, as was pointed out in the report. In the economies of many under-developed countries a dominating position was held by foreign concerns. He fully realized the importance of foreign capital for the development of those countries, but a national economy could not be developed in those circumstances. Foreign concerns obviously had only one purpose — to reap profits; the national interests of the countries in which they operated were a matter of indifference to them. The basic task was to consolidate the economic independence of those countries. That would not mean the isolation of their economic life from

world economic trends and relationships, but merely that they should develop their economies on sound foundations in their own national interests. An economy built on such foundations would in the long run be a favourable influence on the world as a whole.

39. The representatives of the under-developed countries seemed to lay insufficient stress upon their own domestic opportunities and potentialities. The governments of those countries must plan a rational exploitation of their resources and a rational organization of their national trade, and must take measures against unfair trade practices. The conditions for fair and healthy foreign trade must be created.

40. There could be no objection to the utilization of foreign capital provided the interests of a country's industry were not subordinated to those of foreign investors. But it was impossible even to imagine development of a country's national economy that was under domination of foreign capital. According to United States sources profits reaped on American capital invested abroad for the last six years had exceeded \$8 thousand million, while the American capital invested abroad for the same period had been only about \$6 thousand million. Evidently, therefore, national resources which could be used for economic development of the under-developed countries were available.

41. Even such attempts to solve the problem as that embodied in the draft resolution (E/L.500), though they did not go far, were worthy of support. He had a few criticisms to make in connexion with the drafting. He suggested deleting the words "with satisfaction" in paragraph 1, for which he saw no justification, and the words "to convene a group of not more than eight experts" in paragraph 2, which would then read: "Requests the Secretary-General to prepare report..." If those changes were made the draft resolution would be acceptable to his delegation. Those were, however, mere suggestions and not formal proposals.

42. Referring to the remarks made during the debate by the representative of the International Chamber of Commerce (694th meeting) and to the statement submitted by the National Association of Manufacturers (E/C.2/347), he said that they were unworthy of serious consideration. The General Assembly had adopted resolution 626 (VII) concerning the right to

exploit freely natural wealth and resources and the discussion of the subject could not be re-opened. He had already pointed out that there were powerful forces in the world which were opposed to the development of the economies of the under-developed countries, and the statements of those two influential organizations had confirmed his apprehensions.

43. In reply to the representative of Egypt, who had referred to the problem of the co-existence of two systems—that of the under-developed and that of the developed countries—he said that no such problem existed. There were not two different systems but merely different degrees of development within one system, and the problem was how the under-developed countries could progress rapidly and overtake the more highly developed ones.

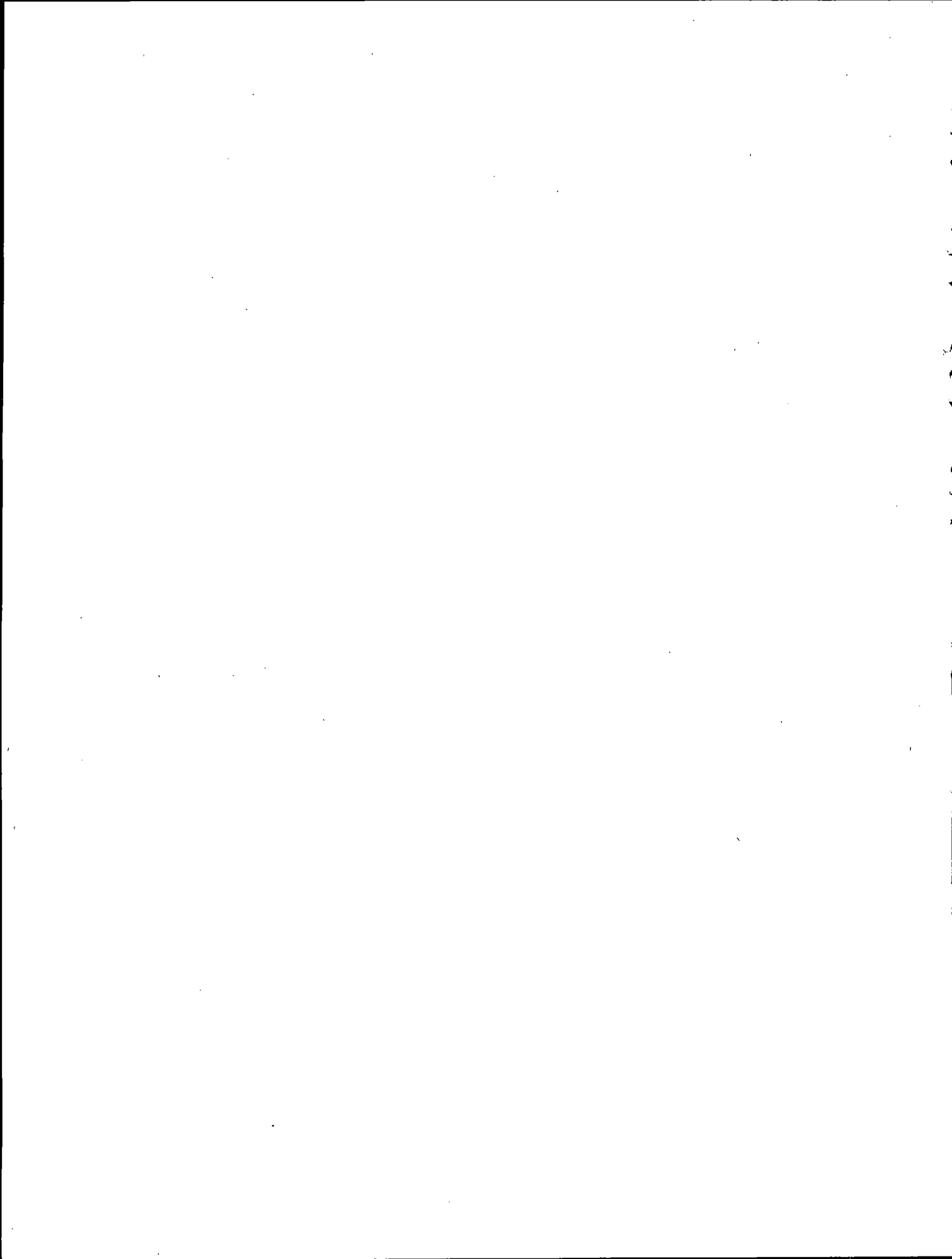
44. Mr. STIBRAVY (United States of America) said that at the previous meeting his delegation had suggested that instead of convening a group of experts, a more useful purpose would be served by requesting the specialized agencies, the regional economic commissions and certain functional commissions to give special attention to Council resolution 451 (XIV) annex, paragraph 10, section B. France and the United States had embodied the suggestion in their amendment (E/L.502) to the joint draft (E/L.500).

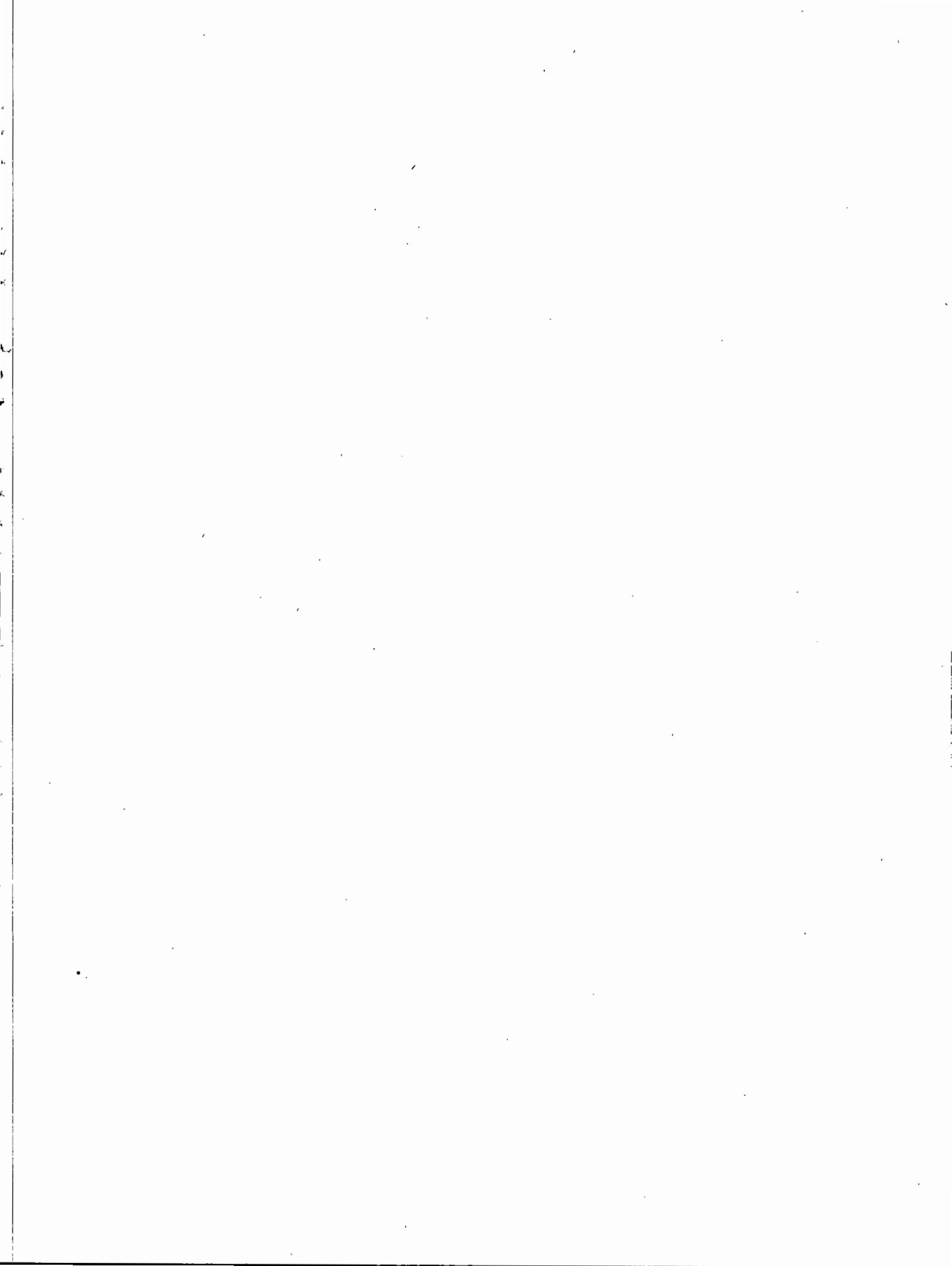
45. The intention was not to substitute work by United Nations organs or the specialized agencies for national programmes, the importance of which had been repeatedly stressed during the debate. The United Nations and the various agencies could carry their studies only to a certain point, after which, as the United Kingdom representative had indicated, the countries themselves would wish to make their own decisions and plan their own programmes. The United States had joined with France in sponsoring the amendment with a view to preparing the way for that task.

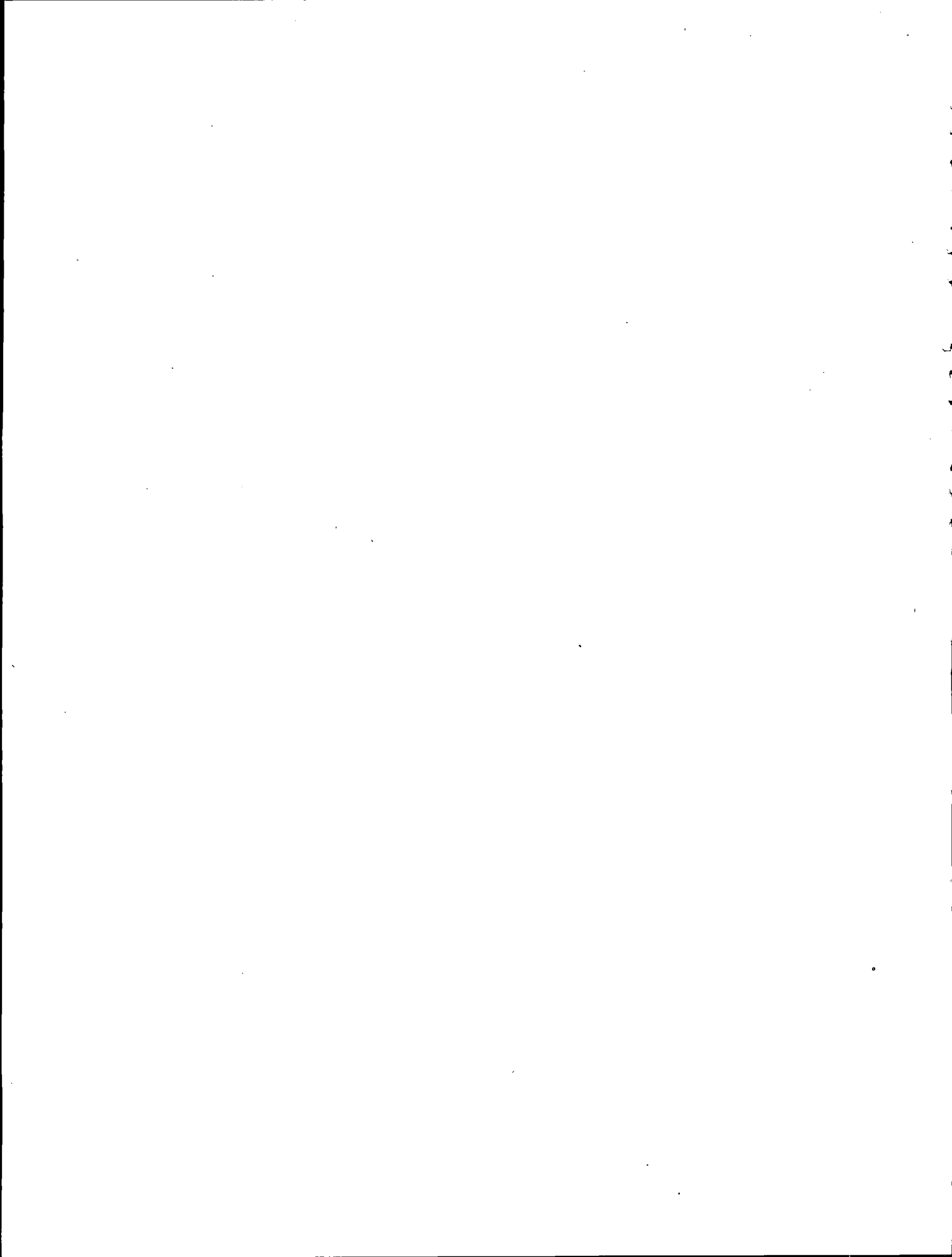
46. Mr. MORALES (Argentina) proposed the adjournment of the meeting, in order to give delegations time to study the joint draft resolution and the proposed amendments. He reserved the right to speak again on the matter later, if necessary.

The proposal for adjournment was adopted unanimously.

The meeting rose at 5.10 p.m.









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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile.

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, World Health Organization.

Economic development of under-developed countries: integrated economic development (E/2384, E/L.500, E/L.502 and E/L.503) (concluded)

[Agenda item 4]

1. Mr. JUNG (India) explained that in revising their original text and proposing the amendment contained in document E/L.503, the sponsors of the joint draft resolution (E/L.500) had acted in a true spirit of compromise and had endeavoured to take into account all the criticisms and suggestions made during the discussion.

2. The Indian delegation had been surprised, however, to note that a number of representatives questioned the utility of the proposed studies or expressed reservations concerning the desirability of industrialization. General Assembly resolution 521 (VI) and Economic and Social Council resolution 416 F (XIV) were nevertheless quite explicit on the subject and there appeared to be no justification for re-opening discussion on the substance of the question. The Council was at present concerned only with putting those earlier decisions into effect.

3. The sponsors of the joint draft resolution were prepared to discuss any proposal concerning the methods to be used. In view of the complexity and the many individual aspects of the problem, they thought it would be well to consult experts. The proposed new wording gave the Secretary-General greater discretion than had the original text: under the revised draft resolution, the Secretary-General could if necessary consult one or more experts or, as the

Australian representative had suggested, (696th meeting), an existing committee or group of experts. It would be left to him to select the appropriate method in each case and, if additional expenditure appeared necessary, to deal with the matter in the usual way.

4. The diffidence displayed by several delegations was probably prompted by concern over the financial implications of the proposal. That attitude seemed over-cautious, since the expenditure involved was very small considering the importance of the task. The Secretary-General would do the best he could in the circumstances and would bear in mind the need to avoid unnecessary expenditure.

5. The sponsors of the joint draft resolution had added three new paragraphs, paragraphs 4, 5 and 6, to the operative part; the first two were in line with a suggestion made by the French delegation and the third met the misgivings expressed by a number of representatives with regard to development corporations.

6. The Indian delegation wished also to point out that it intended the words "rapid industrialization" to be given a broad definition: the proposed practical programmes should deal not only with large-scale and middle-scale industry, but also with small-scale and cottage industry.

7. Mr. STIBRAVY (United States of America) agreed that the studies with regard to integrated economic development must be continued. The important thing was to select the methods which would give the best possible results.

8. The United States delegation approved of paragraphs 4, 5 and 6 of the operative part of the draft resolution (E/L.503), since the recommendations they contained were explicit and related to particular aspects of the problem. Paragraphs 2 and 3, however, still seemed too vague. They merely re-stated the earlier general requests for studies by the Secretariat and added nothing new or positive. They might lead to disappointments similar to those caused by the first working paper prepared by the Secretary-General under resolution 416 F (XIV). It would be better, therefore, to replace the two paragraphs in question by the single paragraph given in the amendment submitted jointly by France and the United States (E/L.502).

9. Mr. STANOVNIK (Yugoslavia) challenged the United States representative's assertion that paragraphs 2 and 3 of the operative part of the revised draft resolution added nothing new. In actual fact, they dealt with a new aspect of the problem by emphasizing industrialization as a special factor in integrated economic development. Moreover, the explicit request to the Secretary-General to take into account the discussions at the fifteenth session of the Council was equivalent to telling him that the studies devoted to other specific problems were not sufficient and that after dealing with the transition from subsistence to

exchange he should take up a new and important problem, the problem of industrialization.

10. The revised text of the draft resolution took into account the French delegation's excellent suggestion concerning the earlier studies made on the question. What was asked for was a study of unquestionable importance for the future of the under-developed countries and his delegation hoped that the Council would be able to reach agreement and adopt the proposed resolution.

11. Mr. ARMENGAUD (France) wished to clarify his delegation's position. As he had already said, it was unlikely that new studies of a general nature would improve the substance of the Secretary-General's working paper. The amendment jointly submitted by France and the United States was designed to limit the task for the more effective use of the available means. It provided, moreover, for active participation by the subsidiary bodies of the United Nations and by the specialized agencies, which had already collected some useful information. The sponsors of the joint draft resolution had accepted the French suggestion of a bibliography of existing books and documents. Although there was no objection to paragraphs 4 and 5 of the operative part of the revised draft resolution, or to paragraph 6, paragraphs 2 and 3 seemed to be less satisfactory. The purpose of the United States and French amendment was to avoid an unnecessary repetition of studies and to concentrate all the efforts of the United Nations on achieving concrete results in the economic development of under-developed countries.

12. Mr. MORALES (Argentina) pointed out that the sponsors of the joint draft resolution had agreed to amend it so as to meet the criticisms made by members of the Council. Some of the objections raised during the discussion seemed likely, however, to throw the whole question open again. He would reply to those objections before dealing with the new draft resolution. He would like to point out, however, that the changes made in the original text were extensive and that the term "amendment" seemed inadequate: the document really constituted a revised version of the draft resolution.

13. It had been said that the United Nations should not concern itself with rapid industrialization programmes and that such a policy could not be imposed on governments. The intention of the sponsors of the draft resolution appeared to have been misunderstood: they had never meant to maintain that the United Nations should dictate to States what action they should take in the matter and should decide the lines on which economic development should proceed in the territories concerned. The action proposed was, on a more general plane, precisely what the specialized agencies were doing in their respective spheres. No one would think of accusing FAO, for example, of being excessively dictatorial and of interfering in the domestic affairs of States.

14. The problems at issue concerned the international community and world economic equilibrium depended on how they were solved; moreover, the effect of the general economic situation on the development of the under-developed countries was well known. It seemed proper, therefore, to study those problems at the international level, since it would certainly be to the benefit of the States concerned to receive the

co-operation of the other countries. The proposed studies appeared justified and useful.

15. The Egyptian representative had emphasized (696th meeting) the complexity of the problem of development, with its many different aspects. While that was perhaps a difficulty, it was not an insurmountable obstacle nor was it any reason for discouragement. Each aspect could be dealt with systematically in turn and the United Nations had the necessary experience for that task.

16. He agreed with the Australian representative that the conditions peculiar to each country should be taken into account. Disregard for the economic interests of a given territory had in the past led to paradoxical and dangerous situations. The international community must see to it that such cases did not recur. Co-operation was essential; it was the duty of the industrialized countries to help the others to develop, even at the cost of small sacrifices which would be more than offset by the general economic improvement. The time had come to take effective action to that end.

17. From that point of view, the amendment submitted by the United States and France seemed undesirable. Its adoption by the Council would delay achievement of the necessary results and in the final analysis endanger the programme itself. The problem required full and systematic study so that the Council would be able to submit precise and positive recommendations to the countries concerned.

18. The Argentine delegation considered that the draft resolution contained in document E/L.503 was the only proposal that met the present needs. It therefore called on all members of the Council to support it. The question of industrialization had merely been touched upon in the Secretary-General's working paper; that was why the sponsors of the draft resolution called for fresh studies. The representative of the Secretary-General had spoken of the paucity of the material available; the sponsors of the draft resolution therefore proposed that experts should be consulted.

19. With regard to the USSR representative's observations (696th meeting), the Argentine delegation was prepared to delete the words "with satisfaction" from paragraph 1 of the operative part. It considered that the new wording of the resolution met the USSR delegation's objections concerning the consultation of experts.

20. In conclusion, he again stressed the importance of the problem of industrialization. The General Assembly had recognized that importance and it was not for the Council to revoke the General Assembly's decision. All the Council was called upon to do was to determine the best methods to employ: that was the precise purpose of the seven-Power draft resolution.

21. Mr. SAKSIN (Union of Soviet Socialist Republics) stressed the importance his delegation attached to the question of the economic development of under-developed countries, which was the subject of the draft resolution under consideration. The USSR delegation had supported the first proposal which the Argentine delegation had submitted on the question, at the fourteenth session of the Council.

22. Summing up the discussion, he noted that the draft resolution contained in document E/L.503, submitted to the Council by the authors of the original draft (E/L.500), was a new version, rather than an amended text, of the original draft resolution. He thanked the Argentine representative for accepting

the USSR delegation's proposal for the deletion of the words "with satisfaction" from paragraph 1 of the operative part. That amendment was justified by the fact that several speakers had expressed the view that the study prepared by the Secretariat was inadequate. The procedure proposed in paragraph 3 of the operative part of the new draft resolution took into account the second USSR suggestion, concerning the establishment of a group of experts. That being so, he was prepared to accept the joint draft resolution (E/L.503).

23. He joined the Argentine representative in urging the representatives of France and the United States not to press their joint amendment (E/L.502), so that the Council might be able to adopt the joint draft resolution unanimously. On a question as important as that of the industrialization of the under-developed countries, it was essential that the Council should give an unequivocal decision.

24. Mr. BERMUDEZ (Uruguay) supported the remarks of the Argentine representative. The Uruguayan delegation considered that the adoption of the joint amendment would make for a dissipation of effort while what was needed was to expedite action. The Secretary-General's representative had mentioned at the previous meeting that one of the chief difficulties lay in the absence of precise instructions. Paragraph 2 of the new draft gave the Secretary-General a specific task and requested him to take into account the discussion at the fifteenth session of the Council. Although the bibliography called for in the fourth operative paragraph, far from preventing any further study that the Secretary-General might deem useful, would be extremely valuable, it should not be forgotten that the problem was to find a way to help under-developed countries draw up programmes for their rapid industrialization; the solution of such an urgent problem should not be hampered by a slow search for documents and books.

25. The Uruguayan delegation would vote in favour of the new draft resolution and for the sake of unanimous agreement, it associated itself with the representatives that had asked the delegations of France and the United States to reconsider their attitude regarding their joint amendment.

26. Mr. TANGE (Australia) recalled certain doubts that he had expressed at the previous meeting regarding the original draft resolution (E/L.500). After hearing the explanations that had been given, he was glad to be able to support the new draft which took into account the Australian delegation's apprehensions.

27. While there were still differences between his delegation's view and that of certain other representatives and although, in his opinion, no international study could take the place of the efforts of the governments themselves, he nevertheless considered that the studies which the Council was to ask the Secretary-General to prepare would be a useful contribution to the solution of the problem.

28. It would be difficult for the Australian delegation to support the joint amendment of France and the United States, for it felt that the provisions it contained were not in complete conformity with earlier decisions of United Nations bodies.

29. In adopting the new draft, the Council would be entrusting a complex task to the Secretary-General, for he would be responsible for establishing the order of priority. The Australian delegation had no doubt

that the Secretary-General would consult the specialized agencies, which would not hesitate to give him the benefit of their experience.

30. Mr. MENDEZ (Philippines) felt that the chief virtue of the text on which the Council was to decide was that it placed the problem in its proper perspective. In his opinion, the idea underlying the joint amendment was expressed adequately in paragraph 2 to the operative part of the new draft. Besides, the Secretary-General was expressly requested to take into account the discussion at the fifteenth session of the Council, and the opinion expressed by France and the United States would appear in the record. The solution provided in the new draft (E/L.503) was clearly preferable, since the text of the joint amendment lacked the force necessary for rapid action.

31. The Philippine delegation hoped that the French and United States representatives would associate themselves with the other members of the Council who favoured the adoption of the new draft resolution.

32. The PRESIDENT asked the sponsors of the joint amendment whether they were willing, for the sake of a unanimous decision, to withdraw their text.

33. Mr. STIBRAVY (United States of America) wished first to reply to certain remarks. He did not consider that the effect of the amendment proposed by France and the United States would be to steer the work into a direction that would not be conducive to the achievement of rapid results. No one would deny that a systematic study of the problem was required. The specific purpose of operative paragraphs 4 and 5 of the new draft was to provide suitable methods for the satisfactory completion of the programme of studies requested in resolution 521 (VI).

34. The United States delegation felt that the Council would be in a better position to develop a programme of work in that field when it had received all the information requested in paragraphs 4 and 5. It had therefore considered that, for the moment, it was not advisable to ask the Secretary-General to prepare a new study. The most important thing was to organize the work in such a way as to obtain the most useful results; the studies of the specialized agencies should therefore serve as the starting point of a programme on which the Secretary-General would base his future action. In short, there should be an offensive on two fronts, certain activities being carried out simultaneously. Perhaps the Secretary-General could be asked to prepare the bibliographies requested in paragraph 4 before the sixteenth session of the Council.

35. The United States delegation maintained the amendment that it had submitted jointly with the French delegation and considered that it should be the subject of a vote by the Council.

36. Mr. ARMENGAUD (France) had the impression that the sole point of disagreement was a question of method. In his opinion, the Council had to choose between the wording of the new draft resolution and that of the joint amendment.

37. Whatever the Council chose, the French delegation would vote for the text as a whole, since there was really no difference of substance.

