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Chairman: Mr. Ernest G. CHAUVET (Haiti).

AGENDA ITEM 12

Report of the Economic and Social Council, chapters II, III and IV (A/2943) (*continued*)

1. Mr. ULLRICH (Czechoslovakia) said that, under Articles 13 and 60 of the United Nations Charter, the General Assembly had certain responsibilities in economic and social matters. It was the Assembly's function to make appropriate recommendations to the Economic and Social Council, so that the latter could fully reflect the views of all Member States. Furthermore, the Assembly itself should consider major international economic problems, for their solution could greatly contribute to the improvement of relations among States and to the strengthening of world peace.

2. After referring to the views of certain delegations embodied in paragraph 97 of the Council's report (A/2943) and to the statement by the Executive Secretary of the Economic Commission for Europe (ECE) at the Council's twentieth session (871st meeting), concerning the economic progress of the under-developed countries and the utilization of the resources which would be released as a result of general disarmament, he discussed questions of international trade and inter-regional economic co-operation. He thought that the Assembly should actively encourage the expansion of international trade and urge the removal of trade barriers, for in that way it would become possible to further both the economic and the political objectives of the United Nations. At the national level States should also take practical measures along those lines. The introduction of the *World Economic Report, 1953-54* (E/2729) and the study entitled *The Quest for Freer Trade* (E/2737) described the obstacles which had to be eliminated; in his view the principal impediments were the barriers resulting from the economic policy of certain countries. To some extent, a restrictive policy might be attributable to economic necessity, and if the barriers in those cases—customs tariffs, exchange control, and administrative restrictions—were to be abolished, patient and concerted efforts by all countries would be needed. On the other hand, certain restrictions which hampered international economic relations were purely artificial, since they were based on non-economic considerations inconsistent with the aims of the United Nations.

3. For example, the discrimination against the East European countries, which was among the weapons used by the United States in the "cold war", was incompatible with the fundamental principles which should normally govern trade relations between States, and was likewise contrary to the Atlantic Charter, the General Agreement on Tariffs and Trade and the Havana Charter. It was also not in keeping with the purposes of the United Nations, which were based on the principle of the sovereign equality of all its Members. The discrimination practised by the United States and other Western countries was the gravest of the obstacles impeding the development of East-West trade. Moreover, the United States was not content merely with prohibiting certain exports to Eastern Europe; its customs tariffs were so high that they hampered trade in the other direction. Yet international trade could not be developed except on the basis of equality of rights and mutual advantage. Admittedly the discrimination had been slightly relaxed, but it could not be claimed that United States policy in that respect had radically changed. The opportunities for increasing East-West trade were, however, abundant, as the United States representative had himself admitted. Certain countries which were following a policy of discrimination were beginning to realize that it was against their own interests and some signs of a trade recovery had been observed. It was to be hoped that the United States, too, would follow the advice of those who were advocating a return to normal conditions.

4. He was happy to note that at its twentieth session the Council had adopted resolution 579 A (XX) concerning the expansion of world trade, though he regretted that an international trade organization had not yet been established within the framework of the United Nations. In that connexion, he recalled that at the twentieth session the representative of the USSR, supported by Czechoslovakia, had proposed (875th meeting) that Member States should be invited to ratify the Havana Charter, which had been signed by fifty-four countries in 1948, and he expressed the hope that, when its session was resumed in December, the Council would further advance the study of the question.

5. He paid a tribute to the regional economic commissions for their efforts to encourage economic co-operation. The Economic Commission for Europe had contributed towards an increase in trade and had fostered consultations among its members. The conditions for even more effective action by that Commission were favourable. Similarly, the influence of the Economic Commission for Asia and the Far East (ECAFE) was daily growing stronger, but it was regrettable that the People's Republic of China was not yet represented in it. At the last session of the

Commission the Asian countries had clearly defined their aims: higher levels of living, the removal of the obstacles to international trade, the prevention of fluctuations caused by speculation, and dedication to peaceful development. Czechoslovakia was also closely observing the work of the Economic Commission for Latin America (ECLA) in the matter of economic planning and industrialization and was endeavouring to expand its trade relations with the Latin American countries on the lines which it had been following, not without success, in recent years.