38. Mr. STERNER (Sweden) thought that there was unanimous agreement regarding the importance to be given to the industrialization of the under-developed countries. The sole point of disagreement was the method to be used.

39. The Swedish delegation questioned whether it would serve any useful purpose for the Council which had just received document E/2384, to ask the Secretary-General to prepare a new study, without giving him specific instructions. The Council would no doubt be better able at its sixteenth session to take a more definite decision.

40. In the circumstances, the Swedish delegation was inclined to support the joint amendment whereby the Council would invite its subsidiary bodies, rather than the Secretary-General himself, to undertake preliminary studies.

41. In any case he would vote for the new draft resolution even if the Council did not adopt the joint amendment.

42. The PRESIDENT put to the vote the joint amendment of France and the United States (E/L.502).

The amendment was rejected by 11 votes to 5, with 2 abstentions.

43. The PRESIDENT put to the vote the draft resolution contained in document E/L.503.

The draft resolution was adopted unanimously.

44. Mr. MORALES (Argentina) expressed his satisfaction that the Council had reached agreement on such an important question. He wished particularly to thank the French and United States representatives for having made a unanimous vote possible.

45. Mr. HSIA (China), explaining his vote, said that the joint amendment had undoubtedly had certain interesting aspects, for there was no denying the need for more detailed supplementary studies. He had voted for the new draft resolution because the Chinese delegation shared the views of the Swedish delegation.

46. Mr. KOTSCHNIG (United States of America) hoped that the vote would demonstrate to all his country's interest in the question of the rapid industrialization of under-developed countries. The United States was prepared to assist in every way possible in the studies that the United Nations and the specialized agencies would undertake. His delegation had maintained the joint amendment because it had felt that the method which it recommended might be more effective. He hoped that the solution adopted by the Council would prove to be satisfactory.

47. Mr. DE SEYNES (France) felt that there was little to be added to the remarks of the United States representative. The differences that had existed had apparently been unduly magnified. If the French delegation had thought that there were any fundamental objections, it would certainly not have maintained the amendment. It was the first to rejoice at the unanimous vote.

48. Mr. STANOVNIK (Yugoslavia) was glad that the Council had been able to reach agreement on a question of such great concern to his delegation. Stressing the meaning and implication of the vote, he expressed the hope that the same harmony of views would prevail on other aspects of the question of economic development. He assured the Secretariat that the Yugoslav delegation would always be willing to help it in carrying out its task.

World economic situation (E/L.497 and E/L.499) (continued)

[Agenda item 3]

49. The PRESIDENT recalled that the Council had

before it two draft resolutions, one submitted by Uruguay (E/L.497) and the other by Argentina, Uruguay and Venezuela (E/L.499). He proposed that the Uruguayan draft should be considered first. At an earlier meeting, the Australian delegation had drawn attention (694th meeting) to the complexity of the problem and had suggested that it should be referred to the Secretariat for study; the Uruguayan delegation had, however, urged the Council to take a decision immediately on its draft resolution.

50. Mr. CHRISTELOW (United Kingdom) well understood the motives that had prompted the Uruguayan delegation to submit its draft resolution but he was not sure that he understood its exact significance. The recommendation which would be addressed to governments was far from clear and might be interpreted in various ways, as the Australian representative had already pointed out.

51. The proposed recommendation might be regarded as an attempt to legislate in a field that was essentially within the national competence of States and for a hypothetical situation which had no doubt occurred in the past but which, it was to be hoped, would not occur again. Moreover, the practice of fixing a ceiling price for primary commodities had never been widespread and it would be most unwise to contemplate such a possibility in the present circumstances.

52. From the practical point of view, to fix the ceiling price of a primary commodity f.o.b. port of shipment would mean that a country buying the same product in different regions of the world would receive that commodity in its ports at different prices. As a number of primary commodities were involved in the manufacture of a finished article, it would be extremely difficult, if not impossible, from the administrative point of view, to fix the ceiling price of the finished products.

53. In view of that consideration and of the fact that it was clearly undesirable to impose upon Member States a rigid formula for which they would have to make allowance in their domestic regulations, the United Kingdom delegation would be unable to vote for the Uruguayan draft resolution. It would have no objection, however, to the Secretary-General's submitting the question, together with the explanations furnished by the Uruguayan delegation, to the group of experts set up in pursuance of resolution 623 (VII) of the General Assembly.

54. Mr. BERMUDEZ (Uruguay) felt that he should explain the meaning of his delegation's draft resolution, since it had apparently given rise to misunderstanding. The proposed recommendation was not to cover an existing situation; its sole purpose was to provide for a hypothetical situation which might arise without warning. The adoption of the Uruguayan draft would draw the attention of governments forthwith to the fact that they should consider the repercussions that their price ceiling policies might have on countries exporting primary commodities. In the absence of such a recommendation, it would be necessary, when the situation arose, to resort to consultations and take more or less improvised decisions which might be to the detriment of all concerned; it should not be forgotten that prevention was better than cure.

55. Without repeating the arguments that his delegation had advanced at an earlier meeting, he wished to point out once more that if the ceiling price was not the price f.o.b. port of shipment, the countries

exporting primary commodities had to bear the increases in freight and insurance rates, as was also the case when they imported manufactured products the ceiling price of which was f.o.b. port of departure.

56. It was understandable that industrial countries should wish to fix ceiling prices for primary commodities as well as for manufactured products, in order to ensure price stability and equilibrium; but they should not forget that the primary producing countries were equally anxious to ensure price stability, which was impossible if they had to absorb increases in freight and insurance rates, particularly since shipping companies and insurance companies rarely had their headquarters in those countries.

57. Mr. BORIS (France) concluded from the Uruguayan representative's explanations that his proposal was basically designed to cover a hypothetical situation which it was to be hoped would never arise. The French delegation, which regarded Uruguay with the greatest cordiality and admiration, had been favourably predisposed on learning that the Uruguayan delegation was presenting two draft resolutions, one of which was at present under discussion. Upon reading the draft resolution in question it had been somewhat perplexed, but it now understood that Uruguay was referring to practices from which it had suffered. It was a complex question on which governments, including the French Government, could hardly take a decision without thorough study; it was regrettable that the Uruguayan delegation had pressed for an immediate consideration of its proposal.

58. The Uruguayan representative's explanations had at the same time reassured and surprised him: reassured him, because the danger was not immediate and there was no situation that required urgent attention; and surprised him, because the contingency anticipated was that of war, whereas a peace campaign was the order of the day. That gave rise to a paradoxical situation: he wondered whether the various representatives on returning to their respective capitals could in all conscience report that the consideration of the world economic situation—a question of paramount importance at the present time—had ended with the adoption of a resolution anticipating war?

59. If the Uruguayan delegation considered that the question was urgent, it could of course ask it to be dealt with under another item of the agenda. He himself, however, did not consider it appropriate, at the conclusion of the consideration of the world economic situation, to adopt a resolution on a specific question of limited scope. If the draft resolution was not withdrawn, the French delegation would to its great regret be obliged to vote against it; it therefore hoped that the Uruguayan delegation would consider the possibility of withdrawing it and presenting it again in more opportune circumstances.

60. Mr. BERMUDEZ (Uruguay) explained that his delegation's proposal by no means anticipated war but

was merely designed to cover any exceptional situation that might cause governments to fix a ceiling price on commodities traded in the international markets. The question was of paramount importance to all the countries exporting primary commodities, which were doing everything possible to attain or maintain a satisfactory standard of living.

61. The text of the draft resolution could no doubt be improved; the Uruguayan delegation would be glad to accept any practical suggestion that would render its proposal more flexible or precise but it could not consider withdrawing it.

62. Mr. KOTSCHNIG (United States of America) thought that the draft resolution raised a very complex and delicate problem; his delegation had studied it with sympathy, for it fully understood the reasons that had led Uruguay to submit it. The difficulties to which the United Kingdom and French representatives had referred could not, however, be overlooked.

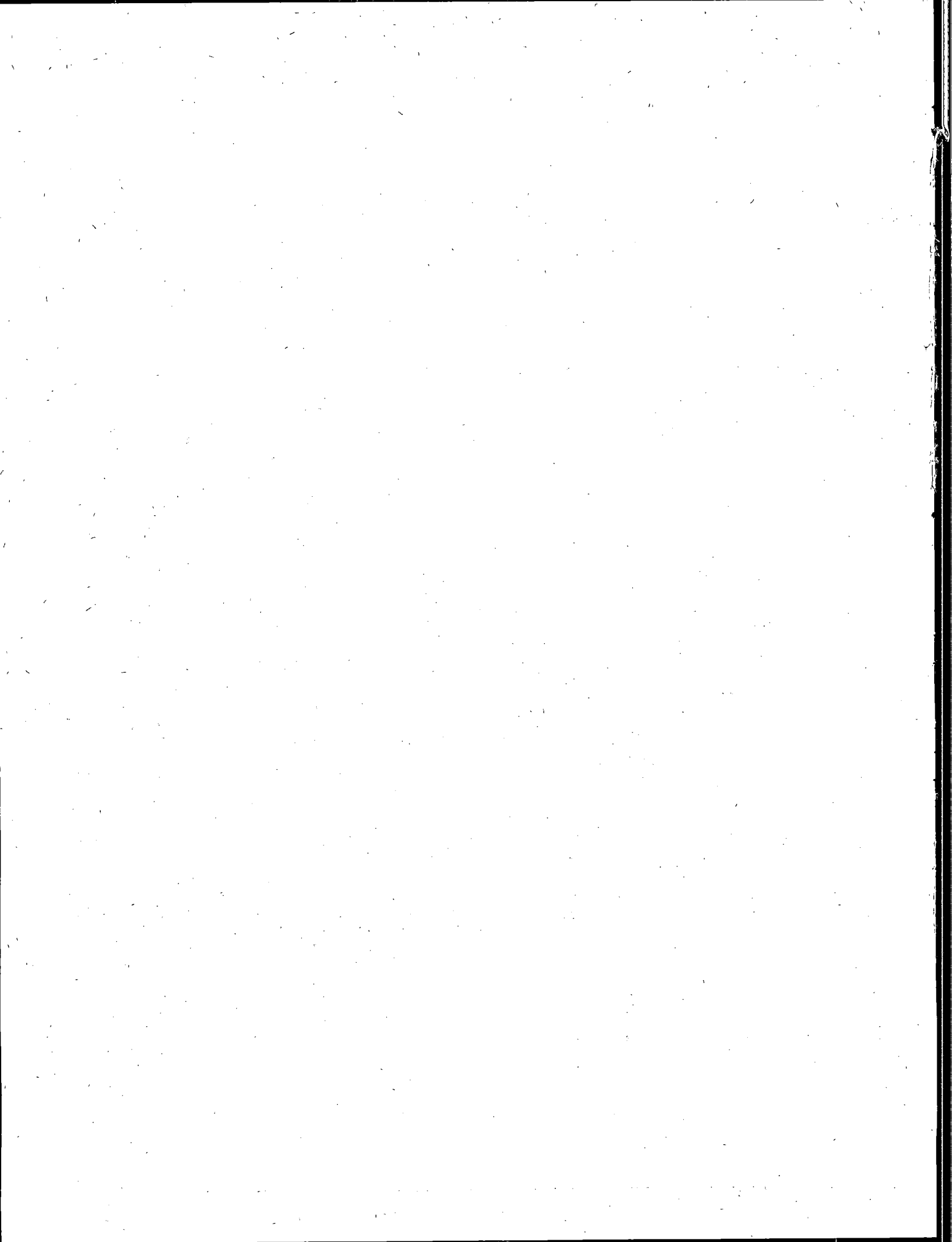
63. In the first place, it was not a good time for the adoption of such a resolution. The world had just come out victorious from an arduous struggle against inflationary tendencies; the United States Government had recently abolished price controls and it sincerely hoped that it would never be compelled to restore it. The whole world was making praiseworthy efforts to ensure that the hypothetical situation in question would never arise.

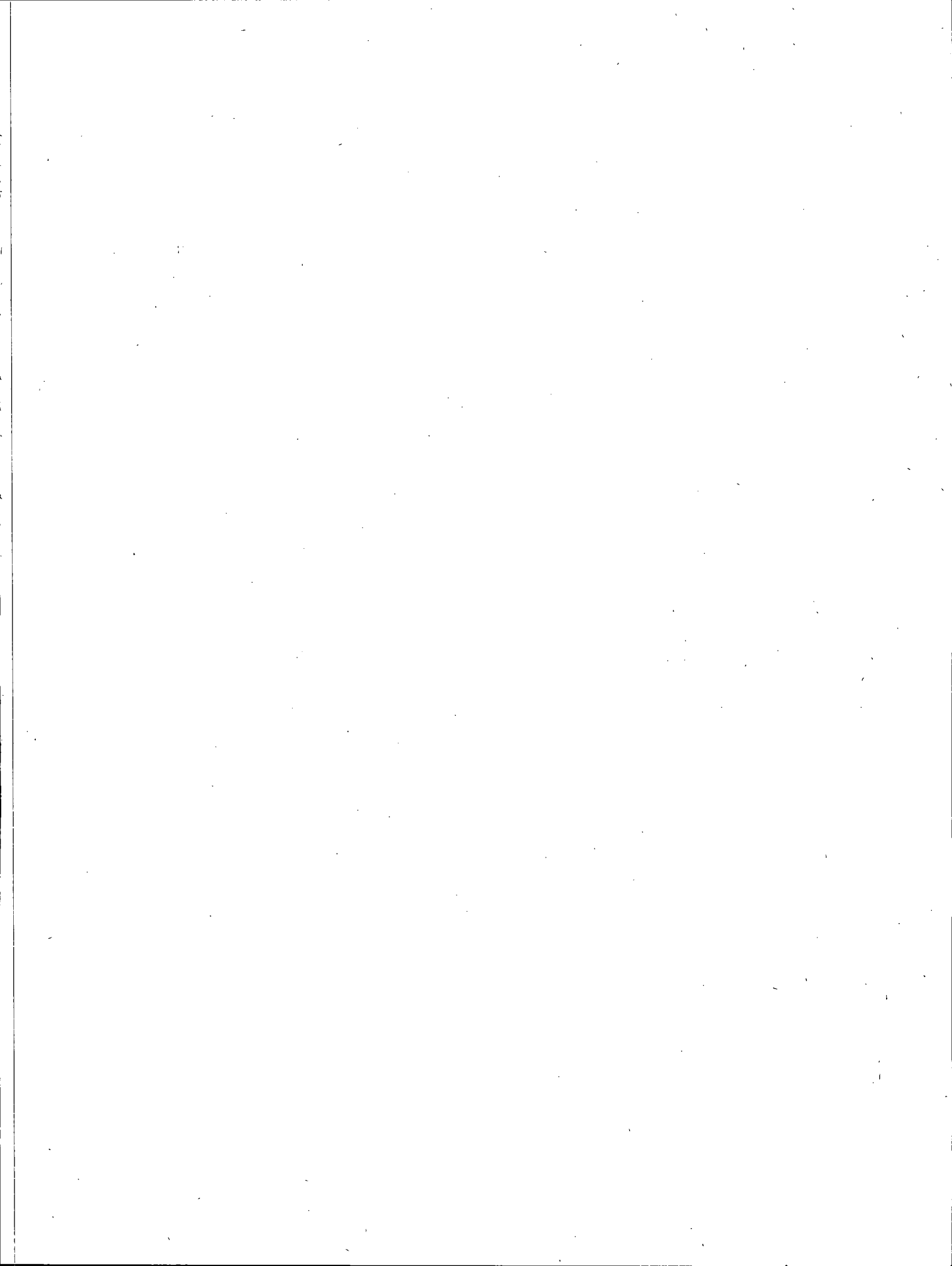
64. In the second place, when the United States of America and other States had imposed price controls, they had done so not only to combat domestic inflation, but also to protect the economy of their allies and, in general, of all countries with which they maintained trade relations.

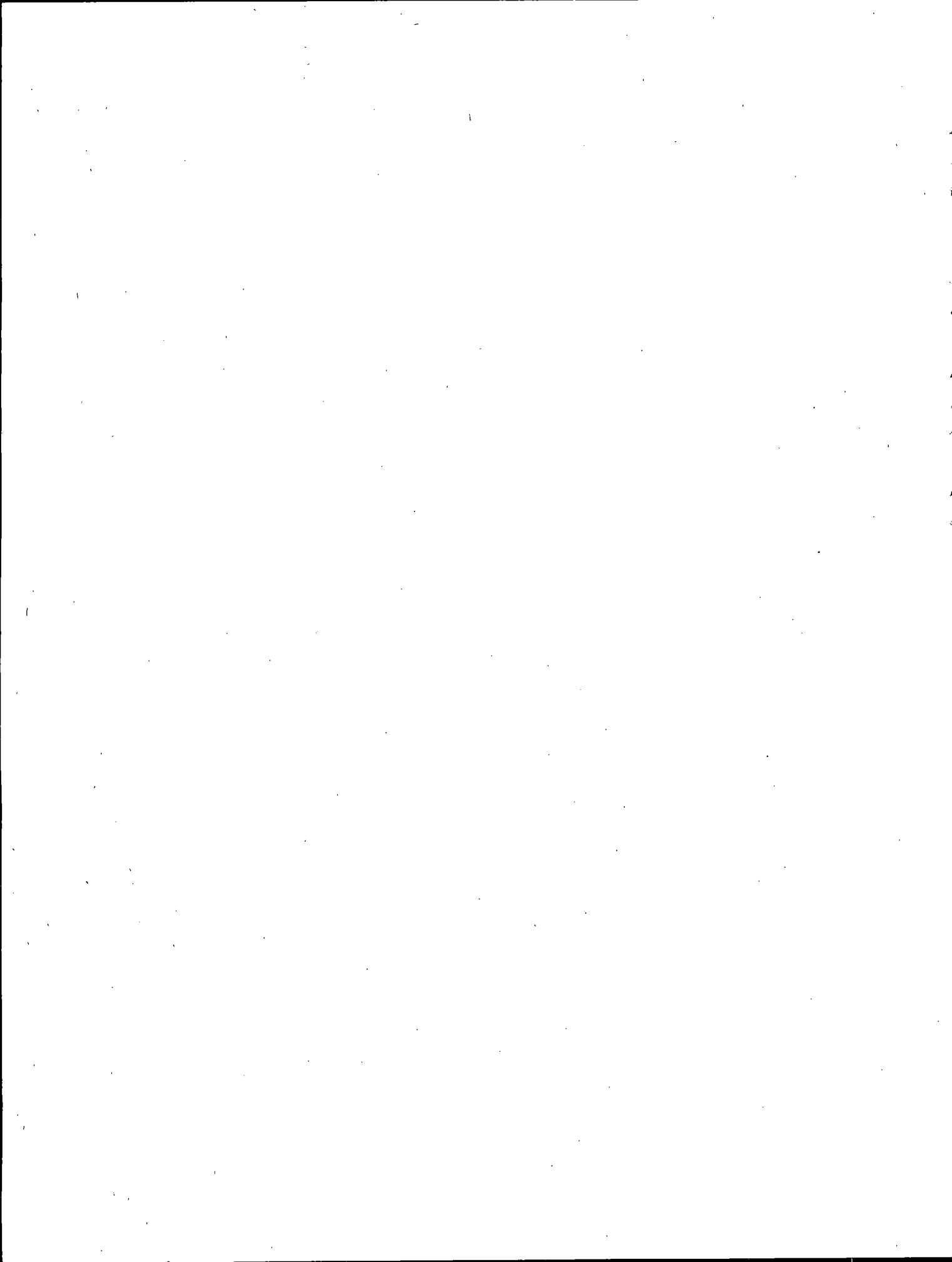
65. He drew the Council's attention to the practical difficulty mentioned by the United Kingdom representative: to fix ceilings for primary commodities based on prices f.o.b. port of shipment would make it impossible to fix ceiling prices for articles manufactured from those commodities; thus price control would be a complete illusion. In that connexion, it should not be forgotten that the United States had as a general rule consulted the countries concerned before fixing ceiling prices; it would obviously do likewise if it had to adopt such controls again. That statement was confirmed by resolution number 17 adopted by the Organization of American States in April 1950.

66. The United States delegation would therefore be unable to vote in favour of the Uruguayan draft resolution, because of the technical and administrative difficulties that its adoption would inevitably entail. He associated himself with the United Kingdom representative in suggesting that if Uruguay so desired, the question should be referred to the group of experts set up in pursuance of General Assembly resolution 623 (VII).

The meeting rose at 1 p.m.









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President : Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile, Syria.

The representative of the following specialized agency: International Labour Organisation.

In the absence of the President, the First Vice-President, Mr. Rodolfo Muñoz (Argentina), took the Chair.

**World economic situation (E/L.497, E/L.499)
(concluded)**

[Agenda item 3]

1. Mr. TANGE (Australia) said that the issues raised in the Uruguayan draft resolution (E/L.497) were of considerable interest to Australia as affecting the prices of raw materials sold overseas. Nevertheless he was unable to take a definite position with regard to the draft resolution; first because, although he had communicated it to his Government, there had not been time for a thorough study, and secondly because he still considered the drafting left something to be desired. A number of other delegations were apparently in the same position. On the other hand he did not wish the subject to be dropped from the agenda, as would occur if the resolution were voted on and rejected.

2. He would not submit a draft resolution but proposed that the Council should decide to request the Secretary-General to refer to the Group of Experts established under paragraph 6 of General Assembly resolution 623 (VII) the draft resolution (E/L.497) submitted by the delegation of Uruguay, together with the records of the discussion in the Economic and Social Council.

3. He hoped that the representative of Uruguay would be willing to agree to that suggestion.

4. Mr. JUNG (India) wondered whether it was the Australian representative's intention to fix a time-limit within which the group of experts should report on the matter to the Economic and Social Council.

5. Mr. TANGE (Australia) explained that he had deliberately refrained from proposing a time-limit because he had thought that was in accordance with the wishes of the majority of the members of the Council. In his view, the Council should not attempt to fix any order of priority for the group's work.

6. Mr. JUNG (India) emphasized that his chief concern was that the question should be considered by the Committee of Experts within the context of its general terms of reference and not in isolation.

7. Mr. BERMUDEZ (Uruguay) agreed to the Australian proposal and accordingly withdrew his draft resolution.

The Australian proposal was adopted.

8. With regard to the draft resolution submitted by Argentina, Uruguay and Venezuela (E/L.499), Mr. MENDEZ (Philippines) emphasized that the great disparity between prices of primary commodities and those of finished goods was sometimes increased by fluctuations of freight charges and insurance rates to the disadvantage of the under-developed countries. Even at the height of the boom period in the sale and prices of raw materials, the favourable balances in the terms of external trade accruing to the primary producing countries had been largely cancelled not only by rises in prices of manufactured goods, but by sharp increases in freight charges and insurance rates. In an effort to rectify that situation, the ECAFE Second Regional Trade Promotion Conference recently held in Manila had recommended reduction of freight rates with a view to bringing prices of raw materials into line with prices of imported manufactured goods. The Philippine delegation felt that the data called for by the joint draft resolution would constitute a further step towards such equalization, and would support it.

9. Mr. STERNER (Sweden) favoured the collection of more data of the nature suggested in the draft resolution, but would welcome information from the Secretariat regarding the feasibility of obtaining it, and the degree to which it could be expected to be accurate and reliable. While such information might be useful, the Secretariat might be embarrassed by its inability to obtain it in as complete and accurate a form as it would like. Moreover, as certain types of statistical data become less relevant after a given time, it was not necessarily advisable to instruct the Secretary-General to continue to furnish it regardless of its pertinence.

10. Mr. BLOUGH (Secretariat) recalled that the problem of maritime shipping, including freight rates, affecting the Latin-American countries had been raised during the 1948 ECLA session. ECLA had asked the Council to refer it to the Transport and Communications Commission for study. The Council had done so at its seventh session. The Commission had found that it lacked sufficient information for any useful consideration of the problem and had recommended that the Council should inquire of the Latin-American governments what were their precise views on it. The Council had endorsed that recommendation at its ninth session and the Secretary-General had sent out the inquiry.

11. Only two Latin-American States had replied, and the Transport and Communications Commission

had decided, in the absence of the necessary information, that there was no purpose in any further consideration of the question. It had accordingly withdrawn it from agenda, and the Council, at its suggestion, had referred it back to ECLA. Thus, it was being dealt with by ECLA, in conjunction with the appropriate commission of the Organization of American States.

12. In order to comply with the request made in the joint draft resolution (E/L.499), the Secretariat would have to undertake a prolonged and complex inquiry, for it would be seeking information which was not regularly reported, and which could only be obtained from governments. The Secretary-General would have to be sure that he could secure the co-operation of governments, for he could in no case approach private companies in the countries concerned. At that stage, it was impossible to estimate the cost of such an inquiry if it were carried out either on an *ad hoc* basis or as part of the Secretariat's regular economic research activities.

13. Mr. STERNER (Sweden) thanked Mr. Blough for his explanation, and expressed doubt regarding the wisdom of adopting the draft resolution. Before taking the decision it recommended, the possibilities of obtaining the relevant data should be thoroughly explored.

14. Mr. BERMUDEZ (Uruguay) pointed out that the *World Economic Report 1951-52* gave figures on marine freight rates; those figures must have been based on some source. The report indicated steadily increasing marine freight rates on shipping of primary commodities, which were out of all proportion to the value of those commodities or to the volume of maritime shipping. Primary producers had paid huge sums to such importing countries as the United Kingdom, the United States, Sweden and Denmark to defray shipping costs.

15. While it was true that ECLA was studying the problem under the general heading of transport within the area, the data requested in the draft resolution was vital to a full understanding of the world economic situation and, in particular, of the effect of price relationships on terms of trade. The imbalance in terms of trade was aggravated by the fact that the huge sums paid for maritime freight by primary producing countries went to the industrialized countries. Unless that fundamental aspect of international trade was analysed more concretely, on the basis of more complete and reliable statistics, no world economic report could be considered complete. The report should make it possible to establish comparisons between annual figures showing the rise in freight rates and rises in prices of both primary commodities and manufactured goods.

16. Mr. BLOUGH (Secretariat) explained that the figures in the world economic report referred to by the representative of Uruguay were the result of balance of payments calculations and were more or less global figures. The draft resolution demanded an analysis of those figures and for that it would be necessary to know the actual contract price charged by the shippers. In order to obtain that information, the Secretariat would require the assistance of governments. Consequently, he could not make any definite

statement about the feasibility of the proposal until a preliminary investigation had been conducted to find out whether governments would be in a position to supply the necessary information.

17. Mr. MORALES (Argentina) said that he had been glad to join with the delegations of Uruguay and Venezuela in submitting the draft resolution because the problem it dealt with was exceedingly important. It was not confined to Latin America and should not be left entirely to ECLA; it was a matter of concern to all the countries producers of primary products. He appreciated the difficulties referred to by Mr. Blough but felt that the Secretariat should do everything in its power to obtain the required information. The work need not be completed all at once but an effort should be made gradually to assemble reliable data which would provide the basis for an objective study of the whole problem.

18. The PRESIDENT called for a vote on the joint draft resolution (E/L.499).

The draft resolution was adopted by 9 votes to none, with 9 abstentions.

19. Mr. DE SEYNES (France) asked what would be the exact effect of the text just adopted and whether the Secretariat would report back to the Council on the results of the preliminary investigation referred to by Mr. Blough.

20. The PRESIDENT emphasized that it was not for him to interpret the texts adopted by the Council. However, in the present case, he thought that the resolution was self-explanatory. It contained a request to the Secretary-General, which the latter would naturally do his best to fulfil, although, as one of the sponsors of the resolution had remarked, the Secretary-General obviously could not be expected to perform the impossible.

21. Mr. DE SEYNES (France) welcomed that statement and explained that he had merely wished to dispel any impression that the Council was setting the Secretariat an impossible task. In the circumstances, the Secretariat should not be blamed if it failed to comply fully with the request.

22. Mr. STANOVNIK (Yugoslavia) explained that he had abstained from voting not because he was opposed in principle to the resolution, but because Mr. Blough's statement had convinced him that the Secretariat was not at present in a position to take any effective action to carry out the request. In principle, his delegation always favoured further study of important problems but in the case at issue the resolution had seemed unrealistic. The main responsibility for collecting the data required lay with the governments concerned and the resolution should at least have contained an appeal to those governments to co-operate.

23. Mr. CRISTELOW (United Kingdom) said that, although he had abstained in the vote, he had no doubt about the Secretariat's ability to produce a figure. That could be done simply by dividing the total world freight payments by the total tonnage of freight shipped. However, the resulting figure would be quite meaningless since it would fail to take into account all the variations from country to country, from cargo to cargo and from contract to contract.

The meeting rose at 4.15 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries, Brazil, Chile, Czechoslovakia.

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

Annual report of the Economic Commission for Asia and the Far East (E/2374,¹ E/2398, E/2399, E/2400, E/L.504 and E/L.505)

[Agenda item 5]

1. Mr. CHA (China) spoke of the complexity and diversity of the activities of the Economic Commission for Asia and the Far East. The region included many under-developed countries whose economies, based mainly on primary production, had felt the repercussions of the events in Korea. The prospects did not seem to be very encouraging at present and the Commission's work therefore deserved more attention than ever from the Council.

2. The Chinese delegation noted with satisfaction that ECAFE was co-operating with TAA and the specialized agencies. That co-operation would undoubtedly prove fruitful and profitable for the countries in the region. The programme of work and the priorities set out in the Commission's annual report (E/2374)¹ provided some interesting information on the projects which were in process of execution. Where agriculture was concerned, studies and research were in progress with regard to the planning of agricultural development and agrarian reform. In that connexion, he pointed out that agrarian reform had been carried out in Formosa and that the ideal outlined by Sun Yat-Sen had become a reality on that island. With regard to flood control and water resources development, the Commission had realized that the two problems were closely connected; moreover, the questions of the development of arid land and the utilization of subterranean water resources fell into the same category. The Chinese delegation therefore favoured the suggestion that the Bureau of Flood Control should be renamed the

"Bureau of Flood Control and Water Resources Development".

3. It was glad to see among the priority projects studies (E/2374, part V) on industrial development planning and fields of economic development handicapped by lack of trained personnel. The dissemination of technical information on cottage and small scale industries and the promotion and co-ordination of research on the subject would be extremely useful to the countries of the region. The Commission was devoting special interest to the expansion of the iron and steel industry; the recommendations of a group of experts who had visited Japan would no doubt be most valuable in that connexion. Other projects related to inland transport, research and statistics, technical assistance and advisory services, and trade and finance. It was enough to say that the programme seemed to be extremely satisfactory and to express the hope that the ECAFE secretariat would persevere in its efforts in that direction, at the same time taking care to avoid incurring any additional expense for the United Nations.

4. ECAFE's work would become even more effective if certain associate members of the Commission were to be invited to become full members. China could see no reason for objecting to the admission of countries which agreed to pay an appropriate contribution, provided, of course, that their governments respected the principles of the Charter; on the other hand, it would oppose the admission of countries with régimes which flouted the Charter and the ideals of the United Nations.

5. With regard to the Commission's headquarters, the Chinese delegation saw no reason why it should be established elsewhere than at Bangkok. The Government of Thailand had shown great generosity to ECAFE. None of the reasons advanced so far seemed to justify a transfer. The cost of living had been mentioned, but it should be borne in mind that that was not a permanent factor. Nevertheless, there could be no objection to a further study of the question by the Secretary-General.

6. In conclusion, he commented on the *Economic Survey of Asia and the Far East, 1952*, (E/CN.11/362), published by the ECAFE secretariat, and quoted some passages which showed that the information on continental China had been based on unofficial estimates. He thought that unverified data from questionable sources had been used. That being so, it was surprising that the authors of the Survey had felt themselves justified in asserting that Communist China had closed with a surplus in 1951. He was sorry to note that the Survey did not give adequate treatment to Formosa, an area which was growing in political and economic importance.

7. Mr. MEADE (United Kingdom) declared that, by reason of the close and long-established ties of the United Kingdom with the countries of Asia and the

¹ See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 6.*

Far East, his Government followed the activities of the Commission with particular interest and was glad to take part in them. ECAFE had won the confidence of all countries and was rendering outstanding service in a vast region of undeniable importance. It had certainly increased in stature during the past twelve months.

8. The United Kingdom was pleased to see that the Commission had given priority to projects of practical value to the countries of the region, instead of dissipating its efforts on academic studies. The importance the Commission attached to co-operation with international organizations was equally welcome, for that policy would certainly bring good results.

9. With regard to the admission of associate members, the United Kingdom delegation supported the joint draft resolution of France and the United States (E/L.504).

10. Mr. FOXCROFT (Australia) stressed his country's interest in the work of ECAFE and especially in that of the technical committees and working parties which were studying such questions as industrialization, the development of the iron and steel industry, inland transport, flood control and water resources development. Those Committees were functioning efficiently and the results achieved were excellent.

11. As the Chinese representative had pointed out, the problem of water resources was especially important; the Commission had taken positive and praiseworthy action in that matter. The establishment of a joint ECAFE/FAO Agriculture Division was also a satisfactory achievement, for in the past there had not perhaps been sufficient attention paid to agriculture and the new extension of activities was desirable. ECAFE's increasing importance as an intermediary between the countries of the region and the Technical Assistance Administration was also extremely satisfactory. In fact, ECAFE deserved the Council's congratulations for its assistance in the economic development of the region and the practical way in which it was carrying out its work.

12. The Australian delegation had proposed an amendment (E/L.505), to the joint draft resolution of France and the United States, with a view to avoiding an awkward situation. If the Council were to adopt the joint draft resolution, a certain period might elapse before the General Assembly could fix the contributions of the countries concerned. During that period, those countries would no longer be associate members of the Commission but would not yet be full members. Such an unfortunate contingency should be avoided if the draft resolution were amended in accordance with the Australian amendment.

13. Mr. LÓPEZ (Philippines) emphasized the special and, in many ways, unique nature of ECAFE. Of the Council's three regional economic commissions, it was the only one which comprised a majority of under-developed countries which had been devastated during the Second World War. It was the only regional commission whose membership included States which did not belong to the region and the only one in which all the great Powers served together with the under-developed countries; in ECAFE, East met West and all stages of economic development were represented. It was the only regional commission concerned with new States which after long years as colonies or dependencies had recently achieved independence. In addition, it was the only regional commission which operated in

a nerve centre where existing tensions were aggravated. It was in Asia that the cold war had exploded into open hostilities; it was there that the convulsions of a dying colonialism were causing violent disturbances and that demographic pressure was heavier, the disequilibrium of political power more accentuated, and the revolutionary ferment of peoples striving for a better life stronger and more pervasive, than anywhere else in the world. In short, the ECAFE region was the one in which the two great conflicts of the modern world — communism against capitalism and nationalism against colonialism — met with the greatest violence.

14. That was the atmosphere in which ECAFE carried out its work. It had to deal with three major problems: the ravages of the Second World War, the problem of economic under-development and that of abnormal economic development, or economic mal-development. Each of those problems gave rise to serious and complex difficulties, which made the results already achieved by the Commission all the more commendable. The most recent annual report provided fresh evidence of the increasing efficacy of the action taken to remedy the economic evils from which the region was suffering.

15. The most dangerous of those evils seemed to be economic mal-development, manifested by the disequilibrium between agriculture and industry in each country and by the lack of harmony between the various national economies of the region, which seemed to compete rather than to complement each other. That state of affairs could be imputed to the former colonial Powers, which had concentrated on making those territories economic dependencies of the metropolitan countries. Most of the existing difficulties were due to that fact and ECAFE would have to give the problem its continued attention. There could be no question of under-estimating the importance of the problem of under-development, but it must be borne in mind that economic development *per se* was less important than development in the right direction, an integrated and balanced development. There was certainly need for speedy action, but undue haste might do more harm than good. The Commission would be well advised to base its future activities on those considerations.

16. The apparent improvement in the world situation might make it possible to undertake more concerted, more extensive and more adequately financed international economic action in the near future. The Philippine delegation hoped that, if those conjectures were confirmed by facts, ECAFE would be able to make positive recommendations to promote the diversification of agriculture, the fuller use of non-agricultural resources, industrialization and the development of trade in the region.

17. The former colonial Powers were among the non-Asian States members of the Commission. It was appropriate that those countries should take part in the rehabilitation and reorganization of the economy of the region. When the Western Powers had left Asia, the territories were in approximately the same economic condition as that which had prevailed there on their arrival, although a prodigious industrial and technical revolution had meanwhile taken place in the West. It was significant to recall the case of Japan, the only Asian country which had become industrialized; its scheme to reorganize and dominate the economy of the region had failed, as must any scheme designed merely to substitute one imperialism for another. The

West was at last offering Asia constructive assistance. That attitude was not only just but seemed to be indispensable for the establishment of relations based on equality, reciprocal advantage and mutual respect. ECAFE was playing a key rôle in that undertaking, which represented its principal claim to glory.

18. Turning to the draft resolution submitted by the Commission to the Council, he noted that part C dealt with ECAFE's headquarters. In view of the various suggestions made by different delegations, he would not press the proposal that the headquarters should be established at Manila; he would point out, however, that his Government maintained its invitation and was prepared to co-operate with the Secretary-General with a view to expediting the proposed consultations.

19. Part B of the draft resolution dealt with the admission to ECAFE of associate members who were responsible for their own international relations. In accordance with that criterion, the Philippine delegation would vote for the admission of Ceylon, the Republic of Korea, and Nepal, which had been proposed by the United States and France. It would abstain from voting on the admission of Cambodia, Laos and Vietnam, because the Philippine Government wished to give the matter more careful consideration before coming to a decision. It would also abstain in the case of Japan, because the Philippine Government had not yet taken a decision with regard to the Peace Treaty with that country.

20. Under part A of the draft resolution, the Council was to take note of the Commission's annual report and its programme of work. The Philippine delegation was prepared to commend the activities of ECAFE which had achieved outstanding results in all branches of its work; there was hardly any aspect of economic development in which its beneficent action had not made itself felt. A particularly striking example had been the Second Regional Trade Promotion Conference held at Manila in March 1953 and attended by over 160 delegates and observers from 37 countries. The Conference had opened new horizons of unquestionable value. Such a potential expansion must, however, take place perforce within the limited framework of Asia's existing economy, with all its shortcomings. The annual report of ECAFE and the report on the Conference showed that the integrated and balanced development of the region was still the *sine qua non* for any improvement of the standard of living in Asia and the most important single element in the attainment of economic security for the world as a whole.

21. Mr. WADSWORTH (United States of America) paid a tribute to the achievements of the Economic Commission for Asia and the Far East and to the work of the Commission's secretariat, under the leadership of Mr. Lokanathan. The United States had always been deeply interested in the economic and social advancement and the welfare of the peoples of Asia and the Far East. Every day furnished additional proof that the development of those countries was the direct concern of the international community.

22. Thanks to ECAFE, the nations of Asia had been able to pool their efforts and to endeavour to find a common solution to the most pressing economic problems with which they were faced. Thanks, again, to that Commission, those problems had been brought to the attention of countries that did not belong to that region and that alone was to be accounted a con-

siderable success on the part of the Commission. All governments recognized the need to speed up the economic development of that part of the world, whose age-old enemies were famine and disease.

23. ECAFE's contribution to that undertaking was of inestimable value. He recalled the work of the Commission in the expansion of trade, the mobilization of domestic capital, and flood control and spoke of its efforts, in co-operation with the specialized agencies, in the matter of agrarian reform, the expansion of rice cultivation and the training of labour.

24. Furthermore, the publications of the ECAFE secretariat, in particular the annual reports and the quarterly economic bulletins, were conspicuous for their high quality. The economic bulletin for the first six months of 1952 (E/CN.11/362) was only one example of the numerous very useful documents produced by the Commission. In that connexion, he wished to congratulate Mr. Lokanathan for bearing in mind, in conformity with the recommendations of the Council, the need to avoid dissipation of effort and to keep to the preparation of practical and specific programmes. He felt that he might venture to express the hope that in the future the secretariat of ECAFE would give even fuller data on the financial implications on a project basis, so that the Council could consider the problems in their true perspective.

25. Turning to the draft resolution submitted by ECAFE to the Council, he said that the United States delegation was prepared to vote for sections A and C.

26. Section B called for comment. His delegation would be in favour of the admission to ECAFE as full members of any of the associate members which were responsible for their own international relations. It was encouraged in that attitude by decisions of the General Assembly on the subject. For that reason, moreover, the United States delegation, at the last session of the Commission at Bandung, had voted for the admission to full membership of those countries to the Commission. The text of section I of the draft resolution did not seem to go far enough. His delegation thought that it was not enough merely to take note of the Commission's recommendation: the Council should adopt a positive measure with regard to the countries concerned. It was in that belief that the United States delegation, jointly with the French delegation, had sponsored draft resolution in document E/L.504. That text, which was based on the Commission's draft resolution, recommended the amendment of paragraph 3 of the terms of reference of the Economic Commission for Asia and the Far East to include Cambodia, Ceylon, Japan, the Republic of Korea, Laos, Nepal and Vietnam as members of the Commission, provided that in each case the States agreed to contribute annually such equitable amounts as the General Assembly should assess from time to time in accordance with procedures established by the General Assembly in similar cases.

27. He did not think that that proviso should give rise to any objection. Moreover, the representatives of several of the States mentioned had already indicated that they would accept that condition for their admission. It should be pointed out that the proposed contributions would be paid direct to the United Nations budget and could not, under the procedure proposed, be diverted to the exclusive needs of ECAFE. If the draft resolution was adopted, the States mentioned would automatically become full members of the Com-

mission, after the contributions which they were to pay to the United Nations budget had been fixed by agreement with the General Assembly.

28. He was glad to be able to accept, on behalf of his delegation, the amendment proposed by the Australian delegation. He hoped that the other members of the Council would by a favourable vote approve the admission of the countries concerned to full membership of the Economic Commission for Asia and the Far East.

29. Mr. GARREAU (France) noted that after an inevitable preparatory period, the Economic Commission for Asia and the Far East now seemed to be in a position to make an effective contribution to the economic development of that region and to the strengthening of economic ties between Asia and the rest of the world. Thanks to the positive contribution made by Member States to the work of the Commission, and to the unceasing activities of its secretariat, ECAFE was now an effective international instrument for the economic development of Asia and the Far East. The rapid growth of a regional consciousness in economic matters, referred to in paragraph 140 of ECAFE's report, was a reality which became more apparent every year.

30. The activities of the Commission were directed along three main lines: Member States were given an opportunity to describe the problems confronting them, to compare their technical experience, and to estimate jointly their needs and their economic possibilities.

31. The debates in the plenary sessions of ECAFE made it possible every year to obtain comprehensive views, as a result of which practical decisions could be made.

32. The work of the subsidiary organs, the steps which the Commission had initiated, such as the study tour of railway engineers to Europe and the United States in 1952, and the organization of a training centre for railway officials at Lahore in 1953, and finally the projects under consideration, such as the study tour of hydraulic experts to Europe and the United States and the village experiment in rural electrification, were so many successes to the credit of ECAFE.

33. He went on to stress the efforts made by the Commission in the matter of inter-regional trade between Asia and the Far East and the rest of the world. In that connexion, he referred to the organization of conferences on trade promotion.

34. The French delegation quite understood the desire of countries in that region to dispose of the raw materials produced by them at relatively stable prices, and to obtain under similar conditions the necessary equipment for industrialization. The French delegation thought that it was highly desirable to reconcile the interests of the under-developed countries with those of the industrial Powers in that field. It was in that spirit that Mr. Abelin, the head of the French delegation at Bandung, had suggested a partial and temporary solution to the problem: the conclusion of trade agreements for the exchange of equipment against raw material at prices which would be fixed for the former over a set period of anything up to eighteen months and calculated for the latter on the basis of rates on the larger international markets, or contained between a fixed maximum and minimum.

35. The work of long-term stabilization which had been undertaken would not have achieved its present degree of progress without the help of the secretariat and its Executive Secretary, Mr. Lokanathan, and without the valuable assistance of a large number of specialized agencies. He stressed the importance of the Commission's reports, which were an indispensable foundation for any practical effort.

36. As the representative of the Philippines had pointed out, the various regions represented on the Commission had not reached the same level of development. Some Member States had rightly pointed out that over-ambitious projects should not be undertaken lightly. If a project was to be undertaken under the best conditions, an exact accounting of the available resources must first be made.

37. Turning to the organization and functioning of the Commission, he expressed the opinion that the work of ECAFE should continue in the same direction. The Commission was not seeking to take the place of governments either in estimating the timeliness of measures to be taken, or in the consideration of problems to be solved. It confined itself — and that should remain its only task — to helping governments to overcome their difficulties by sending them experts and to facilitating the study of problems common to the countries of the region and the search for a solution in a spirit of regional and international co-operation.

38. With regard to membership, the French delegation thought that, with a view to increasing the effectiveness of the Commission, certain associate members should be allowed to participate fully in the activities of the Commission and of its subsidiary organs. It was in that belief that the French delegation had joined with the United States delegation in sponsoring the draft resolution before the Council. If he had anything to add to the comments made by the United States representative, it was merely to point out that some of the States concerned had already been admitted to a large number of the specialized agencies. It would therefore be logical to accord them the same status in the Economic Commission for Asia and the Far East.

39. The French delegation saw no objection to the amendment to the joint draft resolution proposed by the Australian delegation.

40. In conclusion, he was anxious to stress the interest of France in the programme and work of ECAFE. The French Government was well aware of the difficulties confronting the countries in that region and it hoped that ECAFE would enable Member States to acquire a fuller knowledge of the means whereby the most pressing economic problems which those countries had to face might be solved. The Commission had only to persevere in the path on which it had already set out in order to attain that goal and to become an effective instrument for international understanding and economic co-operation.

41. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that he could not share the view of those representatives who considered the Economic Commission for Asia and the Far East an efficient organ of the United Nations. An organ on which the People's Republic of China, the most important country of Asia and the Far East, was not represented, could scarcely be called efficient.

42. As a result of the efforts of certain governments — in particular that of the United States — the People's Republic of China, a country of primary importance

in the economic life of that part of the world, was excluded from the work of ECAFE. Because of its absence the activity of the Commission was practically paralysed.

43. ECAFE undoubtedly served as an efficient instrument in carrying out the policy of exploitation which the colonial Powers had always pursued in Asia and the Far East. He wondered whether that was the sense in which the French representative's statements were to be interpreted. Times had changed, however, and it was no longer possible to apply that policy, even in a camouflaged form.

44. Since its creation, there had been two clearly visible tendencies in the Commission: on the one hand, that represented by the United States, the United Kingdom and France, which had sought to direct ECAFE's activities for their own ends, namely, to keep those regions dependent upon them, in order to exploit the raw materials there and to retain a market for their own products; and on the other, the tendency represented by the Soviet Union, which had sought to encourage their development with a view to freeing them from economic servitude and thus strengthening their political independence. To that end the Soviet Union had advocated the development of trade based on respect of mutual rights and had endeavoured to put an end to the state of economic and political subordination. The first of those tendencies was the one which had so far prevailed in the Commission: the colonial Powers persisted in their attempts to reduce the economy of the countries in question to an exclusively complementary rôle.

45. The results of that policy were now manifest: it was enough to listen to the representatives of the countries concerned and to read the reports published by United Nations organs to be convinced that the economic situation of the countries in that area was deteriorating from year to year. The following fact sufficed to prove that that was true: the relationship between import and export prices had shown a trend unfavourable to the countries of the area and favourable to the States represented on the Commission. By reason of the policy imposed upon it, ECAFE was not in a position to contribute to any real improvement of the economic situation in that part of the world.

46. Although ECAFE was not the direct cause of the present deterioration, it was nevertheless true that it had done nothing to free the countries with which it was supposed to be concerned from the stranglehold of the large capitalist countries. In practice it had served as a screen for the activities of those countries and, to that extent it was responsible for the present state of affairs. Moreover, it was impossible to expect any improvement so long as the People's Republic of China, representing a population of 500 million, was systematically prevented from participating in the Commission's work.

47. Turning to the composition of the Commission, he said that the joint draft resolution submitted by France and the United States was another manifestation of the desire of those countries to maintain ECAFE in the position of accomplice. It was an undeniable fact that the States whose admission to the Council was recommended were no more than puppets in the hands of the French and American policy makers.

48. The USSR delegation could not accept without protest the continuance of the old policy of discrimi-

mination against certain States and favouritism towards others. In that connexion he recalled that the USSR had supported the candidature of Romania, Bulgaria, Albania, Finland and Switzerland to the Economic Commission for Europe but that the Council had rejected its request. Surely no one could seriously maintain that Cambodia, Vietnam or Laos were more responsible for their own international relations than was, for example, Switzerland. The supporters of that theory were insensitive to ridicule: it was common knowledge in the Far East that Vietnam under Bao-Dai was a docile tool in the hands of France.

49. A policy of discrimination and arbitrary action in international matters was out of place in present times. It could only lead to a deterioration of the world situation and would not enhance the prestige either of the Council or of the Economic Commission for Asia and the Far East. It should be abandoned once and for all.

50. In conclusion, he asked the members of the Council to agree that the vote on the matter should be postponed to a later meeting, in order to allow the USSR delegation time to make a more thorough study of the draft resolution, which it had received only that morning.

51. Mr. STERNER (Sweden) associated himself with all the representatives who had already congratulated ECAFE and its secretariat on the excellent documentation submitted to the Council and on the work accomplished or planned. ECAFE's report showed how necessary and useful were the Commission's activities.

52. Asia and the Far East included countries which were among the most densely populated and least developed in the world; their economic and social advancement was essential in order to raise the standard of living and reduce demographic pressure. Every possible encouragement should be given to the extension of the work of ECAFE.

53. The Swedish delegation would vote for the draft resolution which the Commission was recommending the Council to adopt.

54. Concerning the draft resolution submitted jointly by the United States and France, the Swedish delegation fully understood the powerful arguments invoked in support of the proposal; the principle of some of them was difficult to refute. On the other hand, the proposed procedure was much less justifiable. He recalled that at the thirteenth session his delegation had already made its position clear when the amendment of the rules of procedure of the regional economic commissions had been under consideration with a view to affording greater participation and, in particular, voting rights to States which were not Members of the United Nations: the States in question had obtained the right to vote in the committees but not in the plenary meetings of the Commissions themselves. Sweden did not think that non-member States could be granted more extensive privileges.

55. The Swedish delegation did not consider it advisable to seek indirect ways of enabling certain non-member states to participate in the activities of the United Nations; the only logical and acceptable solution was to obtain the admission of those States to the Organization. For those reasons, whilst recognizing the soundness of some of the arguments of principle, the Swedish delegation would vote against the United States and French proposal.

56. Mr. MATES (Yugoslavia) shared the views of the Swedish representative on the joint draft resolution. The problem arose from the fact that the United Nations was not yet a world-wide organization. No progress had been made in that direction for a very long time. It did not seem possible to bring about in the regional economic commissions what could not be done in the United Nations as a whole.

57. On the other hand, the situation with regard to ECAFE was similar to that which had arisen in the case of ECE. The Council had already reached a decision on the latter and it would thus be ill-advised to adopt a different solution in the case of the former, on the lines of the French and United States proposal. If the Council saw fit, it could again study the question as a whole. That should be done for all the regional economic commissions, examining the case of each separately, but not when the report of one particular commission was being studied.

58. If, therefore, the draft resolution was put to the vote, the Yugoslav delegation would abstain in the case of Japan and Ceylon, which in its opinion should already have been admitted to the United Nations. On the other hand, it had grave doubts whether the other States mentioned were responsible for their own international relations, as was required in resolution (8) of ECAFE's report, referred to in the draft resolution. The Yugoslav delegation would therefore vote against the admission of those States to ECAFE.

59. Mr. JUNG (India) asked whether, in view of the remarks of the USSR representative, the discussion and vote on the draft resolution would be adjourned until the afternoon meeting or until Monday, 27 April. The Indian delegation wished to comment at one and the same time on the report and the draft resolution, on which it held very decided views. He hoped that the question would be adjourned only until the afternoon meeting.

60. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) explained that he had asked for the adjournment of the vote but not of the debate. As the Russian text of the draft resolution had not been circulated to the USSR delegation until the beginning of the morning there had been no time to study it. As the discussion had shown, the question was of great importance. Since the subject had been raised, he must say that his delegation was not at all privileged with regard to the distribution of documents which it often received very late. It was to be hoped that that state of affairs would be remedied in the future.

61. The USSR delegation would not insist upon the strict application of rule 56 of the rules of procedure, which prescribed a period of twenty-four hours, but it did not think that the Council should hasten to vote on such an important proposal without giving it thorough study.

62. The PRESIDENT pointed out that the next item on the agenda (Application of Afghanistan for membership in the Economic Commission for Asia and the Far East) was the subject of a draft resolution submitted by the Indian representative (E/L.501), which could not be put to the vote until the Council had reached a decision on the French and United

States draft resolution (E/L.504). The operative part of the former would amend the list of members which appeared in paragraph 3 of ECAFE's terms of reference. Should the French and United States draft be adopted, even in part, the text of the Indian draft resolution would have to be changed accordingly.

63. Mr. STERNER (Sweden) noted that the Soviet Union representative did not insist on an adjournment of twenty-four hours; he wondered whether it would not be better to finish the debate and vote at the afternoon meeting. He feared that any adjournment would unduly delay the closure of the session.

64. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) did not see how the postponement of the vote, which he had requested, would delay the work of the session. If any delay had occurred, it was due to the fact that certain delegations submitted important proposals at the last minute in the hope that, pressed for time, the Council would adopt them without giving them the necessary thorough examination.

65. Let the Council fix the exact date and hour of the closure of the session; the USSR delegation would do all in its power to see that they were respected, without, however, disregarding the rules of procedure and the rights of delegations.

66. Replying to the President's comments, he said that it was not necessary to delay the vote on the Indian draft resolution until that submitted by the French and United States delegations had been put to the vote.

67. The PRESIDENT invoked rule 56 of the rules of procedure and suggested that the discussion and vote on the French and United States draft resolution should be deferred until Monday, 27 April.

68. In view of the Swedish representative's remarks, he reviewed the various items which the Council had yet to examine and concluded that it could finish its work by 1 p.m. on Tuesday, 28 April.