6. Since the eighteenth session of the Council, the regional economic commissions had been studying ways and means of developing commercial relations among the three regions. The consultations held under the auspices of ECE had helped to expand trade in Europe and inter-regional consultations would certainly make it possible to intensify trade among the three continents. The regional economic commissions having opened the way, such consultations would be easier henceforth. Furthermore, the Council had taken a decision (resolution 579 B (XX)) in that connexion which should make it possible to arrange an inter-regional meeting of experts before long. Consultations of that nature would greatly contribute to the realization of development programmes and generally promote contacts among the different regions. Already ECAFE had sent technical experts to Europe to study production methods in several industries. It was to be hoped that the General Assembly would in its turn promote all measures to facilitate inter-regional contacts.

7. The progress made in recent months encouraged the hope that world economic problems would be solved and that prosperity would increase throughout the world. The countries with a planned economy had been rapidly developed and industrialized. They were now in a position to increase their trade with other countries, but it was still necessary to eliminate the artificial obstacles to such trade.

8. Mr. HAKIMI (Afghanistan) said it was encouraging to note that a marked improvement was taking place in the world economic situation and that the under-developed countries were taking determined steps to increase their productivity and so to raise standards of living.

9. Unemployment was a serious problem; but its solution was largely the responsibility of individual States. Afghanistan, being an agricultural country, suffered seasonal unemployment, and the Government had tried to maintain employment at its highest possible level throughout the year. For example, it had introduced and developed handicraft industries through community projects. New dams, irrigation canals and other public works projects constructed under the economic development plan had helped to provide employment for the agricultural surplus population and for seasonally unemployed farm workers.

10. However, a factor of equal importance for the reduction of unemployment was the removal of barriers to international trade; and the Afghan delegation was convinced that national and international action should be taken to that end. What was necessary was not only the liberalization of trade policies, but also the removal of blockades and other restrictive practices which were contrary to international regulations and inconsistent with sound principles of international conduct.

11. In that connexion, the delegation of Afghanistan had had occasion to state at the seventh session of ECAFE in Tokyo that Afghanistan was confronted with serious transport and transit difficulties; for being a land-locked country, it had to import and export all goods through ports of neighbouring countries. The most economical outlet for Afghanistan seemed to be Karachi, and before the partition of the sub-continent of India, therefore, the Government of Afghanistan had signed an agreement with British India giving Afghanistan full transit rights. After partition, Pakistan had failed to apply the agreement under the same conditions, and difficulties had ensued. Repeatedly, the Government of Afghanistan had opened negotiations with Pakistan, but without tangible results.

12. Since 14 May 1955 the Government of Pakistan had in effect imposed a complete economic blockade on Afghanistan. Until that time Afghanistan had carried on a considerable trade with the countries of Western Europe and the United States, and the main object of its policy had been multilateral trade. The action taken by the Pakistan Government had seriously affected Afghanistan's foreign trade. It had also caused considerable loss to the country's producers and consumers, a set-back of economic development, and unemployment. The action was accordingly inconsistent with the fourth paragraph of the preamble to Economic and Social Council resolution 579 A (XX). The facts of the economic blockade which he had described had been stated not only by representatives of the Afghan Government but also by the world press, including the *U.S. News and World Report* and the *New York Herald Tribune*. The blockade was contrary to the United Nations Charter, to the principles laid down in the Havana Charter, to the Barcelona Convention on Freedom of Transit and to recommendations of the International Chamber of Commerce concerning the removal of barriers affecting the transport and transit of goods. In various studies the Transport and Communications Commission had cited regulations that indirectly hampered international trade; but the action taken by Pakistan was a direct blow to Afghanistan's entire economy.

13. It was to be hoped that the United Nations and its organs would do their utmost to remove the barriers he had referred to, which were not only an obstacle to the expansion of world trade but also a threat to international peace and security.

14. Mr. KARIM (Pakistan) protested that the Afghan representative had tried in his statement to blame Pakistan for his country's difficulties. The charges had absolutely no basis in fact. It was true that there had been some political friction between the two countries, a circumstance which had inevitably affected their trade relations. The Pakistan Government had, however, accorded every necessary facility for the movement of Afghan exports and imports, and had on no occasion refused to discuss the problems posed by geography. Still, Pakistan was sometimes obliged to take action to protect its own interest. In any event, Pakistan's policy was to diversify its trade with other countries to the greatest possible extent on a basis of mutual benefit.

15. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that some representatives had misinterpreted the policy of industrialization. The object of that policy was not industrialization *per se*, or de-

liberate autarky. Industrialization was essential for economic independence and for raising standards of living; indeed it was diametrically opposed to autarky, for after their industrialization, the under-developed countries would be better equipped to increase their trade and also to resist pressures affecting prices adversely and any attempt to impose unfavourable terms. In that connexion, he said the Commission on International Commodity Trade should take action with a view to the stabilization of prices; and the under-developed countries should be encouraged to create transformation industries, which would enable them both to increase their earnings and to employ more of their manpower. On that point the Asian-African Conference at Bandung had made a number of important recommendations which deserved the Economic and Social Council's consideration.

16. Referring to the question of barriers to international trade, he said that the discriminatory practices resorted to by the Western countries were notorious. If the USSR and a few other countries so much as expressed a desire to import certain types of goods, those goods were promptly placed under embargo. Yet trade could develop only on the basis of equality of rights and mutual benefit. The countries affected by such discriminatory practices had been able in the course of their general development to increase their production of the embargoed goods and to neutralize the effects of the embargo; and as a result private enterprise now experienced competition and hence criticized the practices referred to and demanded a change of policy. The reply of the United States to that demand was that the countries of Eastern Europe had no desire to expand their trade with the West, and that thanks to planning they were able to regulate their import programmes at their whim. The facts proved, on the contrary, that thanks to planning they were in a position to finance an increasing volume of imports. He reviewed the discriminatory measures applied by the United States Government from 1948 to the date of the denunciation of the trade treaties with the USSR and the other countries of Eastern Europe. The result of that policy had been to aggravate international tension, and those who continued to pursue it showed that they were not interested in removing the restrictions he had referred to, with their serious effects on international trade. The Council should discuss the matter.

17. His own country had made great progress in economic development. In the first half of 1955 gross industrial output had been 12 per cent higher than in the corresponding period in 1954; and the results for the second half of the year would be even better. There had also been an expansion in the iron and steel industry, in coal mining, in electric power stations and in the engineering industry (agricultural machinery, rolling mills, electrical equipment, television sets and refrigerators). The first of four large hydro-electric projects planned on the Dnieper River was already in operation, and the remaining three would shortly be completed. During the same period there had been a marked increase in the production of consumer goods: bicycles, 41 per cent; cameras, 22 per cent; furniture, 13 per cent; textile goods, 23 per cent; and cheese, 20 per cent; and all those products had been greatly improved in quality. Crops had been abundant, thanks to increased productivity and the expansion of cultivated areas; and the livestock popu-

lation had been increased. Investment had risen by 15 per cent, and there had been 14 million square metres of housing construction over the past five years. Moreover, consumer prices had fallen by 57 per cent since the war, a decline which represented a substantial increase in real wages.

18. Sir Alec RANDALL (United Kingdom) felt obliged to make a few remarks on the question of international trade, which was of vital concern to the United Kingdom, and to reply to some criticisms of the Economic and Social Council and of his own Government.

19. With reference first to the Polish representative's statement, he did not think it was the Second Committee's duty to discuss the Council's report in detail. It was of course open to any delegation to draw attention to any aspect of the report to which it attached importance, and that had been generally done so far. But detailed discussion of every aspect of the report might lead to duplication of the discussions in the Council and even derogate from the Council's functions. With regard to the complaint that the Council's resolutions were very general, it must be borne in mind that the Council's main purpose was to produce or stimulate preliminary studies and create the right atmosphere for the examination of certain questions. The Council could also ensure co-ordination and even promote a constructive measure such as the creation of the International Finance Corporation. Generally, however, the conception of specific policies must be the task of specific institutions, a number of which had already had striking success in such work. He did not in any way suggest that all the Polish representative's remarks were out of place. On the contrary, he had been happy to hear the statistics Mr. Blusztajn had given to demonstrate the economic development of his country and he had been similarly interested in the statistics quoted by the representatives of the Soviet Union and the Ukraine. However, the two latter's particular type of statistic, which was generally what might be called a percentage statistic, had very limited value and was indeed a technical hindrance to international economic co-operation. He himself might produce voluminous statistics to demonstrate the expansion of the United Kingdom economy since the war, but he preferred not to take up the Committee's time with that exercise because the full statistics, which the United Kingdom, in common with most other countries in the free world, published and circulated widely, were available to all.

20. With reference to what the Indian representative had said at the 382nd meeting, the United Kingdom delegation did not think that the Convention on the Inter-Governmental Maritime Consultative Organization should be amended. It hoped and trusted that the necessary ratifications would soon be made and that the organization, when it was at length established, would make a real contribution to international co-operation in its special field.

21. The expansion of world trade was a matter of the first importance to the United Kingdom because the volume of its trade, together with that of the British overseas territories, made it the leading world trader. He regretted to note that none of the representatives of the Soviet bloc had yet made a reasoned reply to the United States representative's remarks (381st meeting) on the restrictions limiting the expansion of

world trade. They had merely been content to repeat, without any convincing proof, that the main obstacle to the expansion of world trade was the "strategic controls" imposed by some countries in the West. That contention did not bear close examination. In its study entitled *The Quest for Freer Trade* the Bureau of Economic Affairs of the Secretariat suggested that the lifting of strategic controls would be of no great significance to the expansion of international trade. If that were so, and if the Eastern European countries were finding it difficult to finance their imports from the outside world, even when those imports were subject to a full measure of strategic controls, the reason was the discriminatory economic system maintained for autarkic purposes since the war in all the countries under the influence of Moscow. Trade could not develop unless there was unrestricted contact between the traders of the various countries. It was said that businessmen from Western Europe could easily obtain visas to enter Eastern European countries. But, apart from the fact that a visit to an Eastern European country cost up to five times as much as a visit to a Western European country because of the artificial rate of exchange, experience showed that Western businessmen had little prospect of finding the goods they wanted, at competitive prices or at reasonable delivery dates, in Eastern Europe. The question of exchange rates was certainly a matter of domestic concern, but most Governments had made, and were still making, the modifications of their domestic regulations necessary to further international co-operation and multilateral trade.

22. For its part, the United Kingdom was most ready to consider sympathetically any proposal intended to increase trade between East and West. The United Kingdom imposed no restrictions of any kind on peaceful trade in most goods. It admitted the exports of the Eastern European countries substantially without restrictions, whereas those countries still exercised a rigid control over their imports. There were thus wide opportunities open to the Eastern European countries for increased trade with the United Kingdom and the United Kingdom Government hoped that advantage would be taken of them.

23. It had been said that trade between the Eastern European countries and the rest of the world was increasing and that that fact showed the willingness of the Eastern European countries to expand their contacts abroad. The United Kingdom Government could not but welcome such a development although its value in practical terms remained to be seen. It regretted, however, that it did not seem possible for the Eastern European countries to expand their contacts with the United Kingdom and make available goods of interest to British buyers or give those buyers the facilities accorded in most other countries of the world. In that connexion, he quoted a passage in the study *The Quest for Freer Trade* which said that the statutes governing the conduct of Czechoslovak trade, issued in 1952, set out three cardinal principles. He emphasized particularly the principle that Czechoslovakia should be ready "to develop trade with countries that have other economic systems in so far as such trade is beneficial for the building up of socialism in Czechoslovakia" (E/2737, p. 29). He commended it to the Committee. It offered food for thought.

24. To sum up, the Soviet bloc's exaggerated and ill-founded insistence on alleged Western discrimina-

tion was intended only to disguise the fact that the countries of that bloc had taken no effective steps to encourage world trade or to reciprocate the efforts the countries of the free world had been making for a long time to increase their trade. The hopes that the twentieth session of the Economic and Social Council had aroused had not been realized. All the proposals of the Western countries put forward at the recent Geneva meeting of Foreign Ministers had been rejected. But in a free world, where ideas circulated freely, truth would eventually prevail. The United Kingdom delegation therefore hoped that the atmosphere would change and that the Economic and Social Council would be able to do useful work in 1956.

25. Mr. SOTELA (Costa Rica) said that he wished to speak of only two questions: international travel and freedom of international trade.

26. As the Economic and Social Council had pointed out (resolution 563 (XIX)), international travel helped to promote international understanding, to develop countries' economies and to improve their balance of payments. He was therefore glad to announce that his Government, convinced not only of the economic but also of the cultural and social advantages of international travel, had recently enacted a decree establishing a national tourist institute.

27. He was pleased to note that the Economic and Social Council's report referred to the interest which the question of freedom of international trade had aroused and he emphasized that particular attention should be paid to the problem of price fluctuations. Such fluctuations could do serious harm to international trade, and especially to the economies of primary producing countries, which were directly affected by even a very small fall in prices.

28. It was because it was aware of that danger that the Costa Rican delegation had proposed the establishment of a world food reserve.