69. Mr. KOTSCHNIG (United States of America) pointed out that the Soviet Union representative should have invoked rule 56 of the rules of procedure at the beginning of the debate. He wondered why he had waited until several delegations had expressed their views and why he had intervened in order to attack France and the United States, before moving the adjournment. It was quite in order for the discussion to continue, even if it was agreed that the vote should be delayed for twenty-four hours.

70. Mr. JUNG (India) also asked that the debate should not be adjourned until Monday, 27 April.

71. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that, contrary to what the United States representative had implied, he had not requested the adjournment of the debate.

72. The PRESIDENT explained that he had suggested the adjournment of the debate in order to meet the wishes of the Indian representative, the last speaker on his list, who wished to speak immediately before the vote. Should other representatives wish to speak, the discussion would continue at the beginning of the afternoon meeting.

The meeting rose at 12.45 a.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Afghanistan, Brazil, Chile, Czechoslovakia.

The representative of the following specialized agency: International Labour Organisation.

Annual report of the Economic Commission for Asia and the Far East (E/2374,¹ E/2398, E/2399, E/2400, E/L.504 and E/L.505 (continued))

[Agenda item 5]

1. Mr. JUNG (India) referred to two factors which influenced developments in Asia and the Far East. On the one hand there was the conflict between communism and the opposite ideology and, on the other hand, there was the conflict between colonialism and nationalism. In considering the report of ECAFE (E/2374)¹, the Council should bear in mind that it dealt with countries and peoples which had recently undergone tremendous changes. Some of the countries in the region had attained their independence within the past seven or eight years and China, one of the leading countries of the area, had undergone a vast political, economic and social revolution. Although ECAFE itself was not to blame, its discussions had been marked by a glaring lack of realism owing to the absence of the representatives of the People's Republic of China. Their absence from the Commission, from the Economic and Social Council and from the United Nations as a whole might be due to political tensions, and he had no wish to embark on a political discussion, but the fact remained that the vast country of China exercised a predominating influence on the political, economic and social life of the whole area and the absence of its representatives lent an air of complete unreality to all discussions concerning the economic development of the region. He emphasized that all his subsequent remarks were subject to that one over-riding consideration.

2. He associated himself with other speakers who had congratulated the Commission not only on the production of a very valuable report, but also on the most useful work it was carrying out in a number of varied fields. He fully agreed with the Commission's general findings regarding the economic situation in Asia and the Far East as set forth in paragraphs 141 to 147 of the report. He laid particular stress on paragraph 145 of the report which dealt with the proposals for an international finance corporation and for the establishment of a special fund for grants-in-aid and long-term loans to the under-developed countries. The paragraph also emphasized that the Commission had rejected the view that foreign capital was essentially of an exploitative character. That paragraph was indeed the key to the whole report and dealt with the most vital problem affecting the whole region. As this delegation had stated before, in the Second Committee² and in the General Assembly³ the Indian Government welcomed the proposal for the establishment of an international finance corporation. For reasons which were known to the Council, he was precluded from discussing the proposal for the establishment of a special fund, although in principle his Government favoured the idea.

3. With regard to the Commonwealth Finance Corporation, which was also referred to in paragraph 145 of the report, he said that India was by its own voluntary choice a member of a commonwealth which it regarded as a useful body representing political, economic and social co-operation between a certain group of countries. Consequently, the Indian Government welcomed the establishment of the Commonwealth Finance Corporation and hoped that it would soon become a reality, not only as regards the collection of the necessary capital, but also from the organizational point of view.

4. The whole question of those three funds led naturally to a discussion of the rôle which the international flow of capital must necessarily play in the development of the under-developed countries. His country believed that, in principle, the wealth and resources required for the development of a country must be found within the country itself. India's five year plan was based on that philosophy and on the understanding that India itself must make the maximum effort to build up its economy within its own resources. However, owing to the pressure of ideas from outside and the low standard of living within the under-developed countries, the time factor was of great importance in their economic development. What was needed was not so much a long-term academic programme but the attainment of a realistic programme within a measurable distance of time. Consequently, the under-developed countries had to look beyond their purely local resources and they required foreign assistance for certain specific projects, such as the establishment of basic industries.

5. There were various plans for such assistance in the region of Asia and the Far East. India had experience

¹ See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 6.*

² See *Official Records of the General Assembly, Seventh Session, Second Committee, 197th meeting.*

³ *Ibid., Plenary meetings, 411th meeting.*

of the Colombo Plan, of assistance from various United States agencies given under certain specific agreements and of loans from the International Bank. All such assistance had been given within the limits of certain specified agreements and, in some cases, India was also able to give assistance as well as receive it. In all its experience, India had never found foreign assistance to be of an exploitative character. Exploitation depended on the will of both the giver and the receiver and, had there been any suggestion of exploitation, India would never have accepted the assistance.

6. He very much regretted the attempt made to resuscitate the old problem of the security to be offered to foreign investors in the under-developed countries. The whole question had been discussed exhaustively and settled quite unequivocally in the Second Committee and subsequently in the plenary meeting of the General Assembly. It was therefore unfortunate that two organizations, one in a statement and the other in a communication to the Council, should have raised the matter once more. When the delegation of Uruguay, supported by that of Bolivia, had submitted a draft resolution to the Second Committee regarding the nationalization of economic resources⁴ it had been felt by some delegations, including his own, that the resolution was, perhaps unwittingly, rather too far-reaching. The delegations submitting the revised draft resolution had made it quite clear that there was no question of the expropriation of property and that the conduct of the various governments concerned was sufficient guarantee of their intentions. His own delegation had introduced amendments⁵ in order to avoid any possible misunderstanding which might have arisen from the original wording and he was therefore surprised that the question had been raised yet again. The resolution adopted by the General Assembly, while asserting the right of countries to exploit their own natural resources, also contained an implicit assurance that, in the exercise of their right, Member States would have due regard to the need for maintaining the flow of capital in conditions of security, mutual confidence and economic co-operation among nations. If the exporters of capital found that assurance inadequate they would have to examine the local legislation and customs before deciding whether or not it was safe to make an investment in the country concerned.

7. In his own country, the question of nationalization as such had not arisen. India had always believed in the need to encourage the flow of capital to the under-developed countries and its own legislation included every possible form of encouragement for foreign capital investments. Should any expropriation occur, the Constitution provided fully for fair compensation. The under-developed countries were convinced of the importance of the international flow of capital and they felt that, in present circumstances, there was no question of monopolistic tendencies or of exploitation. Subject to that reservation, they had no intention of expropriating the property in which foreign capital was invested.

8. He then made various detailed comments on the text of the ECAFE report. In the first place, he drew attention to paragraph 146 of the report which stated that: "Whilst aware of the dangers of deficit financing for the purpose of economic development, the Commission recognized that, under certain conditions, and

within certain limits, deficit financing might be appropriate". He fully endorsed that paragraph and pointed out that, owing to the low *per capita* income and the small volume of real savings, the under-developed countries might often have no other recourse but to resort to deficit financing in order to increase their production. The whole report must therefore be viewed in the light of the probability that many of the countries in the area would have to resort to deficit financing.

9. With regard to the section on industry and trade (paragraphs 154 to 161), he welcomed the establishment of the Working Party on Financing of Economic Development in Asia. At the same time, however, he emphasized the need for greater co-operation between the Working Party and the Colombo Plan Consultative Committee.

10. Turning to the paragraphs dealing with the mobilization of domestic capital (paragraphs 45 to 49), he expressed his support, in principle, with the statements in paragraph 46 and welcomed the holding of a seminar on agricultural development finance. That was a particularly important problem since the questions of tenancy and land tenure could not be effectively settled in democratic countries without some provision for financing. He also welcomed the establishment of a working party on financing of economic development which would ensure continuity and concentrate on fiscal measures for economic development with special reference to taxation policies.

11. In connexion with technical assistance activities in the region (paragraphs 171 to 173), he fully agreed that the agencies providing technical assistance should also provide the equipment required by their experts.

12. On the question of trade between ECAFE countries and Europe (paragraph 50), he said that India had concluded useful trade agreements with many European countries during the past few years. He agreed that those trade relations should be developed but the Commission should bear in mind the fact that Japan was re-emerging as an industrial area and that the ECAFE countries should consider procuring some of their capital equipment from Japan. In the same spirit, he welcomed the emergence of the Federal Republic of Germany and felt that the United Nations should take into account the fact that both countries would require markets for their industrial products.

13. Finally, he emphasized that India attached great importance to the problem of land reform. He hoped that his remarks on that subject would be transmitted to the secretariat of ECAFE. The countries of Asia and the Far East were living with practices which had survived from the past and had no place in the modern world. The problem of the rapidly growing population was also of the utmost importance. There should therefore be an attempt to change the whole basis of the agrarian economy and the Commission might also profitably consider the question of population control. However much the countries of the region might do to increase their resources, they were unlikely to be able to keep pace with the growth of the population. That was not only a problem for the distant future but might also become acute in the fairly near future. The countries of the region were already doing their best to reform their agrarian structure. India, for example, would be able to make its food production outstrip the growth in the population for a limited period, but that would not provide a solution for the long-term problem.

14. Turning to the draft resolution submitted by ECAFE for action by the Council, he said that the

⁴ *Ibid.*, Second Committee, 231st to 238th meetings, and Annexes, agenda item 25, documents A/C.2/L.165 and Rev.1.

⁵ *Ibid.*, Plenary meetings, 411th meeting, see also document A/L.143.

Indian delegation would support parts A and C. With regard to part B, he did not wish to enter into a political discussion, but felt obliged to say that the proposal appeared somewhat premature. Owing to certain differences, some of the most important countries in the world, inhabited by millions of people, were excluded from membership of the international organizations. That fact gave an air of unreality to the proceedings of those organizations. There seemed to be a certain lack of proportion in treating with so much urgency the question of the admission of units which some Member States did not regard as being fully responsible for their own international relations and at the same time continuing to exclude such countries as the People's Republic of China. India had no desire to discriminate against the people of the areas in question, and would welcome them as members of the regional commission if that were constitutionally possible.

15. Moreover, as the USSR representative had pointed out at the previous meeting, the Council should be consistent. It had voted against the proposal to admit certain European States which were not Members of the United Nations to ECE, and should hesitate to take a different course with regard to the Asian countries. He strongly urged the Council to suspend judgment on the question of the admission of any of the countries concerned as full members of ECAFE. If the majority of the members of the Council took a different view, he would ask for a separate vote to be taken with regard to each country and would abstain from voting on some of them, largely for constitutional reasons but also because he considered that the admission of certain countries while other more politically, economically and socially important countries were excluded would create a lack of balance.

16. Mr. KOTSCHNIG (United States of America) deplored the tone of the remarks made by the USSR representative at the previous meeting, which had furthermore been so much at variance with the facts as not to deserve detailed refutation. For example, he had insinuated that there were two conflicting forces in the ECAFE region on the one hand the Powers that sincerely tried to promote the political independence and economic development of the countries in the region, and on the other the "colonial Powers", among which he included the United States, whose aim was to dominate those countries and to exploit their people. To prove that that was a travesty of the truth it was only necessary to point to the Colombo Plan, to the United Nations technical assistance programme and the various efforts made by certain Western countries to accelerate the economic development of the region, and to contrast with those activities the fact that the USSR had offered nothing but empty words to help the Asian countries.

17. He had been particularly struck by the lack of esteem shown by the USSR representative for the countries in the region, which he had entirely ignored in drawing his distorted picture of the two conflicting forces, as if they had no voice in their own destiny. Such an attitude was insulting, not to the so-called colonial Powers, but to the countries which were making such a valiant effort to help themselves. The Indian representative had already made it clear that those countries were self-reliant and that they regarded the work being done as a truly co-operative effort.

18. The USSR representative had described the Republic of Korea, Cambodia, Laos and Vietnam as puppets. Mr. Kotschnig drew the Council's attention

to General Assembly resolution 195 (III), adopted by an overwhelming majority, which declared that the Government of the Republic of Korea was the only lawful Government in Korea, and to resolution 620 (VII), which expressed the General Assembly's opinion regarding the position of Cambodia, Laos and Vietnam. Those resolutions, democratically arrived at, were evidence that the great majority of Members of the United Nations were in favour of the admission of those States. Hence politically speaking, there could be no objection to their admission to ECAFE.

19. He did not agree with the Indian representative that the proposal showed a lack of proportion, since neither Cambodia, Laos nor Vietnam had attacked the United Nations, and those countries were therefore in a different category from the Chinese People's Republic.

20. Nor did he agree that the proposed action would be inconsistent with what had been done with regard to the European countries, since the proposal in that connexion had been that all the European associate members should be admitted, including a large number of countries on which the General Assembly had not adopted any favourable resolutions.

21. Mr. GARREAU (France) observed that, ever since the establishment of the regional commissions, France had been in favour of an extension of the right to vote, and seeing that ECAFE itself had decided in favour of such an extension he thought the Council should give the proposal favourable consideration. The request had been approved by ECAFE by a large majority, a resolution having been presented by one of the most important Asian delegations, that of Pakistan, and supported by the French representative. The Council was not competent, in view of the nature of that body, to discuss the question whether Cambodia, Laos and Vietnam possessed the necessary political qualifications. He would, however, point out that the General Assembly resolution to which the United States representative had alluded recognized that each of those three countries fulfilled the requirements of Article 4 of the Charter, and that on 19 September 1952, ten members of the Security Council had voted in favour of their admission⁶. The fact that the three countries were signatories to international treaties was a proof of their complete political and economic independence. They were already full members of many of the great international institutions and signatories to important international conventions. They had diplomatic representation in many countries and were recognized by more than thirty States.

22. For all those reasons the French delegation was in favour of the admission of the three States as full members of ECAFE.

23. The attacks on those countries by the USSR representative were of a purely political nature and irrelevant to the Economic and Social Council's discussion. He noted that the USSR representative was vehemently attacking Laos at a time when that country was suffering from armed external aggression. He drew attention to that coincidence.

24. Furthermore, with reference to the remarks of the Indian representative that the admission of the greatest possible number of members was desirable, he pointed out that the difficulty arose from the fact that certain Far Eastern countries had been stigmatized as aggressors by the United Nations itself.

⁶ See *Official Records of the Security Council, Seventh year, 603rd meeting.*

25. Mr. BIRECKI (Poland) had been surprised to hear the United States representative object to the term "puppets" being applied to some of the Far Eastern countries, the more so as during the general debate on the world economic situation he had not protested when a number of representatives had described the situation in their countries in terms of the harm done to their economies by American activities. The French-United States draft resolution was yet another attempt by the latter country to take advantage of United Nations organs to further its own ends.
26. On the basis of the speeches made during the general debate, it was evident that ECAFE had done nothing to prevent the exploitation of the Far Eastern countries by the capitalist countries, and chiefly by the United States, but on the contrary served as its tool.
27. A further criterion of ECAFE's usefulness was the extent of its activities. In that connexion there was a strange phenomenon—the People's Republic of China, a country with enormous potentialities for economic development and collaboration with other countries, was not a member. Despite any arguments to the contrary, that was neither right nor logical.
28. An attempt was being made to represent Cambodia, Laos and Vietnam as self-governing and independent States, and in support of that argument allusions had been made to treaties they had signed with France. The truth was, however, that they were neither self-governing nor independent, and the proposal to admit them as full members of ECAFE should be rejected.
29. The PRESIDENT appealed to the members of the Council to refrain from criticizing countries which were not represented there and were therefore not in a position to defend themselves.
30. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) regretted that the co-operative spirit which had thus far characterized the Council's debates had given way to recrimination as a result of the new challenges thrown out by the representatives of the United States and France. Obviously, those two delegations were not satisfied with the deliberately vague wording of ECAFE's controversial draft resolution B which would have admitted to full membership in the regional commission "those associate members who are responsible for their own international relations". In an attempt to by-pass the problem it presented, and with malice aforethought, they had introduced their very explicit draft resolution (E/L.504), thus making the debate in the Council much more difficult.
31. By so doing, they had reopened a matter which had been the subject of prolonged debate at several previous sessions of the General Assembly: the divergence of opinion between those Members which like the USSR, had consistently upheld the principle of universality and therefore supported the simultaneous admission to membership in the United Nations of a number of States with different political and economic régimes, and those Members, led by the United States, which discriminated against some and favoured others for membership. The United States position had not resolved the problem of admissions, for such an attitude could never resolve a problem requiring international co-operation; it could only result in stirring up animosity.
32. It was also regrettable that the French representative had deliberately indulged in a type of demagoguery that was not consonant with French tradition in linking the USSR's objections to admitting Laos to full membership in ECAFE with the events now taking place in that country. The responsibility for the trouble in Laos rested squarely on the régime in power. That puppet régime, foisted on the country by the French, should not be confused with the people of Laos and the civilization built by that people. The people and the civilization needed no protection from French colonialism. The USSR fully respected that people, as it respected the people of Cambodia, whose King had recently predicted that France's intentions would be wholly discredited if it pursued its present policy in his country. Its respect for all peoples, however, did not mislead it into believing that the puppets placed in power by France were the true representatives of the peoples of Laos and Cambodia. After decades during which French colonialism had wrought destruction in those countries, it was not seemly for the French representative to pose as a defender of their civilization or to pretend that he was unaware of the USSR position on their individual applications for membership to the Organization, a position adopted and clarified long ago.
33. Moreover, the French representative's attempt to prove the consistency of his Government's position by arguing that the puppet States of Indo-China deserved full membership in ECAFE because they had not, like the People's Republic of China, been guilty of aggression was ill-advised. In the first place, the subject had no place in the Council's discussion and would not have arisen if the United States representative had not broached it. Secondly, it was a subject better left alone; history would show who had been the aggressor, and the French representative could not hope to convince the people of Asia and the Far East on the question.
34. It would be wiser to adopt the realistic attitude of India. It was, for example, inconceivable that at the very moment when the United States was negotiating the exchange of sick and wounded prisoners with the North Korean Government, the United States representative should maintain that the only government in Korea was that of South Korea. Surely, a recognition of sovereignty was implicit in the very act of negotiation.
35. Surprisingly enough, although reference had been made to the Colombo Plan an other arrangements affecting one sphere of ECAFE's activities, there had been no mention of United States technical assistance under President Truman's "Point Four" Programme. The nature of United States technical assistance apparently was such that not all governments were prepared to accept it. Burma and Indonesia, for example, had declined United States aid. The real reason was that far from offering genuinely disinterested assistance, the United States was using its aid programme to camouflage its campaign to exert pressure on recipient governments, put its own people in power and exercise economic domination. It might succeed to a greater or lesser extent, but those aims remained basic to its aid policy. The very same motives characterized its European aid programme, and the people of Europe recognized that fact, judging from a comment in the *London Daily Herald* on the recent remarks of Secretary of State Dulles. In short, the United States also offered "qualified" aid to the United Kingdom and France, countries far more capable of defending their own interests than the under-developed nations of Asia and the Far East. The USSR was proud to say that it did not provide aid on such a basis. The assistance it provided was founded on the principle of the equality

of States and respect for their political and economic sovereignty.

36. If the United States and France truly believed that States which were responsible for their own international relations deserved membership in United Nations bodies, it was difficult to understand why they had denied admission to Italy, Finland, Switzerland and a number of other applicants. They had done so solely because they had refused to renounce their discriminatory attitude towards other applicants, in particular the countries of Eastern Europe, whose requests for admission figured in the same all-inclusive group. The USSR rejected the method of discrimination against some and favouritism towards others as a violation of the principles of the United Nations Charter. Similarly, while it conceded that some of the States listed in the joint draft resolution submitted by France and the United States, like Ceylon, deserved membership in ECAFE, it did not believe that the problem could be resolved by isolating any such applicants. It would therefore vote against the draft resolution.

37. The report of ECAFE (E/2374) unfortunately did not reflect the position of the USSR delegation on most of the important issues discussed during the Commission's ninth session. That was a serious defect: it did not improve the report and it betrayed the majority's fear to place on record a description of the actual economic situation in the area.

38. The PRESIDENT said that the general debate on item 5 (annual report of the Economic Commission for Asia and the Far East) was closed, but recognized the right of delegations to speak on ECAFE's draft resolution B and on the draft of France and the United States to amend it (E/L.504), before the vote was taken at the following meeting. He asked delegations to vote on ECAFE's draft resolutions A and C (E/2374).

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

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

The debate was adjourned.

Application of Afghanistan for membership in the Economic Commission for Asia and the Far East (E/2350/Add.3 and E/L.501)

[Agenda item 31]

39. The PRESIDENT called on the observer from Afghanistan.

40. Mr. LUDIN (Afghanistan) thanked the Council for placing on its agenda the question of Afghanistan's admission to membership in ECAFE, and expressed his country's appreciation to the Indian delegation for moving the draft resolution which would have that effect (E/L.501). Afghanistan's economic problems were similar to those confronting the other countries of the same region: its principal objective was to improve the standards of living of its people by raising their economic productivity, with beneficial effects on the welfare of the entire area. As a member of ECAFE, it hoped to gain by an exchange of experience and knowledge on a reciprocal basis with a view to achieving that common purpose. It solemnly promised to carry out the duties and responsibilities which such membership implied. He hoped the Council would act favourably on Afghanistan's application.

41. Mr. EL-TANAMLI (Egypt) felt that Afghanistan's request could not possibly be the subject of debate and suggested an immediate vote on it.

42. Mr. LÓPEZ (Philippines) believed that the association of Afghanistan in the work of the Council through its membership in ECAFE would be of mutual benefit. The Philippines, as a member of both organs, strongly supported its promotion to full membership.

43. Mr. MORALES (Argentina) confirmed his country's sympathy for the people of Afghanistan and pledged his support of the Indian draft resolution (E/L.501).

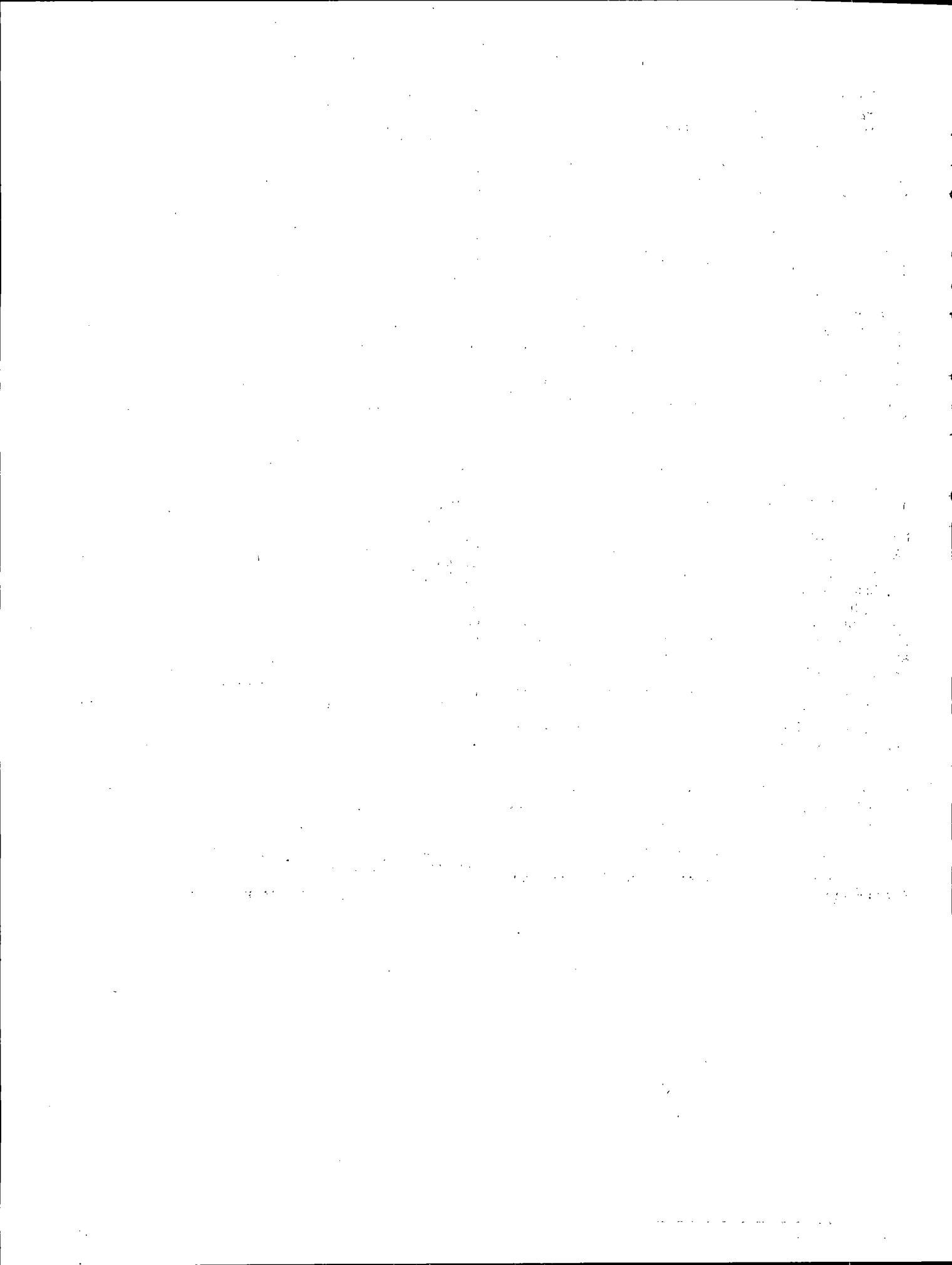
44. Mr. TANGE (Australia) expressed gratification concerning the Afghanistan representative's offer of co-operation in the future activities of ECAFE. Australia, as a member of that regional commission, wished to reciprocate that offer by assuring Afghanistan of the prospects of a constructive association in the work of the commission. He strongly supported the Indian proposal.