29. The General Assembly and its Second Committee had discussed the question at the ninth session and as a result had adopted resolution 827 (IX), in which the General Assembly said that it was convinced of the need for continued national action and international co-operation to raise the levels of production and standards of consumption of food.

30. The Food and Agriculture Organization had been requested to make a full report on the subject, but would not be able to complete the report before the end of the year. The Economic and Social Council had accordingly decided to defer consideration of the question to its twenty-first session. The Costa Rican Government hoped that meanwhile its initiative would receive the attention and support of all the Members of the United Nations.

31. Mr. GURINOVICH (Byelorussian Soviet Socialist Republic) shared the view of the Polish representative that the Assembly should give greater prominence to the world economic situation. He was gratified to note that the Economic and Social Council, certain specialized agencies and the responsible Secretariat departments were giving active attention to problems which concerned all the peoples of the world and which could be solved only at the international level. But he thought that the Council, in its attempts to find solutions, had not sufficiently profited from the opportunities offered by the international relaxation of tension. It devoted too much attention to secondary

problems and not enough to essential questions, such as the disastrous consequences of artificial restrictions on trade, or measures to abolish such restrictions and intensify trade on the basis of equal rights and mutual benefit. Even more serious were the distressing effects of military expenditure on economic stability and levels of living in many countries. It was no secret that the post-war production boom was largely the result of intensified national defence measures: armaments expenditure by the countries of the North Atlantic Treaty Organization had trebled during the first five years of that organization's existence. The increased production had taken place mainly in the industries working for defence and had not affected the remaining industrial sectors, whose activities had remained stationary. It was well known that the armaments race imposed a heavy burden on the working masses; as a general rule, the consumer's level of living declined as armament expenditure increased. In addition, unemployment was still a serious problem, as the *World Economic Report* attested: in 1954 unemployed persons had accounted for 6.1 per cent of the active population in North America, the figure being 5.6 per cent in the countries of Western Europe. Such figures might appear low, but they nevertheless represented millions of workers. What was more, in many countries the trend of prices and, as a corollary, of the cost of living, was steadily upward.

32. It was important, therefore, that the competent United Nations organs should devote ever-increasing attention to the circumstances of the working masses and should endeavour to solve the economic problems, so that the objectives of Article 55 of the Charter might be accomplished.

33. It was also regrettable that the question of the representation of the People's Republic of China in the Economic and Social Council and ECAFE still remained unsettled, as did that of the equal participation by all European countries in the work of the ECE.

34. The economy of his country was rapidly expanding. By the time of liberation from the Hitlerite yoke, industrial production and the output of electric power had fallen to the 1913 level. By 1954, industrial production had doubled by comparison with 1940, standing

at a figure forty-six times greater than in 1913. Electric power output had trebled in relation to 1940 and had increased 300 times in relation to the pre-revolution period. In recent years, the production of motor trucks, tractors and machines of all kinds had expanded considerably. Many new undertakings were being set up, among them a textile mill which would produce 9 million metres of fabrics annually, and a watch factory with a potential output of 2 million watches per year. Industrial goods produced in Byelorussia were used throughout the Soviet Union and exported to the People's Republic of China and the other people's democracies. Food and consumer goods industries had also raised their production appreciably. Housing construction had made considerable headway. Agriculture had been greatly expanded, thanks to increased mechanization, the introduction of new techniques and the opening up of new areas of cultivation. There had been a consequent fall in the prices of essential goods and a reduction in taxation rates, with the result that workers, salaried employees and farmers had enjoyed an increase in real income which in turn had led to a growth of general consumption.

35. The allegations by the United States representative that the Eastern European countries were alone responsible for hindering the development of East-West relationships were entirely unfounded and took no account of the real situation. Between June 1952 and September 1954, sixty foreign delegations comprising representatives of all countries, including the United States of America, had had the opportunity of visiting Byelorussia. Every year, thousands of Byelorussian representatives in their turn travelled abroad. The Byelorussian Soviet Socialist Republic was ready to foster such contacts even more, since it considered that they could not but contribute to the lessening of international tension.

36. Mr. HAYTA (Turkey) supported the remarks made at the 382nd meeting by the Egyptian representative on the need for the United Nations Secretariat to increase its staff dealing with Middle East economic questions. He hoped that, should such new staff members be recruited, the Secretariat would pay due regard to the principle of geographical distribution.

The meeting rose at 1.15 p.m.