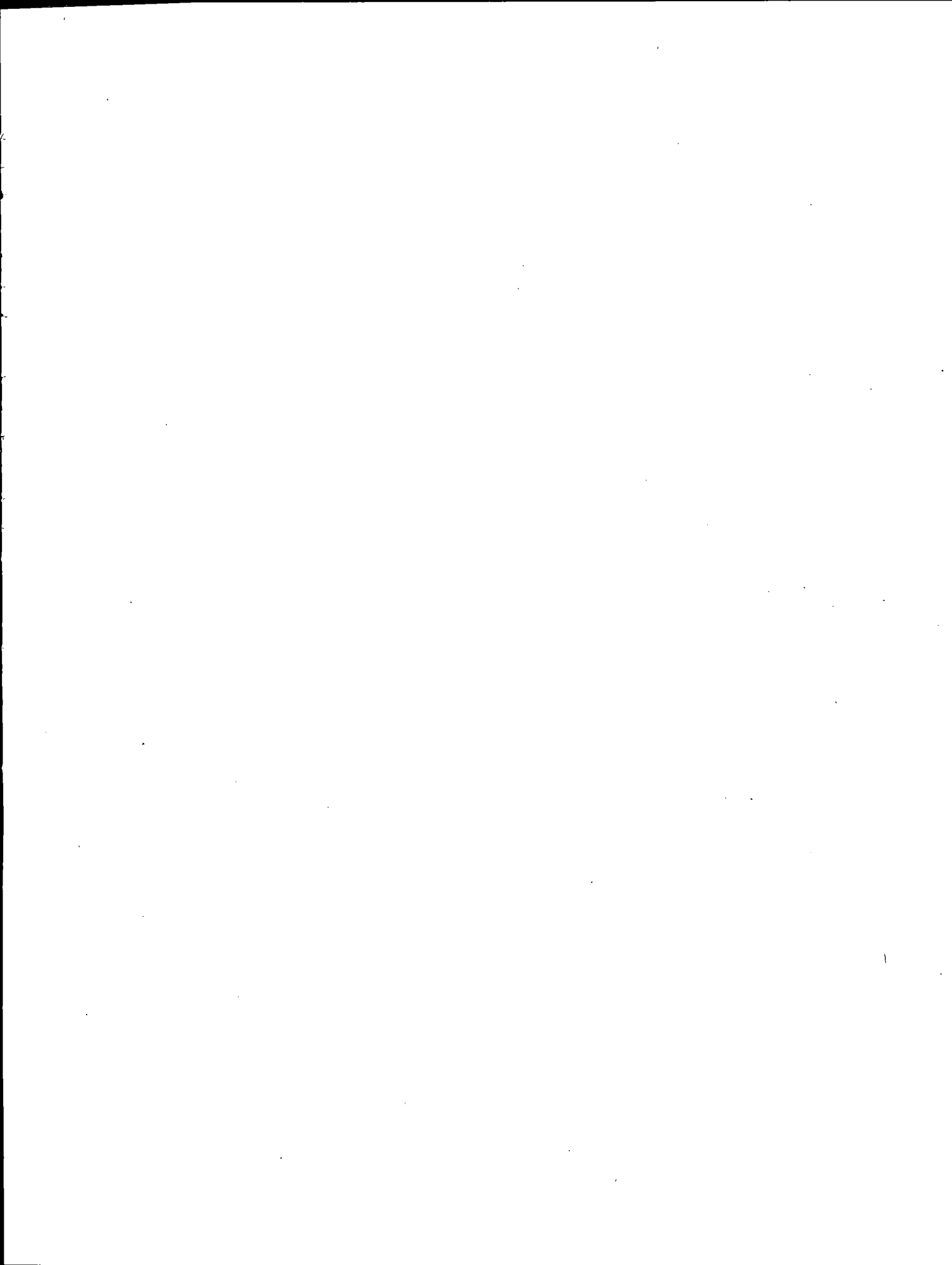
45. The PRESIDENT put the Indian draft resolution (E/L.501) to the vote.

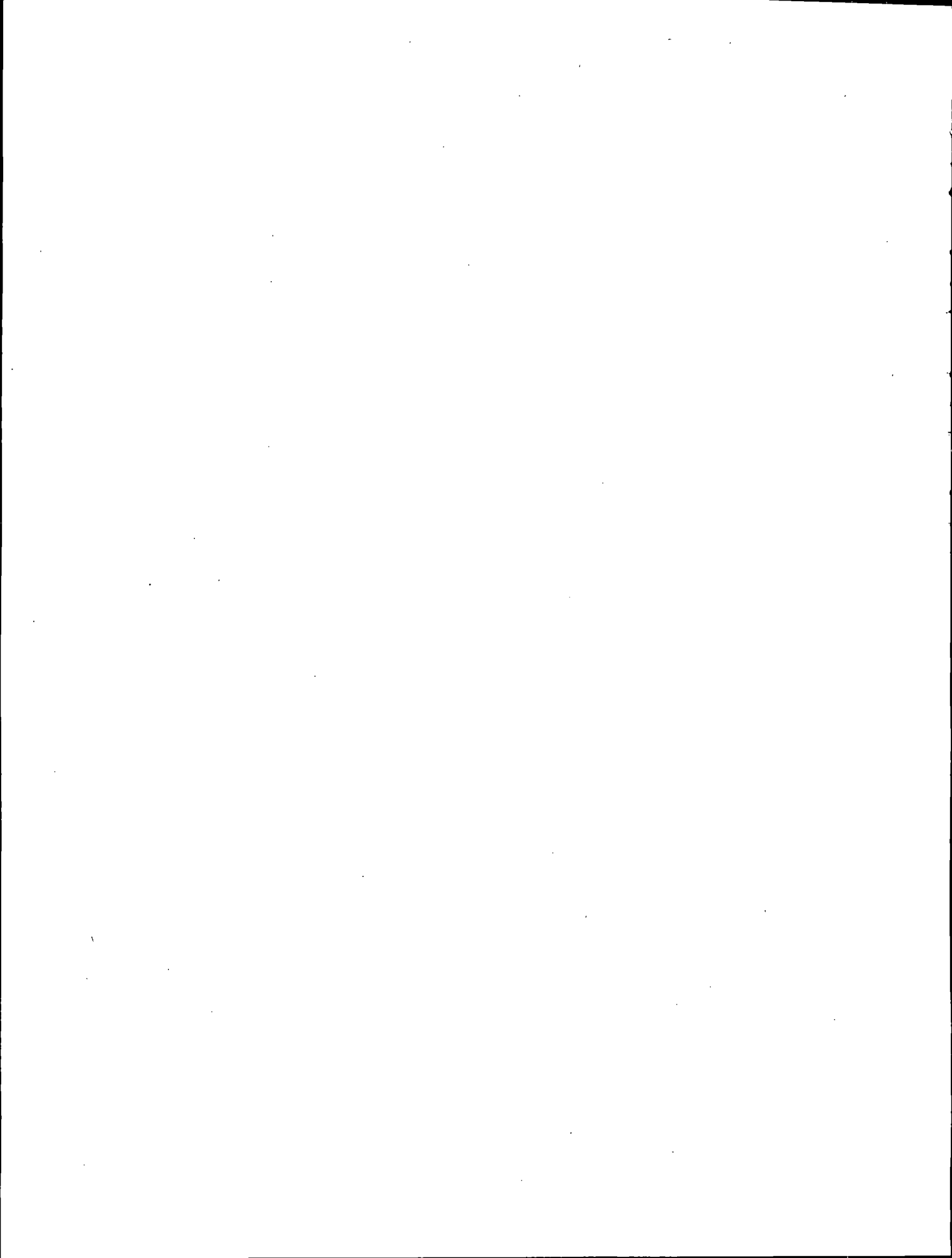
The draft resolution was adopted by 17 votes to none, with 1 abstention.

46. The PRESIDENT, on behalf of the Council, congratulated Afghanistan upon its accession to full membership in ECAFE.

The meeting rose at 5.35 p.m.









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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile, Czechoslovakia.

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

Admission to Headquarters of representatives of non-governmental organizations¹

1. Mr. BIRECKI (Poland) recalled that the question of the presence at the current session of the representatives of the World Federation of Trade Unions and the Women's International Democratic Federation, to whom the required visas had not yet been issued, had been held over pending the outcome of negotiations between the President of the Council and the representatives of the United States Government. The Council was nearing the close of its session, and the NGO Committee representatives concerned had not been able to make the contributions to its work which the great majority of the members obviously wished them to make. He would therefore appreciate a statement from the President on the progress of the negotiations as soon as possible.

2. The PRESIDENT replied that he had requested the Secretariat to assist him and that he would make a statement on the question as soon as possible.

Annual report of the Economic Commission for Asia and the Far East (E/2374,² E/L.504 and E/L.505) (concluded)

[Agenda item 5]

3. Mr. JUNG (India) continued to entertain serious doubts concerning the draft resolution submitted by France and the United States (E/L.504). Although India's difficulty in voting for full membership in ECAFE of three or four of the individual States enumerated therein was largely constitutional, it also arose from a position of principle.

¹ Resumed for 694th meeting.

² See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 6.*

4. In discussing the accession to full membership in ECE of certain European States which enjoyed consultative status with the Commission, the Council, at its previous session (596th meeting), had invoked Article 69 of the Charter and decided that only a Member State of the United Nations could accede to full membership in a regional economic commission. If the Council were now to depart from that precedent and admit to full membership in ECAFE States which were not Members of the Organization, it would be placing itself in the curious position of observing one rule for one set of States and another for another group of States. It should therefore remain consistent with the principle observed at its earlier session.

5. Moreover, India doubted the Council's competence to decide the matter in view of its previous practice. If, in fact, it had that competence, it should deal with the question in a broader context, with the objective of working out a rule that would be generally applicable to all States seeking full membership in its regional bodies.

6. For those reasons, India would prefer to adjourn discussion of the problem until the Council's sixteenth session. There was, after all, no need for haste. In the interim, the Secretariat could study the constitutional and legal aspects involved. The Council might then be in a better position to decide the issue on the basis of the Secretariat's report (E/2374).

7. Mr. BORIS (France) said that, in accordance with the President's appeal, he would do everything to preserve the calm atmosphere of the Council's debates. He would say nothing to arouse passion or bitterness.

8. Nevertheless, he felt bound to draw attention to certain expressions that had been used: the phrase "puppet States" belonged to a terminology which was assumed to have been discarded in the present circumstances, since it was not in keeping with a policy of relaxed tension. As for the substance of the question, it had not been re-examined by the Council: the Assembly's resolutions concerning the three States were a final judgment. The Polish representative at the previous meeting had considered himself entitled to conclude from certain statements by the King of Cambodia that the Kingdom of Cambodia did not possess the qualifications required by the ECAFE resolution, but it was the Cambodian Government itself which had taken the initiative and had applied for full membership. It must therefore have regarded itself as possessing the required qualifications, in other words, as being fully responsible for its international relations, which, indeed, was what the letter from its Minister for Foreign Affairs (E/2400) indicated.

9. The USSR representative (699th and 700th meetings) had made a heated attack on the three associated States of Indochina, and particularly on one of them, a small disarmed and peace-loving State, which was at present the object of a military attack by foreign forces, which, in attacking it, had crossed an international frontier.

10. The French delegation had been disturbed by the USSR representative's words and the USSR representative had in turn been disturbed by the French delegation's reaction. He had been indignant at the thought that his words could have been connected with the events referred to. His indignation ruled out any interpretation of his words as approval or encouragement of aggression. Mr. Boris took note of that.

11. With regard to India's argument that it was not realistic to exclude the People's Republic of China from ECAFE while admitting several smaller States of the region, he recalled that it was the General Assembly itself which had given notice of that exclusion when it had branded China an aggressor. The Assembly's decision might be open to question, but it gave no grounds for retaliation against other States. If the argument in favour of realism were pushed to its logical conclusion, the exclusion of the People's Republic of China might be invoked as a pretext for barring those smaller States from even associate membership in ECAFE and ultimately, to suspend the work of the Commission entirely.

12. The Swedish representative would recall that at the previous session, the Council had decided against granting a number of States full membership with the right to vote in the Economic Commission for Europe by a vote of 9 to 3, with 6 abstentions. Sweden had voted with the majority because then, as now, it had felt that voting rights and full membership in regional commissions should be made contingent upon membership in the United Nations. However, and Mr. Boris emphasized the point, the Council's resolution was unjustified. Of the nine delegations voting against full membership for the European applicants, three or four had involved the same reasons as Sweden. The USSR, Poland and Czechoslovakia, however, had urged voting rights in ECE for States which were not Members of the United Nations. Other delegations among those who had voted against it in July had done so because their governments did not think it necessary that invited or associated countries should be members of the United Nations but that it was enough for them to have been declared worthy of so being, by a majority vote of the General Assembly. The French Government, for its part, had always been in favour of giving very wide voting powers in the regional commissions and had reiterated its opinion frequently. When the Economic Commission for Europe had been set up, the French delegation had been ready to grant the invited countries the right to vote, but it had been the only delegation to hold that view. At that time, the USSR delegation had not been in favour of it.

13. Accordingly, when the proposal came from the regional commission itself, as in the present case, there did not seem to the French delegation to be any reason of principle against granting the application, but, on the contrary, excellent reasons for doing so.

14. Mr. EL-TANAMLI (Egypt), reviewing the record of the Council's previous decision regarding requests for full membership in the ECE, pointed out that at that time, the Philippines had invoked the argument (596th meeting) that under Article 69 of the Charter, the Council was not competent to grant voting rights to members of its regional commissions which were not Members of the United Nations. The United Kingdom had found that argument irrefutable, Sweden had strongly supported it, and China, in endorsing it, had observed that the same rule should be applicable to ECAFE. By refusing the requests of the European applicants, the Council had in fact decided that it was

not competent to act favourably upon them. Of course, while the position of the three States voting for full membership was clear, that of the six abstaining States remained in doubt. Although, legally, the Council could not be forced to abide by its previous decision and could reverse it by majority vote, it had stated that it was not competent to decide the issue under the Charter.

15. Before reversing its decision, the Council should have sound legal grounds. Otherwise, it might discredit itself before world public opinion. Accordingly, he supported the Indian suggestion that the legal aspects of the problem should be studied by the appropriate authorities.

16. Egypt had adopted a firm position on the question as early as 1948, in connexion with the proposal to establish an economic commission for the Middle East. At that time, it had advocated that in granting membership rights account should be taken of the specific circumstances of the region and that Non-Self-Governing Territories or other territories not considered wholly independent, which were under the influence of States outside the area, should not be admitted to regional commissions. In line with that position, Egypt would take into account the interests of the States in the area dealt with by ECAFE, namely, Australia, the Philippines, India and the USSR.

17. Mr. MUÑOZ (Argentina) said that, although delegations were fully entitled to take political considerations into account when the time came to vote, the debate itself should be free from such considerations. In principle, he favoured the joint draft resolution because he believed it was advantageous to have the co-operation of as many countries as possible in the regional economic commissions, whether or not the countries concerned were Members of the United Nations. However, he had been impressed by the legal objections advanced by certain delegations and felt that they deserved serious consideration. Reference had been made to Article 69 of the Charter. That Article referred solely to Members of the United Nations which were not members of the Economic and Social Council. It was perfectly logical that, if such States wished to participate in the work of the Council, they could not be allowed the right to vote. There was nothing in the Charter regarding the position of States not Members of the United Nations which were invited to participate in the work of the regional economic commissions, but it seemed logical that such States should participate. Article 69 of the Charter did not settle the question either directly or indirectly. Clearly it only applied to participation in the Council itself, because it quite often happened that States which were not members of the Council were appointed to its commissions.

18. His delegation believed that the Council was competent to grant the right to vote to the associate members of the regional economic commissions. On the other hand, the representatives of India and Egypt had raised very important issues and he fully agreed with the Indian representative that the question must be settled by a general rule applicable to all the regional commissions. He therefore supported the suggestion that the debate should be adjourned until the sixteenth session to give time for further study. If that proposal was not accepted, he would submit an amendment to the joint draft resolution for the insertion of a second paragraph to the preamble to read: "Being of the opinion that its regional economic commissions should have the fullest possible participation of all States directly concerned in their activities, whether or not

such States are Members of the United Nations.” The General Assembly had itself proclaimed the principle of universality and if that principle was to apply in a political organ it should apply all the more to the technical ones.

19. Mr. KOTSCHNIG (United States of America) said that the Indian representative's suggestion for adjournment raised a number of important issues. That representative had questioned the Council's competence to invite States which were not Members of the United Nations to serve as full members of the regional economic commissions. The United States delegation was convinced, as it had always been, that the matter was perfectly within the Council's competence. That conviction was based on precedent for the Council had originally decided on the terms of reference for the various commissions and that decision had involved the question of membership. The question of the Council's competence in the matter had been raised specifically at the thirteenth session and the summary record of the 555th meeting contained the record of the Secretariat's formal legal opinion that the Council was competent to invite States not Members of the United Nations to participate as full members in the regional commissions. He had found no record anywhere of any decision in principle by the Council that it was not competent. The second paragraph of section C.II of resolution 414 (XIII), read: “Being of the opinion that, for the time being, no change should be made as to voting rights in so far as the Commission itself is concerned”. That by no means implied that the Council considered itself not competent to change the voting rights but rather the reverse.

20. It had been suggested that the adoption of the draft resolution would mean that the Council was applying different standards in Europe and Asia. That however was not the case. Although his delegation believed that the Council was competent to admit non-member States to full membership in the regional commissions, it still believed that a separate decision must be taken in each individual case based on the requirements laid down in Article 4 of the Charter. It was because the proposal regarding the Economic Commission for Europe had involved the admission of a whole set of States *en bloc* that his delegation had been unable to accept it. In the draft resolution before the Council it would be possible to take a separate decision for each individual State. Consequently there was no inconsistency whatever in his delegation's attitude.

21. Regarding the amendment suggested by the Argentine representative, although he fully accepted the principle of universality, it would be difficult to agree to the text proposed because it implied that the Council would be prepared to admit any country to full membership in the regional commissions irrespective of whether it fulfilled the requirements of Article 4 of the Charter.

22. Finally, he emphasized that the joint draft resolution was simply intended to give effect to the desire expressed almost unanimously by the members of ECAFE. His delegation felt that such decisions should be taken primarily by the countries of the region and he would not have submitted the draft resolution had it not been for the expressed wish of the countries most directly concerned.

23. Mr. CHA (China) associated himself with the remarks made by the United States representative. He asked at what date the countries would actually become full members of ECAFE if the draft resolution was adopted.

24. The PRESIDENT replied that he understood the resolution to mean that the States concerned would become full members of ECAFE as soon as they agreed to make a suitable contribution to the budget.

25. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) remarked that the French representative had been trying to cover up his actions with soft words. The United States, the United Kingdom and France were simply trying to continue their policy of favouritism towards one group of States and discrimination against another group. That policy had already proved itself a total failure; it had not brought about the admission of a single new member to the United Nations and it had aggravated the international tension. The continuation of that policy could only make matters worse.

26. Several representatives had already remarked on the inconsistent attitude adopted by certain delegations and the United States representative's reply was totally unconvincing. The United States representative had attempted to justify his inconsistency by referring to Article 4 of the Charter, but it must be borne in mind that Article 4 referred to the admission of States to membership in the United Nations “by a decision of the General Assembly upon the recommendation of the Security Council”. In the case at issue, there was no recommendation by the Security Council and Article 4 was quite irrelevant. Naturally, the western Powers could mobilize their voting machine and take any action they liked, but they should not claim that they were acting in accordance with the Charter.

27. During the discussion of voting rights in the ECE (595th and 596th meetings), his delegation had favoured granting the right to vote to a whole group of States which were not Members of the United Nations. He had felt that all States which were qualified to belong and which had applied for membership should be admitted to ECE with full voting rights. Acting on the principle that all such States should be granted fair and equal treatment he had proposed the admission not only of Albania, Bulgaria, Hungary and Romania but also of Italy, Switzerland and Finland. His delegation had been perfectly objective in the matters, whereas the western Powers had never been. In considering the admission of new members to the United Nations or to the regional commissions, the western Powers were guided solely by the desire to add more votes to their automatic majority. As the Egyptian representative had pointed out, the public would notice the inconsistency in the Council's decisions and the Council itself would be discredited. The adoption of the draft resolution would not even help ECAFE because it would simply enable the United States, the United Kingdom and France to consolidate their position in ECAFE and to use it as a cover for their old colonial policies.

28. He believed that the best thing the Council could do would be to adjourn the debate pending further consideration. Later it might be able to find a solution which would promote international co-operation rather than add to the existing international tension.

29. Mr. ANDERSON (United Kingdom) said that the United Kingdom delegation had realized from the outset that the proposal might give rise to procedural difficulties, but that it had been prepared to be guided by the views of the majority of the members of the Commission. The report made it clear that the three countries in question had expressed the desire to become full members, and that with one exception all the members

of ECAFE had been prepared to accept them. India had supported the resolution in the Commission. There had been no question of an Eastern bloc, a Western bloc or any other kind of bloc. The United Kingdom had been accused of using ECAFE to further its designs to exploit countries in the area. The statement of the Indian representative at the previous meeting should suffice to dispel all such suspicions. The record showed that the United Kingdom's participation in the Commission was bound up with the development of the countries of the region on the lines they desired.

30. In the opinion of the United Kingdom delegation the Council should endorse the Commission's decision. The draft resolution submitted by France and the United States had been put forward for the sole purpose of formulating the constitutional requirements implied in ECAFE resolution No. 8. The Council should take the formal action needed to amend the Commission's terms of reference. Notwithstanding the remarks of the Egyptian representative, the United Kingdom had been consistent over the years in supporting the view that in dealing with questions of membership the Council should be strongly influenced by the decisions of the Commissions themselves.

31. The United Kingdom delegation considered that the absence from ECAFE of the People's Republic of China was an insufficient reason for denying membership to other young States in the region. Those States could participate usefully in the Commission's work and it would be unfair to prevent them from exercising their full responsibilities for reasons quite irrelevant to their own circumstances.

32. No advantage was to be gained by postponement. All that the Council was called upon to do was to confirm a decision already taken by ECAFE on a matter affecting its own internal arrangements.

33. Mr. EL-TANAMLI (Egypt), replying to the United States representative, pointed out that on various occasions United Nations bodies had disagreed with legal views expressed by the Secretariat.

34. Mr. STANOVNIK (Yugoslavia) observed that two aspects of the question had been stressed: the legal aspect, on which he would not dwell, and the essence of the matter, which in his view was the more important.

35. The Indian delegation thought it inadvisable to impose on the Asian countries a solution which they were not unanimous in supporting, and that view was held by a number of those countries. The Yugoslav delegation would therefore support the proposal for adjournment.

36. Mr. JUNG (India) said there appeared to have

been some misunderstanding of his point with regard to competence. Obviously Article 69 empowered the Economic and Social Council to admit to membership of the regional commissions States which were Members of the United Nations; the question was whether it empowered the Council to admit States that were not Members. There was no need to take a hasty decision, and where doubt subsisted on a general principle it would be better to postpone the question until the following session. The position had not been improved by some of the explanations given during the debate on the reasons why at its previous session the Council had decided against the admission of non-member States in Europe. It had been asserted that one reason for not adopting a global draft resolution had been that some of the States included were not peace-loving. There seemed to be a hard and fast definition of "peace-loving" which permanently excluded certain States. If that definition were accepted then there was no hope that China could become a member of ECAFE even after the settlement of the Korean issue.

37. For those reasons he formally moved the adjournment of the discussion until the sixteenth session of the Council. Such an adjournment would give the Council further time to consider, on the basis of an opinion from the Secretariat, the question of the Council's competence under Articles 4 and 69 of the Charter to admit non-members of the United Nations to full membership of the regional commissions.

38. Mr. STERNER (Sweden) supported the Indian proposal.

39. Mr. BORIS (France) thought the opinion of the Legal Department that had been quoted was a sufficient answer regarding the question of competence. He opposed the motion for adjournment.

The motion for adjournment was adopted by 9 votes to 8 with 1 abstention.

40. Mr. BROTOS (Uruguay), in explanation of his vote, said he had intended to support the French-United States draft resolution, but that in the light of the debate and the Argentine amendment he had felt further consideration was needed and had therefore voted for adjournment.

41. Mr. MENDEZ (Philippines) said that his delegation had made its position clear with regard to the countries that had applied for full membership of ECAFE; in view of the doubts expressed, however, it thought further study desirable and he had therefore voted for adjournment.

The meeting rose at 1 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

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

Report of the Statistical Commission (seventh session): report of the Economic Committee (E/2365¹ and E/2406)

[Agenda item 13]

1. The PRESIDENT commended the Economic Committee for the remarkable manner in which, under the chairmanship of Mr. Birecki, the Council's Second Vice-President, it had accomplished the task conferred upon it by the Council.

2. The Council had before it the Committee's report (E/2406), recommending the adoption of five draft resolutions relating to statistical questions.

3. Mr. BANERJEE (India) stressed the growing importance of statistics at both the national and international levels. Statistics were the basis of practically all constructive activities of governments in the economic and social fields; international co-operation required comparability of national statistics. The absence of adequate information about many countries hampered the economic development of the under-developed countries; objective and accurate data were essential to the co-ordination of activities in that field, it was likewise essential to ensure a free exchange of information and ideas.

4. India knew by experience the importance of statistics for programmes of economic and social development.

¹ See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 5.*

The under-developed countries should improve their national statistics and try to make them comparable to statistical data of other countries. It should be noted that substantial progress had already been made along those lines, as a result of the work of the Economic Commission for Asia and the Far East.

5. The Government of India had drawn up a first Five-Year Plan for economic and social development. It could not have done so without statistics on its national resources; moreover, statistics would make it possible to measure the progress of the Plan and to assess the results. India was therefore especially interested in statistical studies and research and in the use of statistical methods in administration and industry.

6. Draft resolution B, which the Economic Committee recommended for adoption, seemed to be a considerable step towards the improvement of foreign trade statistics. With regard to vital statistics, the Indian delegation noted with satisfaction that the Committee had recognized the need to take into account the special circumstances of each country and had pointed out that governments should introduce such changes as were "feasible" in the methods in use. India, which attached great importance to migration statistics, had undertaken a study on the subject.

7. The Indian delegation approved the Economic Committee's report, and generally supported the various recommendations it contained.

8. The PRESIDENT put to the vote draft resolution A, which the Economic Committee had recommended for adoption.

Draft resolution A was adopted by 15 votes to none, with 2 abstentions.

9. The PRESIDENT put to the vote draft resolution B, which the Economic Committee had recommended for adoption.

Draft resolution B was adopted by 15 votes to none, with 3 abstentions.

10. The PRESIDENT put to the vote draft resolution C, which the Economic Committee had recommended for adoption.

Draft resolution C was adopted by 16 votes to 2.

11. The PRESIDENT put to the vote draft resolution D, which the Economic Committee had recommended for adoption.

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

12. The PRESIDENT put to the vote draft resolution E, which the Economic Committee had recommended for adoption (E/2406).

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

13. Mr. SAKSIN (Union of Soviet Socialist Republics) recalled that in the Economic Committee the USSR delegation had submitted an amendment to draft resolution E, pointing out that internal migration was a matter within the exclusive jurisdiction of governments

and that no international criteria on that subject should be imposed. The Committee had not accepted that amendment and the USSR delegation had therefore abstained from voting on draft resolution E, the principle of which it found unacceptable.

Slavery: report by the Secretary-General under Council resolution 388 (XIII): report of the Social Committee (E/2407)

[Agenda item 18]

14. The PRESIDENT commended the Social Committee for the remarkable manner in which, under the chairmanship of Mr. Muñoz, First Vice-President of the Council, it had accomplished the task conferred upon it. He asked the Council to consider the draft resolution on slavery which the Committee was recommending for adoption (E/2407).

15. Mr. BIRECKI (Poland) recalled that his delegation had submitted a draft resolution in the Social Committee calling for an *ad hoc* committee to study the question and to submit specific and constructive recommendations to the Council at its seventeenth session. The draft resolution had been rejected although the procedure it had proposed was the most practical. The draft resolution before the Council seemed inadequate.

16. There had been no progress, in fact, since the Council's thirteenth session. The 1926 International Convention was still being used as a basis, despite the fact that it had proved unsatisfactory, since slavery still existed. The convention did not automatically apply to Non-Self-Governing Territories and the definitions it contained applied only to a limited number of reprehensible practices. New decisions and more energetic measures should have been taken. The studies and inquiries suggested did not seem useful: it was easy to find out in what areas slavery still existed, for there was ample documentation on the subject.

17. The draft resolution submitted by the Committee was pointless, it could not help to resolve the problem of slavery and the Polish delegation would abstain in the vote on it.

18. Mr. EL-TANAMLI (Egypt) said that his delegation, after having itself submitted a draft resolution, had agreed to take part in preparing the draft resolution which was before the Council. In connexion with paragraph 4 of the operative part, he pointed out that the recommendation to the Secretary-General to communicate to governments the proposals of the Committee of Experts did not mean that the Council accepted the experts' report and endorsed its findings.

19. Mr. MUÑOZ (Argentina) recalled the Argentine representative's remarks on the draft resolution in the Social Committee. He reserved his delegation's position with regard to paragraph 3 of the operative part.

20. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) considered the 1926 International Convention unsatisfactory and felt that the draft resolution submitted by the Social Committee did not meet the real needs. The United Nations should employ every possible means to bring about the rapid abolition of slavery and all other forms of servitude. New and constructive measures were needed. There appeared to be a tendency to do no more than collect information; yet all that had to be established was that slavery existed. The delegation of the Soviet Union would abstain in the vote on the draft resolution.

21. The PRESIDENT put to the vote the draft resolution which the Social Committee had recommended for adoption (E/2407).

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

Election of members of the Council Committee on Non-Governmental Organizations (E/2350/Add.1)

[Agenda item 33]

22. The PRESIDENT after pointing out that the election of members of the Council NGO Committee should take place at the first regular session of the Council, each year, asked delegations, in pursuance of rule 82 of the Council's rules of procedure, to elect the members of the Council Committee on Non-Governmental Organizations.

A vote was taken by secret ballot.

At the invitation of the President, Mr. Foxcroft (Australia) and Mr. Bendryshev (Union of Soviet Socialist Republics) acted as tellers.

Number of ballot papers:	18
Number of abstentions:	0
Number of void ballots:	0
Number of valid ballots:	18
Number of valid votes cast:	18
Required majority:	10
Number of votes obtained:	
United States of America	18
United Kingdom of Great Britain and Northern Ireland	17
Venezuela	17
France	16
Belgium	14
China	14
Union of Soviet Socialist Republics	14
Egypt	5
Sweden	2
Cuba	1
Uruguay	1

Having obtained the required majority, Belgium, China, France, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, the United States of America and Venezuela were elected members of the Council Committee on Non-Governmental Organizations.

Procedure for the convening of study groups and international commodity conferences: report of the Economic Committee (E/2410)

[Agenda item 8]

23. The PRESIDENT put to the vote draft resolution A, which the Economic Committee had recommended for adoption (E/2410).

Draft resolution A was adopted by 16 votes to 2.

24. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) found draft resolution A unacceptable because under paragraph 2 of the operative part the Members of the United Nations were asked to accept the principles of Chapter VI of the Havana Charter as a general guide. The Havana Charter was not a truly international instrument; several Members of the United Nations had not ratified it. Consequently, no United Nations resolution should be based on it. For that reason, the USSR delegation had voted against draft resolution A.

25. The PRESIDENT put to the vote draft resolution B, which the Economic Committee had recommended for adoption (E/2410).

Draft resolution B was adopted by 15 votes to none, with 3 abstentions.

Non-governmental organizations: (a) applications and re-applications for consultative status: report of the Council Committee on Non-Governmental Organizations (E/2411) continued²

[Agenda item 24 (a)]

26. Mr. MEADE (United Kingdom), Acting Chairman of the NGO Committee, presented the Committee's report (E/2411). It was as usual a very brief report and merely listed the Committee's decisions. They had been adopted after lengthy discussions the record of which would be found in the Committee's summary record.

27. In section A of its report, the Committee explained that it had decided to confirm its original recommendation concerning the World Federation of Catholic Young Women and Girls (E/2368) namely that the Committee should reconsider the request for reclassification of the organization from the register to Category B at the Council's seventeenth session. That decision had been the outcome of an equally divided vote (2 in favour, 2 against, 3 abstentions).

28. In section B, the Committee stated that it had decided to defer consideration of the item "Review of the status of the Women's International Democratic Federation" to a later meeting for recommendation to the sixteenth session of the Council. In that connexion, the USSR representative had pointed out that there was no justification for the Committee's reviewing the status of the Federation, since it had not been authorized by the Council to do so.

29. The PRESIDENT asked the Council to consider section A of the Committee's report, which contained a draft resolution that the Committee was recommending for adoption.

30. Mr. FENAUX (Belgium) drew the attention of members of the Council to the addition to the Committee's summary record. The Committee had certainly decided to maintain its original recommendation on the World Federation of Catholic Young Women and Girls, but several members of the Committee had changed their attitude and their vote after the debate of 22 April in the NGO Committee. The Committee had felt that it was inadvisable to grant the request of the World Federation of Catholic Young Women and Girls immediately. However, some of the arguments adduced in the Committee were not very convincing.

31. No one had questioned the important work done by that organization or its world-wide character. It had ten million members in ninety-four countries. It had been emphasized that the Federation dealt primarily with questions relating to young people and that it had collected data which would be very useful to the Council. It had also been stated that the Federation had been of great assistance to UNESCO and that it had been congratulated twice by the Secretariat on its social work.

32. The main objection raised in the Committee had been in connexion with the question whether the Federation could be represented at the Council by other non-governmental organizations which had already been

granted Category B consultative status, and whether the admission of the Federation would lead to duplication. There were no grounds for such misgivings, as the documentation submitted by the Secretariat and the study of the matter had shown. Furthermore, the organizations which had been asked whether they could represent the Federation did not wish to do so because they felt that their work did not cover the same field.

33. The Belgian delegation thought therefore that the Council should decide forthwith that the World Federation of Catholic Young Women and Girls should be granted Category B consultative status, and for that reason suggested that the operative part of the draft resolution submitted by the Committee to the Council should be redrafted as follows:

"Decides to grant the request of the World Federation of Catholic Young Women and Girls for reclassification from register to Category B."

34. Mr. MUÑOZ (Argentina) and Mr. PEREZ PEROZO (Venezuela) supported the Belgian amendment, and shared the Belgian representative's views. The Council was justified in taking a definite decision as the Committee had maintained its original recommendation only because there had been an equally divided vote on whether the Federation should be granted Category B consultative status.

35. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) thoroughly understood the views of previous speakers but was not convinced by their arguments. The doubts expressed by the USSR delegation in the Committee on Non-Governmental Organizations had not been dispelled, and his delegation would therefore vote against the Belgian representative's amendment.

36. The World Federation of Catholic Young Women and Girls could very well be represented on the Council by women's organizations or Catholic organizations which had already been granted Category B consultative status. Furthermore, the Federation had members in Spain. Those reasons were amply sufficient to justify the refusal to grant the Federation Category B consultative status.

37. Mr. STERNER (Sweden) thought that the Committee's decision was fully justified. It was right to act prudently as regards the admission of new organizations to Category B consultative status, especially as the status of a whole group of organizations would have to be reviewed. The Swedish delegation therefore maintained the position it had taken in the Committee and would vote against the Belgian representative's amendment.

38. The PRESIDENT put the Belgian oral amendment to the vote.

The amendment was adopted by 9 votes to 3, with 6 abstentions.

39. Mr. KOTSCHNIG (United States of America) explained why he had abstained. The World Federation of Catholic Young Women and Girls was certainly an important organization which did very useful social work. However, in view of the increasing number of non-governmental organizations with consultative status or which had requested to be granted that status, it appeared that consultations would be more effective if several organizations of similar interests and outlook would agree to joint representation.

40. The PRESIDENT thought that it was unnecessary to put the draft resolution as a whole to the vote as the result would certainly be the same as the vote on the amendment.

² Resumed from 678th meeting.

41. He suggested that the Council should examine section B of the report of the Committee on Non-Governmental Organizations.
42. Mr. OVERTON (United Kingdom) regretted that the Committee had retained the item entitled, "Review of the status of the Women's International Democratic Federation" on its agenda. The United Kingdom delegation felt that it would be better to review the status of all non-governmental organizations which had been granted Category B consultative status during the first thirteen sessions of the Economic and Social Council. He therefore suggested that the Council should adopt a procedural resolution stating that it would make a general review at its seventeenth session of the status of all such Category B non-governmental organizations and instructing the Secretary-General to prepare the necessary documentation.³
43. Mr. STERNER (Sweden) supported the United Kingdom representative's proposal as he thought it inadvisable to review only the status of the Women's International Democratic Federation. The reasons adduced for withdrawing consultative status from that organization were doubtless perfectly valid, but it would be better if they were submitted during a general review of the status of all Category B non-governmental organizations. He would not reiterate the statements he had made in the Committee on Non-Governmental Organizations, as the Council's attention had been drawn to its summary records.
44. Mr. BRACCO (Uruguay) explained that he had suggested that the NGO Committee should study the question of a review of the status of Category B non-governmental organizations which had been granted consultative status during the first thirteen sessions of the Economic and Social Council. As the debates had shown that that proposal was not generally supported he had withdrawn it. The same proposal had been made by the Swedish representative who had also withdrawn it. In those circumstances it would be understood why he (Mr. Bracco) supported the proposal which had just been made by the United Kingdom delegation. He thought that was the most logical and reasonable solution as it avoided singling out one particular organization, when others might be in the same position.
45. Mr. KOTSCHNIG (United States of America) said that he had been ready to vote in the Committee for the proposal originally made by Uruguay and then by Sweden. Unfortunately the proposal had been withdrawn after a member of the Committee had said that it was inadmissible. It was to be hoped that the Council would now decide in favour of the United Kingdom representative's proposal which was a very useful one, as it was advisable to review the status of all Category B non-governmental organizations from time to time.
46. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) pointed out that the suggestion that the status of the Women's International Democratic Federation should be reviewed, had been made by the United States delegation. It could readily be understood that the work of that organization was not looked upon with favour by the United States delegation, but that fact should not constitute a criterion for the Council. The Women's International Democratic Federation was the most important, from the numerical point of view, of women's organizations as it had 130 million members and all countries were represented on it. It had made a substantial contribution to the Organization's work,
- especially in connexion with the Commission on the Status of Women.
47. The United States delegation doubted whether the Women's International Democratic Federation had the right to Category B consultative status. Its proposal was wholly unwarranted and should not be studied at the present or at any later session. Efforts were now being made to camouflage that move by suggesting that the status of all Category B non-governmental organizations should be reviewed. On the face of it that suggestion was not unacceptable, but it should be remembered that it had been made as the result of a proposal by the United States delegation.
48. The USSR representative did not think that the position taken by the United States delegation was in accordance with the principles of international co-operation. Such co-operation was desirable and possible, in spite of the various political and economic systems in force in the world. In any case, it must be acknowledged that the very foundations of the Organization would be undermined if the Council consulted only those non-governmental organizations whose ideology was similar to that of the United States of America.
49. The USSR delegation could never agree that the World Federation of Catholic Young Women and Girls, which had just been granted Category B status, was more important and more useful, in the Council's opinion, than the Women's International Democratic Federation, from which it was desired to withdraw that status. The USSR delegation had opposed the United States proposal in the Committee on Non-Governmental Organizations and maintained that position in the Council.
50. Mr. BIRECKI (Poland) expressed the concern felt by his delegation that the Women's International Democratic Federation had been singled out in the report of the Committee on Non-Governmental Organizations. Why did anyone wish especially to review the status of that organization? The only criterion which could be invoked to justify a review was the value of an organization's co-operation and work. It should be remembered that the Commission on the Status of Women had regretted, practically unanimously, that a representative of the Women's International Democratic Federation had not attended its seventh session. That resolution was an excellent proof of the usefulness of the part which the Federation played and could continue to play in the work of the Council and its Commissions.
51. Mr. OVERTON (United Kingdom) thought that there was some misunderstanding. His proposal was that the status of all Category B non-governmental organizations and not only that of the Women's International Democratic Federation should be reviewed. That proposal should still the fears of the USSR and Polish representatives. He recalled that the Council had already agreed that it was advisable from time to time to review the status of all Category B non-governmental organizations on the basis of work and the part they played in the Council's activities.
52. He pointed out that he had submitted a procedural proposal and that there was no reason for questions of substance to be raised at the moment.
53. Mr. MENDEZ (Philippines) said that he would vote for the United Kingdom proposal. The documentary material which the Secretary-General would be asked to prepare would enable the Philippine delegation to become better acquainted with the activities of the Women's International Democratic Federation,

³ Later distributed as document E/L.506.

and with those of other non-governmental organizations. He wished to state that, contrary to the belief of the Soviet Union representative, there were no members of the Women's International Democratic Federation in the Philippines.

54. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said he had not misjudged the meaning of the United Kingdom representative's proposal. He was fully aware of the United Kingdom delegation's opinion of the Women's International Democratic Federation; that opinion had been quite clearly expressed in the Committee on Non-Governmental Organizations, where the United Kingdom representative had opposed the continuation of the Federation in consultative status in Category B. It was obvious that for political reasons the Federation's activities were displeasing to the United Kingdom delegation.

55. The USSR delegation would oppose any attempt to review the status of the Women's International Democratic Federation. It considered that sufficient valid evidence was available to dispel any doubts concerning the representative character of the Federation, and to justify continuation of its consultative status.

56. Mr. JUNG (India) pointed out that no one had as yet explained why a review of the status of the Women's International Democratic Federation or of that of all the non-governmental organizations in Category B had been proposed. Before voting in favour of any proposal, the Indian delegation would like to ascertain why such a review was necessary.

57. His delegation would not like to see the Council undertake to review the status of non-governmental organizations in Category B on the basis of purely political considerations; it must be admitted that different ideologies were represented in the Council, as in the various non-governmental organizations. In order to dispel all doubts the Indian delegation would welcome an explanation of the need and desirability for a review of the status of non-governmental organizations in Category B.

58. Mr. KOTSCHNIG (United States of America) was surprised to see how often certain representatives placed the wrong interpretation on his delegation's proposals. The representatives of the USSR and India had just said, or implied, that the United States delegation was proposing a review of the status of the Women's International Democratic Federation because it was opposed to the ideology which inspired that organization. That statement was unfounded. At the proper time the United States delegation would explain why it thought that the Women's International Democratic Federation should be deprived of its consultative status, but it would not at the present stage engage in a discussion of substance, since the proposal before the Council was purely procedural.

59. Furthermore, he wished to point out that the proposal before the Council had been submitted by the United Kingdom delegation and not by the United States delegation. The proposal was fully justified since the Council's rules of procedure provided for periodic review of the status of non-governmental organizations.

60. Mr. GORSE (France) explained that the decision of the Committee on Non-Governmental Organizations as set forth in section B of that Committee's report had only been taken after protracted discussion; the French delegation had failed to secure the adoption of a compromise solution, and had supported the decision finally adopted only because it regarded the matter as purely

procedural. The French delegation reserved the right to discuss the substance of the question at the appropriate time.

61. The United Kingdom proposal, which was based on a suggestion made to the Committee on Non-Governmental Organizations by the representative of Uruguay, would be of assistance; on the one hand, a general review of the status of non-governmental organizations had to be made from time to time; on the other hand, that solution would avoid referring specifically to the Women's International Democratic Federation, so that no aspersions need be cast on that organization. The French delegation would vote for the proposal.

62. Mr. MEADE (United Kingdom), Acting Chairman of the Committee on Non-Governmental Organizations, replying to the question raised by the representative of India wished to point out that in accordance with paragraph 35 (b) of Council resolution 288 (X), the Committee was empowered from time to time to review the list of non-governmental organizations included in Categories A and B. Two reviews of that nature had already been carried out, the first in 1950 and the second in 1952. It was therefore quite natural to expect a further review in 1954.

63. Mr. OVERTON (United Kingdom) replying to the representative of India thought that his proposal was justified on several grounds. The provisions governing consultative status should enable the Council to adapt itself to circumstances and to have regard for the fact that the character of the organizations and the nature of their activities might undergo some changes; the status of non-governmental organizations could not be regarded as immutable. Furthermore, it was important for non-governmental organizations to realize that the Council's action was evidence of its interest. In that connexion, he recalled that before the last review the Secretary-General had requested non-governmental organizations to furnish information on the work they had accomplished and the arrangements they had been able to make.

64. With regard to the criteria which should govern the carrying out of periodic reviews, he thought he could not do better than to request the Indian representative to refer to the text of Council resolution 288 (X).

65. Mr. JUNG (India) thanked the Acting Chairman of the NGO Committee and the United Kingdom representative for their explanations. He was surprised that his question should have caused a misunderstanding. He had had no intention of imputing a political motive to the United States action, but had simply asked for an explanation of the reasons for a review of the status of non-governmental organizations in Category B. It would be regrettable if a speaker could not ask questions without running the risk of being accused of ulterior motives.

66. Mr. MUÑOZ (Argentina) wished to know if the text of the United Kingdom proposal was to replace section B of the Committee's report.

67. Mr. OVERTON (United Kingdom) explained that in his opinion, section B of the report, which was a mere statement of fact and not a draft resolution, called for no decision by the Council.

68. If the Council decided to adopt the United Kingdom proposal, the Committee on Non-Governmental Organizations would obviously be obliged to take that fact into account in its work.

69. Mr. MUÑOZ (Argentina) thanked the United Kingdom representative for his explanatory statement. He wished, however, to point out that in his delegation's opinion, section B of the report under discussion represented a procedural decision taken by the Committee on Non-Governmental Organizations. It would therefore be surprising if after deciding to place the World Federation of Catholic Young Women and Girls in Category B, contrary to the Committee's recommendation, the Council were then, by adopting the United Kingdom proposal, to refuse to recognize the Committee's right to examine the case of another non-governmental organization.

70. A distinction should be drawn between a Council decision recommending a general review and the decision of the Committee on Non-Governmental Organizations concerning the Women's International Democratic Federation. The United Kingdom proposal had the disadvantage of connecting the two questions, which should be kept quite distinct in order to avoid giving the impression that the Council was employing two different criteria, it would have been better if the resolution had not referred to any particular question but had been submitted independently of section B. The Argentine delegation would find it difficult to support the United Kingdom proposal as it stood.

71. Mr. BIRECKI (Poland) thought that the explanations given by the United Kingdom representative made it quite clear that there had been no misunderstanding and that the misgivings about the United Kingdom proposal had been fully justified.

72. The possibility of a general review of the status of organizations in Category B had only arisen out of consideration of the case of the Women's International Democratic Federation. The criteria employed with regard to that organization were too well known to allow any one to suppose that it would be judged differently when the general review took place. He pointed out that at the Council's thirteenth session it had already been possible to note that certain very important non-governmental organizations had been removed from Category B for the sole reason that their ideological tendencies were so unfortunate as to displease the United States delegation.

73. Thus despite the United States representative's protestations of innocence there would appear to be justification, given the experience of recent years, for adopting a cautious attitude. The United States delegation would very well be able to say that the Women's International Democratic Federation had not been very active between 1953 and 1954 when it had been prohibited from participating in the work of the seventh session of the Commission on the Status of Women.

74. It was inadmissible that the Women's International Democratic Federation should not receive the treatment to which its extremely important role in the world entitled it.

75. Mr. EL-TANAMLI (Egypt) inquired whether the Council would endorse the decision of the NGO Committee (section B of the report) or whether the United Kingdom proposal was to be regarded as a substitute for that decision.

76. Mr. MUÑOZ (Argentina) thought that, in the interests of sound procedure, it would be preferable for the Council to take note of section B of the Committee report and then go on to consider, as an entirely separate proposal, the United Kingdom proposal calling on the

Council to undertake a general review of the status of non-governmental organizations in Category B.

77. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) felt that the discussion was becoming more and more confused.

78. Although the United Kingdom representative had originally said that the question of considering the status of non-governmental organizations in Category B should be postponed, the Council now appeared to have before it a proposal to undertake a general review.

79. The three delegations — those of Uruguay, Sweden and the United Kingdom — which had in turn put forward the idea on which that proposal was based, had said more than once that their sole reason for suggesting a general review had been to obviate separate discussion of the status of a particular organization. The United States delegation itself had accepted that solution.

80. In view of the Argentine delegation's statement, the United Kingdom representative had changed his position and his delegation's intention now appeared to be to retain section B of the Committee's report and to propose the undertaking of a general review in a separate resolution. He wondered what the United Kingdom delegation's final position would be. He did not know the views of the other members of the Council, but his own personal view had been that the proposal to undertake a general review would automatically rule out the consideration of individual cases. In that connexion, he would point out that the question of a general review was not included in the Council's agenda. In any event, it was essential to bring some clarity into the discussion.

81. Summing up the debate, the PRESIDENT said that, in section B of its report, the NGO Committee had decided to defer consideration of the item "Review of the status of the Women's International Democratic Federation" to a later meeting. The Council could not modify that decision and had no alternative but to take note of it. It was, however, competent to give the Committee directives, and, if it adopted the United Kingdom proposal, the latter would constitute a directive which the Committee would have to take into account.

82. In any event, it would be for the Council to take the final decision on any recommendations which the NGO Committee might be required to make.

83. Mr. OVERTON (United Kingdom) said that he had not changed his position in the course of the debate, as the Soviet Union representative had contended.

84. There was of course a substantive connexion between the NGO Committee's decision and the United Kingdom proposal; if the Council decided to institute a general review, the case of the particular organization in question would obviously be considered within the framework of that review.

85. He had only drawn a distinction between the two proposals from a procedural standpoint, the one being merely a Committee report and the other a straightforward draft resolution.

86. Mr. STERNER (Sweden) also thought that there was a logical connexion between the United Kingdom proposal and section B of the report; the United Kingdom proposal would replace section B, so far as its substance was concerned, no matter how the procedural question was regarded.

87. His delegation regretted that the proposal for a review had been linked up with the question of the Women's International Democratic Federation.

88. Whatever view might be taken of the substance of the matter, he thought it would be difficult to oppose a request for a general review. His delegation would therefore vote for the United Kingdom proposal.

89. Mr. BRACCO (Uruguay) said that the position was that the Council had two proposals before it, that of the United Kingdom and that of the United States, which had been embodied in section B of the report.

90. There could be no doubt that the United Kingdom proposal tended to replace section B. While that gave rise to some procedural difficulties, the Council's rules of procedure should facilitate and not impede its work. Some formula must be found which would take account of both the spirit and the letter of the rules of procedure.

91. Mr. MUÑOZ (Argentina) did not think that the United Kingdom representative's statements had cleared up all the doubtful points. In particular, he wondered whether the adoption of the United Kingdom proposal would not have the effect of paralyzing the NGO Committee or even the Council itself. Might the Committee not in fact find itself compelled to refrain from considering individual cases of non-governmental organizations wishing to establish consultative status with the Council?

92. It might therefore be useful to make that point absolutely clear in the United Kingdom proposal. The following phrase might perhaps be inserted at the end of the first paragraph: "without prejudice to decisions which the Council may be required to take on individual cases, should the need arise". His delegation would be prepared to accept the United Kingdom proposal in that form.

93. Mr. GORSE (France) entirely shared the Uruguayan representative's views; section B would become pointless if the Council adopted the United Kingdom proposal. Individual cases such as that of the Women's International Democratic Federation would be automatically considered as part of the general review.

94. The French delegation would vote for the United Kingdom proposal, but wished to make it clear that it was opposed to any specific mention of the Women's International Democratic Federation.

95. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) thought that the statements of the Uruguayan, Swedish and French representatives had helped to bring some clarity to the discussion. The Council definitely had before it a proposal designed to replace section B of the NGO Committee's report.

96. There were therefore two proposals before the Council, one relating to the Women's International Democratic Federation and the other proposing a general review of the status of non-governmental organizations in Category B.

97. The two proposals were related both in substance and in form, although the United Kingdom representative had at one point apparently drawn a distinction between them in the matter of procedure. It was quite obvious, that, if the Council adopted the United Kingdom proposal, section B of the report would become redundant. It was, however, necessary to bear in mind that the Committee was not a free agent, but was a subsidiary body receiving instructions from the Council. It had not been instructed to undertake a review of the status of the non-governmental organizations and was not therefore competent to do so.

98. Was he now to understand that the institution of a procedure for review would prevent the NGO Committee from ruling on any individual case which might

arise before the Council's seventeenth session? He would like that point to be made absolutely clear and would request that it should be specifically mentioned in the summary record.

99. The PRESIDENT said that, while he did not wish to confirm the interpretation given by the USSR representative, he believed it to be correct.

100. Mr. MUÑOZ (Argentina) wished to know the United Kingdom representative's opinion of the phrase he had proposed should be added to the text of the draft resolution.

101. Mr. OVERTON (United Kingdom) confirmed that the USSR representative's interpretation was correct. If the Council decided to review the question as a whole, the Committee would not have to deal separately with individual cases.

102. As regards the Argentine representative's suggestion, he did not think that the proposed amendment to the text would be advisable. The draft resolution referred only to non-governmental organizations granted consultative status up to the thirteenth session and not to new applicants; the work of the Committee would not therefore be paralyzed.

103. Nor would the Council be precluded from considering individual cases, if it thought it necessary though that seemed unlikely. The Council was not, in fact, legally bound from one session to another by the resolutions it adopted. While it was useful to prepare a work programme in advance when dealing with complex problems of that kind, the Council technically retained complete freedom of action. It was most unlikely that delegations would be prepared to take a decision on an individual case in the absence of the necessary documentation; such a case might, however, arise and there was nothing in the United Kingdom draft resolution which would prevent the Council from taking whatever action it saw fit.

104. Mr. EL-TANAMLI (Egypt) would like to consider the question at his leisure and requested that the discussion should be adjourned to another meeting.

105. The PRESIDENT proposed that the discussion should be postponed to the morning meeting of 28 April.

It was so decided.

Admission to Headquarters of representatives of non-governmental organizations

106. The PRESIDENT recalled that the United States Government had refused visas to representatives of the World Federation of Trade Unions and the Women's International Democratic Federation, on the grounds of its national security. The Legal Department of the United Nations, which had been consulted on the matter, had expressed the view (E/2397) that the persons concerned were entitled to enter freely for the purpose of proceeding to Headquarters. The United States representative had then said (686th meeting) that there had been a difference of opinion between his Government and the Secretary-General in regard to the Headquarters Agreement. Negotiations had accordingly taken place in accordance with the established procedure. After an exchange of notes, the two parties had appointed representatives who had met three times in the past two weeks. The negotiations were still in progress; it was difficult to say when they would be concluded, but he did not think that either the Secretary-General or the United States Government could be reproached with any lack of diligence in the matter.

107. Mr. BIRECKI (Poland) wished to make a few remarks. He believed that the Council had taken the unanimous view that the refusal of visas was an inadmissible attempt to interfere in the work of the United Nations. The reasons given had been altogether inadequate, as the Legal Department had emphasized. Delegations had accepted the Indian proposal to postpone the discussion in the hope that the negotiations would be completed soon enough to enable representatives of the non-governmental organizations concerned to attend the session of the Council. The delay which had occurred was therefore highly unsatisfactory. It was a matter for regret that neither the Council nor the Secretariat had been able to secure respect for their rights or for the international status of the Organization. His delegation hoped that there would be new developments in the near future. He reserved the right to speak on the matter at a later stage.

108. Mr. ARUTJUNIAN (Union of Soviet Socialist Republics) hoped that the President would soon be able to give the Council more satisfactory news. The pace at which negotiations were proceeding was not in accordance with the desires of the Council, which had

assumed that visas would be granted before the end of the current session. It was even open to question whether the question would be settled before the next session. The Council should convey to the Secretary-General its surprise at the slowness with which negotiations were proceeding and request him to do everything possible to ensure more rapid progress.

109. Mr. JUNG (India) emphasized that, when he had proposed the postponement of the discussion on 15 April (687th meeting), the encouraging statement by the United States representative had led him to believe that sufficiently rapid progress would be made to enable representatives of the non-governmental organizations concerned to attend the current session. He regretted that that had not been the case. His delegation hoped that the pace of the negotiations would be speeded up and desired that its wish should be brought to the notice of the Secretary-General.

110. The PRESIDENT said that he would inform the Secretary-General of the observations of delegations regarding the pace of the negotiations.

The meeting rose at 6.5 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

Observers from the following countries: Brazil, Chile, Czechoslovakia, Dominican Republic, Netherlands, Syria.

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

Consideration of the provisional agenda for the sixteenth session of the Council (E/2352/Rev.1 and Add.1, E/2404, E/2412 and E/L.498)

[Agenda item 29]

1. Mr. STERNER (Sweden) drew attention to document E/2404 which contained a note by the Secretary-General concerning the report requested under Council resolution 424 B (XIV) on "measures designed to reconcile the attainment and maintenance of full employment with the avoidance of the harmful effects of inflation". The question on which the Council had requested a report was exceedingly important and had not been discussed adequately in the past owing to the lack of the necessary material. In document E/2404, the Secretary-General had suggested that it might be advisable to appoint a group of experts to study the problem and to draft recommendations. That was exactly what the Swedish delegation had originally suggested and it was only because other delegations had felt hesitant about the proposal that it had been changed into a request for a report from the Secretary-General. He fully appreciated the difficulties mentioned in the Secretary-General's note but felt that there was a third alternative in addition to the two suggested.

2. He did not think it would be advisable to appoint a group of experts at that stage, neither did he think it desirable for the Council to attempt to discuss the subject on the basis of the brief outline given in document E/2404. A third alternative would be for the Secretariat to attempt to gather a certain amount of additional material so as to give the Council a better picture of the problem and to enable it to decide on the methods for future study and possibly on the establishment of a group of experts. The subject was extremely complicated and, naturally, the Secretary-General could

not be expected to produce the final answer. The material must be collected gradually and, as a beginning, the Secretary-General might summarize some of the studies already published on the subject in various countries, for example in Sweden, indicating the main schools of thought, the general outlines of the policies adopted and the success or failure of those policies.

3. The Secretary-General had quite rightly pointed out that the problem was different in the developed countries and the under-developed countries. However, the basic problem was common to all countries. They all wished to increase their economic activity and at the same time to counteract the resulting inflationary tendencies. Any report on the subject must therefore be divided into different sections while stressing at the same time the common purpose. He fully realized that time was short and that it might not be possible to prepare much material for the sixteenth session but he had every confidence in the Secretariat and was sure it would do its best.

4. Mr. WADSWORTH (United States of America) agreed with the Swedish representative that it would be useful if the Secretariat could produce some additional material for the discussion at the sixteenth session. In addition, he felt that the discussion would be more useful if the representatives of countries which had experience in dealing with inflationary pressures at high economic levels could come to the session prepared to give the Council the benefit of their experience. He emphasized that information on policies which had failed would be just as useful as information on successful policies.

5. Mr. TANGE (Australia) agreed with the suggestions made by the representatives of Sweden and the United States. He fully appreciated the difficulties referred to in the Secretary-General's note and felt that the Secretariat had done the Council a service in drawing its attention to them. All countries had two objectives in common, namely, full employment and price stability. The other objectives and problems differed from country to country. He agreed that it would be premature to decide at that stage on the establishment of a new group of experts and that the Secretariat might be able to supply some additional material to form a basis for discussion. The additional material might include a list of the kinds of problems involved, of the authoritative international studies on the subject and of the type of independent specialized studies which the Secretariat considered necessary for the continuation of the work.

6. Finally, he suggested that representatives should be prepared at the sixteenth session to divide the rather broad agenda item into its component parts and thus relieve the Secretariat of the responsibility of deciding which aspects should be given priority.

7. Mr. DE SEYNES (France) agreed with the suggestions made by the representatives of Sweden and Australia and emphasized that the necessary material must be prepared gradually. His delegation would be very glad to study any documents and information

submitted on the subject, but he felt that the Council would probably have to confine its discussion on the item at the sixteenth session to the preparation of a methodical programme of work. He emphasized that there was very little time before the sixteenth session and stated that his delegation would in future be obliged to adopt a very firm attitude regarding the discussion of items on which the documentation had not been distributed in time. Consequently, the consideration of the agenda for the sixteenth session was provisional in two respects: in the first place, the Council would have to adopt the agenda formally at the beginning of the sixteenth session and, secondly, no final decision could be taken on the inclusion of any item until the nature of the documentation was known.

8. Mr. FENAUX (Belgium) and Mr. MEADE (United Kingdom) supported the French representative's stand on the question of documentation and expressed the hope that the Secretariat would do its best to ensure the distribution of the document within the time-limit in all the working languages.

9. The PRESIDENT felt sure that the Council was unanimous on that point. He was convinced that the Secretariat was well aware of the importance of distributing the documents in time for them to be studied, not only by delegations but also by governments.

10. Mr. BLOUGH (Secretariat) emphasized that the Secretary-General's purpose in submitting document E/2404 had been simply to explain why the Secretariat would find it very difficult to produce a satisfactory report to meet the request made in Council resolution 426 B (XIV). He felt however that the Secretariat could provide substantial help along the lines suggested by the representatives of Sweden and Australia. It would also be very valuable if delegations were to follow the suggestion made by the United States representative; The Secretariat would write to members of the Council suggesting that they should provide it with pertinent material for circulation to the Council before the sixteenth session. The shortage of time would be the main problem but the Secretariat would do its best to prepare the type of material requested in the time available before the next session.

11. The PRESIDENT reviewed the items of the draft provisional agenda for the sixteenth session (E/2352/Rev.1). Noting that item 2 (full employment) would be considered subsequently in connexion with the NGO Committee's recommendations, he called for comment on the remaining items.

12. Mr. MEADE (United Kingdom), referring to items 18 (Draft convention on nationality of married women) and 19 (Statelessness), pointed out that the International Law Commission was to consider the entire question of nationality, including the problem of statelessness, at its 1953 summer session. In the circumstances, it would be preferable for the Council to defer consideration of the items until its seventeenth session, when it would have received the report of the Commission's findings.

13. Mr. PEREZ PEREZ (Venezuela), Mr. KOTSCHNIG (United States of America) and Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) supported that suggestion.

It was so decided.

14. In connexion with items 23 to 30 inclusive (reports of specialized agencies), Mr. MEADE (United Kingdom) asked whether some of the specialized agencies

concerned might be persuaded to prepare their reports for submission to the Council in 1954.

15. Mr. HILL (Secretariat) replied that as the reports had already been prepared, and many of them had already been received, it would be difficult to secure that result. The Secretary-General would be glad, however, to consult with the agencies regarding the preparation of their reports in future.

16. In reply to a query from Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) on item 34 (Calendar of Conferences for 1953), Mr. VAKIL (Secretary of the Council) explained that the item had been carried over from the current Council agenda because the Commission on Human Rights had yet to decide whether the Sub-Commission on Prevention of Discrimination and Protection of Minorities was to hold a session in 1953 and report its decision to the Council at its sixteenth session.

17. Mr. BIRECKI (Poland) requested the President to report on the progress of the current negotiations dealing with the admission to Headquarters of the representatives of the WFTU and the WIDF.

18. The PRESIDENT replied that he would revert to that question subsequently.

19. He drew attention to the additional item which the Council had decided, at its 701st meeting, to place on the agenda of its sixteenth session, namely the question of admission to membership of the regional economic commissions of States not Members of the United Nations (E/2352/Rev.1/Add.1).

20. Mr. DE SEYNES (France) had interpreted the Council's vote at that meeting as a decision merely to adjourn discussion of the question under consideration until the sixteenth session. It had not decided to include it in the agenda of that session or what title to give it as an agenda item.

21. Mr. MUÑOZ (Argentina) believed that the title of the agenda item: "Question of admission to membership of the regional economic commissions of States not Members of the United Nations" accurately reflected the Council's decision. It would be recalled that India had suggested the adjournment of the debate on the matter under consideration, on the understanding that it would be considered at the sixteenth session in a wider context. It was on that understanding that Argentina had supported the adjournment; it would have been reluctant to do so if the only question involved had been full membership in ECAFE, because it had been prepared to support full participation in ECAFE of the individual States listed in the draft resolution submitted by France and the United States (E/L.504). Moreover, India had asked the Secretariat, in the interim period before the sixteenth session, to prepare a study of the constitutional and legal aspects of membership in regional economic commissions of States which were not Members of the United Nations.

22. Mr. TANGE (Australia) differed with the representative of Argentina regarding the interpretation of the Council's earlier decision. That decision had been taken on India's procedural motion and had therefore taken precedence over a vote on the joint draft resolution. The formulation of the item which the Council had decided to defer until its sixteenth session must incorporate the specific question discussed, namely, the joint draft resolution (E/L.504). As it stood, document E/2352/Rev.1/Add.1 did not accurately state that question.

23. The agenda item for the agenda of the sixteenth session should read: "Annual report of the Economic Commission for Asia and the Far East; draft resolution submitted by France and the United States (E/L.504); amendment submitted by Australia (E/L.505)". It might be annotated by a reference to India's request for a study of the constitutional and legal aspects of the broader question of accession of non-member States to membership in regional economic commissions.

24. Mr. KOTSCHNIG (United States of America) understood that India had wished to defer Council action on the requests of specific countries for full membership in ECAFE (E/L.504) until the Secretariat had prepared a study on the general competence of the Council in such matters. It was his impression that the formulation of the item (E/2352/Rev.1/Add.1) did not fully reflect that decision and did not make it clear that the France-United States draft resolution (E/L.504) would be considered at the sixteenth session as an item held over from the fifteenth session.

25. Mr. STERNER (Sweden) recalled that his delegation together with several others, had supported the Indian motion for the adjournment of the debate on that draft resolution in the belief that it would be useful to consider the entire question of full membership of non-member States both in ECAFE and ECE at the sixteenth session. Inasmuch as the title of the suggested item was of such a comprehensive nature, Sweden thought it should be retained.

26. The PRESIDENT conceded that he had simply put the Indian motion for adjournment to the vote in order to expedite the proceedings. It seemed obvious that the joint draft resolution came under the suggested agenda item. To make that fact more explicit, it might be added to that title, with the document number given.

27. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) saw no reason to amend or expand the suggested title of the agenda item (E/2352/Rev.1/Add.1). As it stood, it was an accurate reflection of the Council's decision.

28. Action on the proposal to widen ECAFE's membership had been deferred not because it would not have been possible to settle the specific issue raised in the joint draft resolution, but because, at India's suggestion, the majority had decided that the issue should be considered in its broader aspects in order that the Council's action on accession to membership in ECAFE or in ECE should remain consistent. The representatives of Argentina and India had demonstrated the need for a more general approach to the problem and had cited the relevant Articles of the Charter.

29. The deferment of the item until the sixteenth session, with the title suggested by the Secretariat, did not preclude discussion at that time of any proposals relating to specific regional commissions, and did not prevent any delegation from introducing any related matter within that general context. For example, delegations would be free to maintain their objections to widening the membership of ECE or of ECAFE; the wording of the new agenda item was all-inclusive. There was no point in adding specific mention of the France-United States draft resolution, particularly as the debate had shown that the majority was opposed to the policy of favouritism towards some and discrimination towards others in connexion with the participation of non-member States in United Nations organs. France and the United States might in time realize that such a policy could only lead to a weakening of international

co-operation. In any event, no one was challenging their right to re-introduce their proposal at the Council's sixteenth session.

30. Mr. DE SEYNES (France) contended that by opposing the specific mention of the joint draft resolution in the title of the agenda item, the USSR was, in effect, asking for a retroactive vote on it. The Council could not legitimately excise from its agenda a specific question which it had voted to defer.

31. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) observed that, contrary to the implication of the French representative, a single decision had been taken at the 701st meeting: to defer until the sixteenth session consideration of the question of principle of membership in the regional economic commissions, including both ECE and ECAFE.

32. Mr. JUNG (India) specified that it had never been his intention to preclude discussion of the specific issue (the France-United States draft resolution) within the wider context stated in the suggested title of the agenda item. He had, in fact, agreed to the Secretariat's suggestion for that wording. It was of a comprehensive nature, and any delegation could raise any questions connected with it. After the Council had completed its general study on its competence in the matter and had decided that it was competent to admit non-member States to full membership in regional economic commissions, such specific questions would naturally arise, although not necessarily in the form of concrete resolutions. In any case, there was no need to alter the wording of the agenda item as framed by the Secretariat in document E/2352/Rev.1/Add.1.

33. The PRESIDENT assured the French, United States and Australian representatives that their proposals could quite properly be re-introduced under the new agenda item, as it stood. It would remain intact, except that it would be followed in parentheses by the symbol numbers of the relevant documents, among them E/L.504 and E/L.505, the France-United States draft resolution and the Australian amendment thereto.

It was so agreed.

34. Mr. MEADE (United Kingdom) wondered whether it would be possible for the Secretariat to inform delegations tentatively, some time before the beginning of the sixteenth session, of the approximate dates at which the more important items on the agenda would be discussed. That would be a great help to delegations in arranging for their expert advisers on the various subjects to be on hand.

35. Mr. DE SEYNES (France) endorsed the remarks of the United Kingdom representative.

36. Mr. MEADE (United Kingdom), speaking as Acting Chairman of the Council Committee on Non-Governmental Organizations, submitted the Committee's report on agenda items proposed by non-governmental organizations (E/2412).

37. The ICFTU had proposed the item "Reconversion after the rearmament period" as a separate item, but the Committee had taken the view that it should become closely allied.

38. With regard to the item proposed by the WFTU "Measures to be taken for the application of a progressive social policy throughout the world particularly for the defence, improvement and extension of social security", one delegation, that of the USSR, had wished it to be placed on the provisional agenda of the sixteenth session. That delegation had objected to the Committee's decision to postpone consideration of the

request of the WFTU until the series of meetings of the NGO Committee during the Council's sixteenth session, provided the WFTU submitted further documentation on the subject to the Committee in time to reach members of the Committee not later than four weeks before the opening of the sixteenth session, on the grounds that it was unprecedented and beyond the Committee's competence. He had maintained that the documentation already presented was sufficient. The Committee had however disagreed with that view.

39. Mr. BRACCO (Uruguay) said that although his delegation had originally supported the proposal of the ICFTU that "Reconversion after the rearmament period" should be a separate agenda item, it was prepared to accept the NGO Committee's recommendation that it should form a sub-item of item 2, "Full employment". He suggested that it should be sub-item (d).

40. Mr. DE SEYNES (France) proposed that it should be made item 2 (a).

41. Mr. BRACCO (Uruguay) agreed.

The Council agreed that the item should be included in the agenda as sub-item 2 (a).

42. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics), referring to the item proposed by the WFTU, said that the question was an important and urgent one. National conferences on social security had recently been held in a number of countries and an international conference had been convened to consider measures to improve and extend social security. Evidence had been produced at those conferences that an attempt was being made in many countries to curtail budgetary appropriations for social needs. Questions of social security were receiving less and less attention from governments and organizations which should do their utmost to halt the deterioration in the already defective social security system of many countries. The Economic and Social Council should therefore not postpone taking a decision on the matter but should include the item in the agenda of its sixteenth session. He could not admit the validity of the argument that further documentation was needed; the Council had just decided to include the item "Reconversion after the rearmament period", the documentation on which was no more voluminous. That argument was a mere pretext for delay.

43. Mr. BRACCO (Uruguay) said that Uruguay regarded the question of social security as of primary importance both on the national and the international level. Nevertheless, in view of the fact that more than two months would be required to make the necessary exhaustive study of the matter, he felt that the cause of social security would be better served by a postponement and he proposed that the item should be included in the agenda of the Council's seventeenth session.

44. Mr. BIRECKI (Poland) disagreed with the representative of Uruguay; the Council already had ample documentation available to it. He supported the USSR proposal.

45. Mr. MUÑOZ (Argentina) suggested that the item proposed by the WFTU should be considered in connexion with item 9 of the provisional agenda of the sixteenth session: "Programme of concerted practical action in the social field of the United States and the specialized agencies".

46. Mr. KOTSCHNIG (United States of America) said that in the opinion of the United States delegation the decision of the NGO Committee, which had been taken by a majority of six to one, was a wise one. The Council, after careful consideration, had entrusted the NGO Committee with the duty and responsibility of deciding on requests from non-governmental organizations in category A that items should be placed on the agenda and had laid down the criteria by which the Committee should be guided in considering such requests. It had done so in order to avoid precisely the kind of discussion that was now taking place. The proposed item in question had been submitted only a day or two before the Committee had to take a decision; the documentation submitted could by no stretch of imagination be regarded as adequate, and the majority of the Committee had therefore felt unable to recommend that the item should be included in the agenda of the sixteenth session.

47. Out of deference to the organization which had proposed the item and the USSR delegation, which supported it, the Committee had decided not to take a final decision but to ask for additional documentation. The representative of the organization had agreed to that request. He urged the Council not to override the Committee's decision. If it were to do so the Committee would be reduced to the status of a mere cipher and the Council would defeat its own ends.

48. The United States delegation would be glad to reconsider the application when adequate documentation was available.

49. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) observed that the United States representative appeared to regard the NGO Committee as a supreme organ to whose decisions the Economic and Social Council must bow. The Council had on previous occasions rejected recommendations by the Committee, and could do so again. The United States representative was merely trying to avoid discussion of the issue.

50. He supported the Argentine proposal that the item should be included under item 9 of the provisional agenda.

The meeting rose at 1 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

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

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

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

Consideration of the provisional agenda for the sixteenth session of the Council (E/2352/Rev.1 and Add.1, E/2404, E/2412 and E/L.498) (concluded)

[Agenda item 29]

1. Mr. LOPEZ (Philippines) pointed out that under rule 10 of the rules of procedure any decision by the Council Committee on Non-Governmental Organizations not to grant a request submitted by a non-governmental organization that an item be placed on the provisional agenda of the Council should be considered final.

2. That being so, it did not appear that the Council could reverse the Committee's decision. A compromise solution seemed possible, however, along the lines suggested by the Argentine representative at the 703rd meeting of the Council. The item proposed by the World Federation of Trade Unions could be studied when item 9 of the provisional agenda for the sixteenth session¹ was considered. It was quite natural that reference should be made to the improvement and ex-

¹ Programme of concerted practical action in the social field of the United Nations and the specialized agencies.

tension of social security in connexion with a programme of concerted practical action in the social field.

3. Thus the Council would simply accept the Committee's decision but it would be understood that the WFTU, or any other competent body, could raise the question of social security and a progressive social policy in general under item 9. The Philippine delegation hoped that that proposal would be satisfactory and would meet with general approval.

4. Mr. BRACCO (Uruguay) withdrew his previous proposal and supported that just submitted by the Philippine representative.

5. Mr. GORSE (France) thought that under rule 10 of the rules of procedure and in view of the debate on that rule at the tenth session, the Council could not reverse the Committee's decisions in the case of a request for the inclusion of an item in the agenda. He pointed out that the Committee had acted in full knowledge of the facts. The documentation furnished by the WFTU had arrived very late and seemed inadequate; rule 10, paragraph 2 (a) stipulated that there must be adequate documentation.

6. His delegation would however accept the compromise solution proposed by the Argentine and Philippine representatives and hoped that the Council could quickly reach a decision.

7. Mr. BIRECKI (Poland) was glad to note the new direction the discussion was taking; the Council was seeking a practical solution to the problem before it. The argument based on the positions taken by delegations in the Committee was inadmissible: representatives had frequently been known to propose compromise solutions after having adopted a seemingly inflexible attitude at the outset. There was therefore nothing to prevent the Council accepting a new suggestion.

8. The question raised by the WFTU was of undeniable importance and it would appear logical to discuss it in connexion with the programme of concerted practical action in the social field. The Polish delegation therefore proposed that the title of item 9 of the provisional agenda should be amended by the addition of the following sub-item: "(a) Measures to be taken for the application of a progressive social policy throughout the world, particularly for the defence, improvement and extension of social security".

9. Mr. OVERTON (United Kingdom) wished to defend the Committee's action in deciding that consideration of the WFTU's request should be deferred. It was solely a matter of documentation; the Committee had quite rightly considered the documentation inadequate and had requested the WFTU to supplement it. Everyone agreed on the importance of the application of a progressive social policy throughout the world; though the possibilities of fruitful action on the international plane were limited, since most aspects of social policy were essentially a matter of domestic jurisdiction for governments.

10. However that might be, the Committee had decided to defer consideration of the WFTU's request to the next session and, as the Philippine representative had pointed out, that decision was final. There was no need, however, to adhere too strictly to the letter of the law since the situation had now changed; the Council was seized of some specific proposals tabled by delegations and must decide upon them. Two questions arose: whether the Council wished to discuss measures to be taken for the application of a progressive social policy throughout the world at its sixteenth session and, if so, what procedure it should follow to arrange for that discussion. The delegations were apparently unanimous in considering that the problem was linked with item 9 of the provisional agenda, which had already been accepted. There remained the question of procedure. Two considerations should be borne in mind: questions of a similar nature should be grouped together and duplication of discussion must be avoided. In the circumstances, the best course would be to agree that item 9 covered social questions as a whole and that when considering it the Council would of necessity have to take into account the opinion expressed by the WFTU, whose communication (E/C.2/R.17) really amounted to a criticism of United Nations action in the social field. There was no reason to make specific mention of it in the title of item 9, as the representative of Poland had proposed; it was understood that the question would be considered within the framework of the general debate on social affairs and that the WFTU communication was an integral part of the relevant documentation.

11. Mr. MUÑOZ (Argentina) did not think that rule 10 of the rules of procedure had been correctly interpreted by the representative of the Philippines. In his view, non-governmental organizations could not appeal against the Committee's decision but there was nothing to prevent the Council from reversing it. That, at any rate, was the correct sense of the Spanish text of rule 10; the English version might perhaps lend itself to the interpretation placed upon it by the Philippines. It would be useful to ask for a legal opinion on the subject.

12. In any case, he agreed with the United Kingdom, France and Uruguay that the question raised by the WFTU was connected with the question appearing in item 9 of the provisional agenda; his delegation would therefore support the proposal submitted by the Philippine delegation.

13. Mr. MATES (Yugoslavia) hoped that the Council would be able to agree on a compromise formula.

14. He agreed with the representative of Argentina on the interpretation of rule 10 of the rules of procedure: there was nothing to prevent the Council from reversing the Committee's decisions. The Council was responsible for drawing up its own agenda and was free to choose the items to be included on it; every delegation was competent to submit proposals on the subject. Rule 10 simply prohibited non-governmental organizations from appealing against the decisions of the Committee. The Council itself was not legally bound, especially since it discussed the reports of the Committee and consequently had full authority in the matter. The Yugoslav delegation had no objection to the Secretariat's being asked for an opinion on the subject but the text of rule 10 seemed to him so clear as to make such a step unnecessary.

15. The Council Committee on Non-Governmental Organizations had considered the documentation sub-

mitted by the WFTU incomplete; he shared that opinion. The documents submitted were not adequate to justify the inclusion of the item on the agenda. The matter took on a different complexion if it were considered that the study of the problem raised came within the framework of item 9: the communication from the WFTU would in that case merely be one of the relevant documents and there would be no objection to its discussion by the Council. The Yugoslav delegation would therefore accept the compromise solution proposed by the Philippines, which seemed the best possible.

16. Mr. FENAUX (Belgium) asked the USSR and Polish delegations to show a spirit of conciliation and to accept the proposal put forward by the Philippine representative without insisting that the proposed item should be included as a sub-item of item 9. The present title of that item would give the Council all the requisite latitude.

17. His interpretation of rule 10 was the same as that of the Philippine representative and he thought that the Legal Department would confirm that interpretation.

18. Mr. EL-TANAMLI (Egypt) said that his delegation agreed with the Argentinian and Yugoslav delegations on the interpretation of rule 10.

19. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) emphasized the importance of a correct interpretation of rule 10 for future relations between the Council and the Committee. In the opinion of his delegation, the text should be taken to mean simply that non-governmental organizations could not appeal against decisions by the Committee; that was all that it said. Moreover, the Committee was only a subsidiary body of the Council and it would be unusual for an inferior body to have power to bind a superior. All the Committee's decisions without exception were open to amendment by the Council. If representatives persisted in their desire to make the Council subject to the dictates of the Committee, his delegation would call for the discontinuance of that advisory body.

20. He was glad to see the favourable course the discussion on the agenda was taking. He regretted that the delegations had not all displayed in the Committee the conciliatory spirit they had just shown in the Council; many difficulties and delays could have been avoided.

21. His delegation agreed that the item proposed by the WFTU should be considered in connexion with item 9 of the agenda. Since several representatives objected to its inclusion as a separate sub-item, his delegation proposed that the title given in the document submitted by the WFTU should simply be added to the annotation of item 9.

22. The PRESIDENT noted the new compromise proposal submitted by the USSR.

23. Mr. KOTSCHNIG (United States of America) objected to the USSR representative's interpretation of rule 10. He had been Chairman of the Council Committee on Non-Governmental Organizations when rule 10 had been drawn up and felt he could say that the USSR's opinion was contrary to the intention of the rule.

24. His delegation supported the compromise proposal submitted by the Philippines and on the understanding that only the symbol of the WFTU document should be included in the list of documents relating to item 9 of the provisional agenda.

25. Mr. BRACCO (Uruguay) said that his delegation interpreted rule 10 in the same way as the

Argentine, Yugoslav and Egyptian delegations and supported the suggestion just made by the United States representative.

26. Mr. OVERTON (United Kingdom) agreed with the Yugoslav representative that any delegation was entitled to request the Council to include an item in its agenda.

27. The PRESIDENT pointed out that the Council had two compromise proposals before it, one submitted by the USSR and the other submitted by the Philippines, which was supported by a number of delegations. It would be preferable for the Council to have to vote on one proposal only.

28. Mr. BIRECKI (Poland) preferred the solution proposed by the USSR. It was not enough to give the symbol of the WFTU document; a brief description of the item must also be given. His delegation hoped that members of the Council would recognize that that would be both logical and useful.

29. The PRESIDENT put to the vote the USSR proposal, which was supported by the representative of Poland.

The proposal was rejected by 11 votes to 2, with 5 abstentions.

30. The PRESIDENT put to the vote the Philippine proposal, which was supported by the delegations of Uruguay, Belgium, Egypt, the United States and Yugoslavia.

31. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that before casting his vote, he would like to know the exact title of the item as it would appear in the agenda.

32. The PRESIDENT said that the title would remain unchanged, but that after the annotation of item 9, as given in E/L.498, the symbol of the document containing the communication from the World Federation of Trade Unions (E/C.2/R.17) would be given in brackets.

33. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) thought that the name of the organization from which the communication had been received should be given after the description of item 9. The words "document E/C.2/R.17, submitted by the World Federation of Trade Unions" could, for example, be added at the end of the existing text.

34. Mr. KOTSCHNIG (United States of America) pointed out that the voting had begun and that, under rule 63 of the rules of procedure, no representative might interrupt the voting except on a point of order connected with the actual conduct of the voting.

35. Mr. BRACCO (Uruguay) supported the USSR representative's proposal.

36. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) was astonished at the United States representative's intervention, which seemed to him to be uncalled for. His point of order, the purpose of which was to obtain information on the text put to the vote, was perfectly in order. Surely all delegations were entitled to ask for information before casting their vote.

37. The PRESIDENT said that the title of item 9 would remain unchanged and that the symbol of the document containing the WFTU communication would be given in brackets.

A vote was taken by show of hands.

38. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) regretted that he had been unable to take part in the vote, since he had not known to which

symbol reference has been made. He thought that the procedure borrowed had not been very satisfactory; the title of the document should have been stated, namely, "Measures to be taken for the application of a progressive social policy throughout the world, particularly for the defence, improvement and extension of social security". The point at issue would then have been clear, and delegations could have voted in full knowledge of the facts.

39. Mr. NUÑEZ PORTUONDO (Cuba) pointed out that a vote had been taken and that it was for the President to announce the result.

40. The PRESIDENT read out the symbol and title of the document containing the communication from the World Federation of Trade Unions, (E/C.2/R.17), dated 14 April 1953. The symbol of that document would be given in brackets after the annotation of item 9 as given in document E/L.498.

41. He thought he had given all the information required and hoped that the Council could now proceed to a vote in the usual way.

The Philippine proposal, as amended during the discussion, was adopted by 16 votes.

42. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said he had not taken part in the vote for the reasons he had already stated.

43. Mr. BIRECKI (Poland) said that he had never heard a delegation object to a request for information about a text put to the vote, even if made during the vote. The United States representative's intervention had confused the discussion. He wondered whether the Council had voted merely to mention a symbol or to include the actual title of the memorandum by the World Federation of Trade Unions in the agenda.

44. The PRESIDENT thanked the Chairman of the NGO Committee for the information he had given the Council in presenting that Committee's report.

45. Now that it had considered the provisional agenda for its sixteenth session, all that remained for the Council to do, in accordance with rule 11 of the rules of procedure, was to consider the grouping of related items and fix the approximate dates at which the consideration of such groups of items would begin. The Secretariat would prepare a document for that purpose. The French and United Kingdom delegations, which had asked him some questions on the subject, would receive the information they had requested in due course.

46. Mr. LOPEZ (Philippines) apologized for reverting to the report of the Committee on Non-Governmental Organizations (E/2412) on agenda items proposed by non-governmental organizations.

47. He wondered what documents would be available to the Council at its sixteenth session for the consideration of the very important item proposed by the International Confederation of Free Trade Unions entitled "Reconversion after the rearmament period" (E/C.2/R.16). His delegation had voted in favour of including that item and did not object to its being considered in connexion with item 2 of the agenda: full employment. It had, however, a few reservations to make.

48. In considering the problem of reconversion at the same time as that of full employment, the Council ran the risk of paying undue attention to the labour difficulties which would confront the industrialized countries that bore the main burden of rearmament. The effects

of any reduction in armaments expenditure would, however, make themselves felt throughout the world. It could be assumed, for example, that for the under-developed countries there would be a reduction in the demand for raw materials. He hoped, therefore, that in preparing documents on the item the Secretariat would have regard to the possible repercussions of reconversion on the economy of under-developed countries.

49. Any detailed discussion of the problem of reconversion would inevitably lead to the consideration of factors other than full employment, such as the development of the under-developed countries and technical assistance. The President of the United States had recently referred to the possibility of using savings resulting from a contraction of the armaments programme to increase the funds available for technical assistance to the under-developed countries. It would therefore be advisable for documents on the problem of reconversion after the rearmament period to deal with the questions he had just mentioned.

50. Mr. BLOUGH (Secretariat) pointed out that the Secretariat had not been asked to prepare any documents on the question of reconversion after the rearmament period. No arrangements had been made for that and the Council must not expect to receive such documents for its sixteenth session.

Admission to Headquarters of representatives of non-governmental organizations

51. The PRESIDENT recalled the hope expressed in connexion with item 34 of the agenda by the delegations of the Soviet Union and Poland that he would be in a position to make an additional statement, before the close of the session, regarding access to Headquarters of representatives of non-governmental organizations enjoying consultative status (686th and 687th meetings). He regretted that all he could report was that he had duly communicated to the Secretary-General the gist of the statements made in the course of the debate by the representatives of the Soviet Union and Poland.

52. The Council now had before it a formal motion by the Polish delegation to include the question, which had constituted item 34, in the agenda of the sixteenth session. He considered that proposal justified and, if there was no objection, he thought that the item should be carried over.

53. Mr. BIRECKI (Poland) thought that the President's suggestion fulfilled both the logical and legal requirements which the present situation should suggest to the Council. It should be remembered that the Council had requested adjournment of the debate on the item for the sole purpose of promoting a rapid and satisfactory settlement of the difficulty which had arisen between the Government of the host country and the United Nations.

54. He deeply regretted that the United States Government had not proceeded with greater zeal in the matter. Two duly accredited representatives of non-governmental organizations had been prevented from taking part in work to which they might have made a very useful contribution.

55. Despite the easing of tension, which was a matter for gratification, it was undeniable that the Council's authority had been flouted despite the expressed provisions of the Charter, the Headquarters Agreement and the Council's own decisions.

56. He asked, in that connexion, that all the documentation on the question, including the resolution adopted by the Commission on the Status of Women on the failure to admit the representative of the Women's International Democratic Federation, the Legal Department's opinion and the relevant summary records of the current session, should be submitted to the Council at its sixteenth session. He hoped that a final settlement would be reached as soon as possible, so that the Council should not have to reopen debate on that vexatious question at every session.

57. Mr. MUÑOZ (Argentina) regretted that the Council had been unable to take a decision on the question of access to Headquarters of representatives of non-governmental organizations before the close of the current session. In the circumstances, there could be no objection to including the item in the agenda of the sixteenth session.

58. The Argentine delegation suggested that the agenda item should be worded as follows: "Report by the Secretary-General on the negotiations entered into with the Government of the United States concerning the question of access to United Nations Headquarters of representatives of non-governmental organizations."

59. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) apologized for taking the floor just as the Council was preparing to take a vote. He felt that it was less important to indicate that the Council wished to be informed of the negotiations, than to make it clear that the Council wanted positive results to be achieved. As the negotiations under way had not borne fruit before the close of the current session, the Council should ask the Secretary-General to take steps to speed them up.

60. He therefore suggested to the Argentine delegation that the wording of the agenda item be amended to read: "Report of the Secretary-General on the results of the negotiations entered into . . ."

61. Mr. MUÑOZ (Argentina) did not believe that the addition of the words suggested by the USSR representative could alter the ultimate effect of the title he had put forward. It might even be argued that it would defeat the USSR delegation's purpose. The broader wording proposed by the Argentine delegation could not be subject to a restrictive interpretation, whereas the amended wording might imply that the Council wished to discuss the matter only if the Secretary-General reported concrete results.

62. In any event, the Argentine delegation was prepared to accept the amended wording, on the understanding that the Council would then consider the problem only if it deemed it useful to do so.

63. Mr. JUNG (India) saw no objection to the wording suggested by the USSR delegation. He firmly hoped that at the sixteenth session, the Secretary-General would be in a position to report positive results to the Council.

64. The PRESIDENT concluded that, as there was no objection, the Council approved the Argentine suggestion, as amended orally by the Soviet Union representative.

It was so decided.

65. The PRESIDENT declared the provisional agenda of the sixteenth session adopted and said that the Secretary-General would transmit it, together with the amendments made by the Council, to the persons

and organizations indicated in rule 12 of the rules of procedure.

Confirmation of members of functional commissions of the Council (E/2385/Add.2)

[Agenda item 27]

66. The PRESIDENT said that, as there was no objection, he considered that the Council confirmed the appointment to membership in the functional commissions of the representatives whose names appeared in document E/2385/Add.2.

It was so decided.

Financial implications of actions of the Council (E/2389 and Add.1 and 2)

[Agenda item 28]

67. Mr. MEADE (United Kingdom) said he would refrain from stating his delegation's views on the documents before the Council. He wished, however, to thank the Secretariat for having prepared that material; it would be very useful both to the Advisory Committee on Administrative and Budgetary Questions and to the Fifth Committee.

68. For its part, the Council had already considered the financial implications of the decisions it had taken at its current session. Indeed, it was surprising that item 28 appeared on its agenda as a separate item since, under rule 34 of the rules of procedure, the Council was required to consider the Secretary-General's estimates before adopting any proposal entailing expenditure by the United Nations.

69. In any event, he reserved his Government's position on the question, until such time as the documentation submitted to the Council had been considered by the appropriate bodies.

70. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) wondered what budget the funds mentioned in document E/2389/Add.2 were being drawn from, whether they constituted new appropriations or were being drawn from appropriations already approved. If they represented additional costs, the USSR delegation would oppose the allocation of funds to cover them because it considered that the Council should remain within the limits of the budget assigned to it by the General Assembly.

71. Mr. BLOUGH (Secretariat) said that the \$59,500 mentioned in paragraph 1 of document E/2389/Add.2 represented expenditure to be covered by the funds appropriated for the financial year 1954. It would be incurred by three conferences to be organized in 1954 and had already been approved by the Council. The 1954 budget had not yet been prepared; when it was drawn up, the appropriate bodies would have to decide against what funds the sums indicated should be drawn.

72. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) was against the allocation of any additional funds because he felt that the expenditure for 1954 should not exceed that provided for in the 1953 budget. An effort should be made to reduce expenditure, not to increase it. That could be done by organizing the work more judiciously; a relatively minor sum was involved, as compared with the Council's general budget and the total United Nations budget.

73. Mr. FENAUX (Belgium) thought that the United Kingdom representative's earlier remarks concerning the documentation submitted to the Council

reflected the same concern as that expressed by the USSR representative.

74. Like the United Kingdom delegation, the Belgian delegation wished formally to reserve its Government's position with regard to the 1954 budget.

75. Mr. KOTSCHNIG (United States of America) recalled that his delegation had had occasion to express its view that the figures before the Council were debatable. The United States delegation hoped that the Advisory Committee would find a way to reduce the proposed expenditure.

76. The PRESIDENT pointed out that the Advisory Committee, when studying the summary records of the Council's session, would certainly not fail to take account of the remarks made during the debate.

Non-governmental organizations: (a) applications and re-applications for consultative status report of the Council Committee on Non-Governmental Organizations (E/2411 and E/L.506) (concluded)

[Agenda item 24 (a)]

77. The PRESIDENT recalled that at the close of its 702nd meeting, the Council had decided to defer the debate and the vote on the draft resolution submitted by the United Kingdom because the text had not yet been distributed. It was now before the Council (E/L.506) and read as follows:

"The Economic and Social Council

"Decides to undertake at its seventeenth session a general review of all non-governmental organizations admitted to consultative status in category B at or before the thirteenth session of the Council;

"Requests the Secretary-General to undertake preparation of the necessary documentation."

78. Mr. BRACCO (Uruguay) supported the United Kingdom draft resolution.

79. Mr. MUÑOZ (Argentina) said he would vote for the draft resolution. The explanations given by the United Kingdom representative at the end of the 702nd meeting had convinced him that the draft resolution did not prejudice the consideration by the NGO Committee or by the Council of applications and re-applications for admission to consultative status.

The draft resolution was adopted by 14 votes to 2, with 2 abstentions.

Closure of the fifteenth session

80. The PRESIDENT stated that as the Council had completed its agenda he proposed to close the session.

81. Mr. NUÑEZ PORTUONDO (Cuba), speaking on behalf of the four Latin-American delegations, congratulated the President on his masterly conduct of the work of the fifteenth session. Under his enlightened guidance, the Council had been able to work rapidly and effectively in an atmosphere which was most gratifying and which, it was to be hoped, would always prevail in the future.

82. Mr. WADSWORTH (United States of America) regretted that he would be unable to attend the sixteenth session. He had learned a great deal at the current session and would always retain a pleasant memory of the extremely cordial relations which had existed at all times between delegations. It was noteworthy that almost unanimous agreement had been reached on particularly important questions.

83. He had been struck by the interest shown by all delegations in the needs and aspirations of the under-developed countries and by the unanimous desire to improve living conditions throughout the world, to maintain economic activity and to ensure a high level of employment.

84. Some representatives had expressed their apprehension, or perhaps their hope, that the free world would find it impossible to maintain a high level of employment and to extend its economic frontiers. The representative of a Communist non-governmental organization had prophesied a disastrous future for the free world; that representative could only be left to her pessimism.

85. The future could be faced with confidence. The United States, for its part, would continue to make every effort, in co-operation with the nations which wished to join it, to give the world a lasting peace. The establishment of peace, far from being a threat to standards of living, would clear the way for an economic and social development unprecedented in the history of the world. Peace, not war, had enabled the United States to become a great Power, to exploit its natural resources and to secure for the American people the living standards which they now enjoyed.

86. The United States delegation applauded the efforts of the United Nations to apply the common intellectual and material resources to the great task of improving the world economic situation, by preventing dangerous fluctuations and promoting the struggle against famine and disease. Results could be achieved only through general economic and social progress, especially in the under-developed countries. The delegation and Government of the United States would continue unremittingly to participate in the collective effort to assist, through the Council and the specialized agencies, the countries which were not yet able to harness their own efforts, in order to lay the foundations for further and more extensive economic and social progress throughout the world.

87. He paid a tribute to the manner in which the President had conducted the work of the session and thanked delegations for demonstrating a true spirit of understanding and co-operation.

88. Mr. JUNG (India), speaking for the Egyptian and Philippine delegations as well as his own, congratulated the President and thanked him for the friendly but firm manner in which he had guided the Council's work. The fact that all the agenda items for the session had been considered in a harmonious atmosphere with a minimum of controversy was undoubtedly due to the spirit of co-operation of all delegations, but especially to outstanding talents of the President.

89. He also thanked the Secretariat, which had performed a very difficult task to everyone's satisfaction and all departments of which, in their respective fields, had given the Council valuable assistance.

90. Mr. MATES (Yugoslavia) regretted that he had been unable to attend all the meetings of the Council and hoped that that would not be the case at the sixteenth session. He congratulated the President, whose firmness, courtesy and conciliatory spirit had contributed largely towards the harmonious atmosphere in which the discussions had taken place.

91. He thanked the Secretariat for its unceasing efforts; it had performed a difficult task under conditions which were not always easy and which accounted, in particular, for certain delays in the circulation of

documents. It was handling its growing volume of work with praiseworthy conscientiousness and goodwill. He paid a special tribute to the members of the Secretariat who had participated in any way in the work of the session and had contributed to its success.

92. Mr. HSIA (China) joined in paying tribute to the President and said that he was glad to have had the privilege of working under such enlightened guidance. All delegations had appreciated the competence, tact, courtesy and impartiality of the President, who might be said to have enhanced the dignity and prestige of the Council.

93. He also extended congratulations and thanks to the Vice-Presidents and to all departments of the Secretariat, whose timeless efforts had been a major factor in the success of the session.

94. Mr. ARUTJUNIAN (Union of Soviet Socialist Republics) congratulated the President for having conducted efficiently and to the general satisfaction proceedings which had sometimes been complex and often delicate. All delegations had shown their co-operation in facilitating the President's difficult task; the USSR delegation was conscious of having spared no effort to that end and hoped that that had not remained unnoticed. It could be said that from the procedural point of view the conduct of the fifteenth session had been excellent. A tribute was also due to the two Vice-Presidents who had shown themselves to be worthy rivals of the President in their conduct of the work of the Economic Committee and the Social Committee.

95. The USSR delegation wished to thank and praise all members of the Secretariat who had contributed to the work of the session, and especially the interpreters and précis-writers, whose assistance was indispensable to representatives in following and analysing the discussions.

96. The fifteenth session had been held at a period which might become historic. The Council now had an excellent opportunity to become an effective instrument of international collaboration, but much still remained to be done. Even at the current session, although noteworthy progress had been made, a spirit of sincere co-operation had not always prevailed. The Council had too often been used in the past as an instrument of the policy of a group of States which sought to impose their decisions on another, smaller, group. The Council must admit all political and economic ideologies; discrimination could only lead to absurd situations, inconducive to the establishment of harmonious relations. Any manoeuvre—and there had been recent examples of such—which might undermine the sincere efforts of some delegations, including that of the USSR, to develop international co-operation in the general interest must be condemned and forbidden.

97. Since there was no economic problem which could not be solved by a round-table discussion, the Council could play a vital part in the economic and social development of all countries. If it was to do so, however, certain delegations must agree to change their usual attitude, to respect other ideologies and not seek to impose their wishes and their decisions on others. New tendencies had become apparent during the fifteenth session; that was a welcome development, but the harmony achieved was still by no means perfect. Only mutual respect could constitute the basis for the sincere co-operation which was essential for the accomplishment of the great tasks the Council had to assume if it wished to further economic and social progress, an essential condition of real and lasting peace.

98. The USSR had struggled unremittingly for the cause of peace. Unfortunately, it had suffered greatly from the scourge of war. It believed that the Economic and Social Council could be an excellent means of ensuring international co-operation for the peaceful building of a better and more prosperous world. To achieve that end, certain delegations must prove by their deeds that a new spirit prevailed in the Council; only then could the Council play the part assigned to it under the Charter. He hoped that that development would come about at the sixteenth session.

99. Mr. BORIS (France) did not wish to moralize on the fifteenth session but merely desired to thank the President and to say how much the French delegation appreciated the way in which he had conducted the session's work. He (Mr. Boris) spoke also on behalf of the United Kingdom, Swedish and Turkish delegations which had asked him to pay a tribute to and to thank the President.

100. Mr. Scheyven had been unanimously elected and the members of the Council were unanimous in congratulating themselves on having chosen a President who had always demonstrated authority, impartiality, tact, even-temper, and a strength of mind which was a sign of his intelligence and understanding.

101. He also congratulated the two Vice-Presidents, Mr. Muñoz and Mr. Birecki, whose conduct of the proceedings in the Social Committee and the Economic Committee, respectively, had been irreproachable. Lastly, he joined in paying a tribute to the Secretariat and thanking it for its valuable assistance to the Council.

102. The PRESIDENT said that he was much moved by the very kind words addressed to him and would communicate the praise and thanks of all delegations to those who had assisted him. He considered that the quality of the work done by a President depended fundamentally on the calibre of his assistants. His work had been greatly facilitated by the presence of the Secretary-General, the Assistant Secretary-General, the Secretary of the Council and numerous assistants of both sexes who had given him their advice and attention at all times.

103. Among his assistants first place must be given to the two Vice-Presidents, Mr. Muñoz and Mr. Birecki, who had directed the work of the Social Committee and the Economic Committee in a masterly manner. None of the questions dealt with in committee had given rise to fresh debate in the plenary meetings. In view of the zeal shown by the two Vice-Presidents and the excellence of the work accomplished under their direction, he would suggest that at the sixteenth session plenary meetings should be held only on Tuesdays, Wednesdays and Thursdays, the other days being devoted to committee meetings.

104. He recalled that on accepting the presidency, he had expressed the hope that the Council would rapidly achieve a practical solution of every question on its agenda. He was glad to note that all the problems taken up had been studied conscientiously and suitably dealt with, unanimity being reached on the most important and delicate questions.

105. The principal discussions had centred on the world economic situation. He did not intend to review that debate, but wished to emphasize a number of points of particular importance. The supporters of a controlled economy as well as those of a free economy had praised the merits of the economic system they had

deliberately chosen. It was clear that both systems had their advantages and disadvantages. The supporters of a capitalist economy, who were in the majority in the Council, had had the merit not to hide their concern at the economic recession which seemed to be approaching, and which might grow worse if the present rearmament economy were suddenly converted into a peace economy.

106. All delegations had welcomed the slackening of tension in international affairs since, as one representative had expressed it, any promise of peace was a sign not only of hope but also of prosperity, for peace was essential for economic progress.

107. But the danger of a recession was none the less real and a tribute should be paid to the representatives of the free economies for not having concealed their concern in that connexion. It was a proof that those States had decided to do everything possible to maintain full employment at home and to raise the standard of living of the peoples. A free economy was certainly more vulnerable than a controlled economy, and too many conversions and reconversions could not be imposed on it without causing harm. At the end of the Second World War the transition from war production to peace production had been effected without any appreciable ill-effects, as the demand for armaments had been replaced by a large accumulated demand for civilian goods. At the present time there was little chance that such a reconversion could take place automatically and smoothly. Joint action by countries with a free economic system would be necessary to stimulate demand.

108. Representatives of the under-developed countries had drawn the attention of the industrialized countries to the possibility of stimulating such a demand for consumer and capital goods by the development of the under-developed countries. It had been pointed out during the discussion that world income was at present more unevenly distributed than before the war, that the gap between the rich and poor countries had widened, that inequality of development between the industrialized countries themselves was appearing, and that as compared with the 1934-1938 period agricultural production had increased by 10 per cent, while world population had increased by 15 per cent. The representatives of the under-developed countries had therefore been quite right to call the attention of the Council and the whole world to the distress in those countries, and he had been specially glad to note that all delegations had endeavoured to grasp the seriousness of the problem.

109. It seemed that the Council had agreed unanimously that (1) the development of raw materials production in the under-developed countries should be accompanied by a certain degree of industrialization in order to make those countries consumers as well as producers of raw materials; they would then be in a better position to withstand fluctuations in the world market and would offer the industrialized countries new markets for their capital and consumer goods; (2) such industrialization should not interfere with the increase in the production of foodstuffs; (3) the industrialized countries should for their part make a great effort to improve the training of workers and to increase their investments in the under-developed countries in order to improve the products of the latter.

110. In the financial field there should be a movement of capital from countries which had large surpluses in their balance of payments to countries which had to

make an investment effort, that was to say, primarily to the under-developed countries which could not accumulate adequate capital reserves, and, if necessary, to any industrialized countries which might from time to time have need of it.

111. As regards trade, customs barriers should be suppressed or at least lowered, economic concentration should be encouraged in order to increase exchange values, economic expansion should be assured by specialization in production throughout the world, and commercial exchanges balanced by greater freedom of trade. He had noted that several representatives had expressed the hope that trade between the East and the West would increase. Such a development was very desirable and would solve certain difficulties underlying the world economic imbalance. What had not been possible to date might be possible in the future when peace was no longer merely a hope but a reality.

112. All those problems had been discussed in a very positive but general way during the session. There was perhaps regret in some quarters that practical solutions had been deferred until the sixteenth session, but for his own part he thought it better to do so. The industrialized countries had been unable to reply as favourably as they would have wished to all the requests made to them by the under-developed countries, since rearmament absorbed all their financial and material resources. It was to be hoped that the situation would be different by the time of the sixteenth session. For the first time perhaps since the war large amounts of capital would

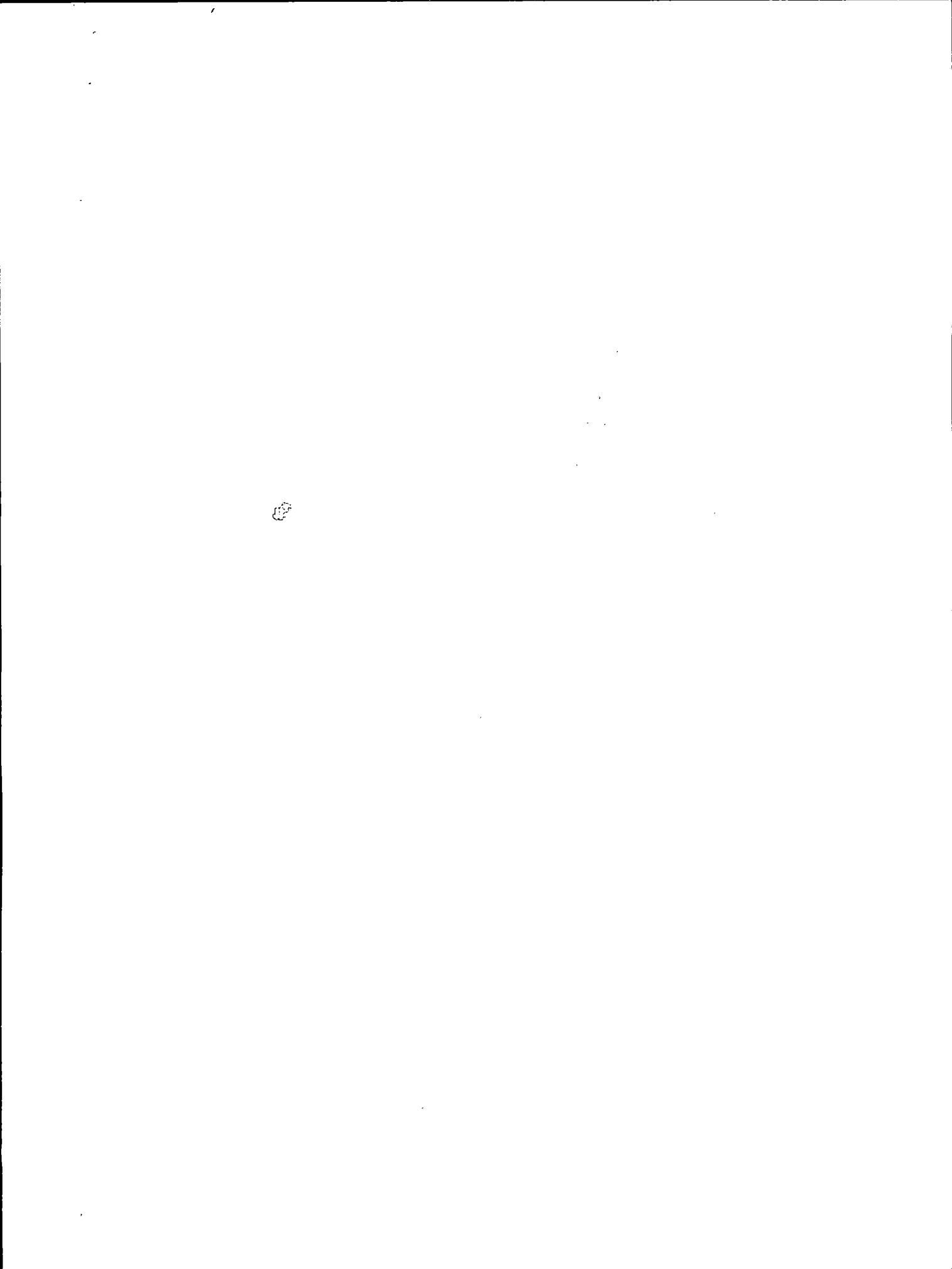
become available and the development of the under-developed countries would become necessary for the economic future of the industrialized countries. The latter should not be accused of selfishness. An effort should be made to realize the facts and understand that it was necessary for the world to be at peace and for tangible proofs of goodwill on the part of all to be forthcoming if that great task was to be undertaken.

113. No time should be lost during the coming two months if the Council were to do really useful work during its next session and hopes of peace were to become a reality. All delegations should ensure that they received positive instructions from their governments in order to enable the Council to arrive at a concrete solution of all the problems it would study. The Council should not find itself unable to take decisions at such an important moment in world history when a small delay might have disastrous economic and social consequences.

114. The fifteenth session had taken place at a time marked by a relaxation of tension and respect for the principles of the Charter. It was to be hoped that at its sixteenth session the Council would be able to go forward still further and in compliance with Article 55 of the Charter, promote higher standards of living, full employment, and conditions of economic and social progress and development.

115. He declared the fifteenth session closed.

The meeting rose at 5.45 p.m.



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