

## ECONOMIC AND EMPLOYMENT COMMISSION

## THIRD SESSION

## SUMMARY RECORD OF THE FIFTY-FIFTH MEETING

Held at Lake Success, New York  
on Wednesday, 28 April 1948, at 2.30 p.m.

<u>Chairman:</u>	Mr. R. WILSON	Australia
<u>Rapporteur:</u>	Mr. I. LUBIN	United States of America
<u>Members:</u>		
**Mr. J. WOULBROUN		Belgium
*Mr. J. G. TORRES		Brazil
Mr. J. DEUTSCH		Canada
Mr. F. HO		China
*Mr. N. SILVERIO		Cuba
Mr. R. BYSTRICKY		Czechoslovakia
Mr. J. RUEFF		France
*Mr. D. P. KARMARKAR		India
Mr. G. BOE		Norway
*Mr. G. LUTOSLAWSKI		Poland
Mr. R. L. HALL		United Kingdom
Mr. A. P. MOROZOV		Union of Soviet Socialist Republics
*Mr. V. A. BAKOUNOV		Byelorussian Soviet Socialist Republic
<u>Representatives of specialized agencies:</u>		
Mr. A. A. EVANS		International Labour Organization
*Mr. D. LUSHER		Food and Agriculture Organization
*Mr. D. GORDON		International Bank for Reconstruction and Development
Mr. J. K. HORSEFIELD		International Monetary Fund

\*Alternates for the Third Session

\*\*Observer

NOTE: Any corrections of this record should be submitted in writing, in either of the working languages (English or French), and within twenty-four hours, to Mr. E. Delavenay, Director, Official Records Division, Room CC-119, Lake Success. Corrections should be accompanied by or incorporated in a letter, on headed notepaper, bearing the appropriate symbol number and enclosed in an envelope marked "Urgent". Corrections can be dealt with more speedily by

Consultants from non-governmental organizations:

Mrs. L. SPIEGEL	World Federation of Trade Unions
Miss T. SENDEE	American Federation of Labor
Mr. J. BOTTON	International Federation of Christian Trade Unions

Secretariat:

Mr. D. WEINTRAUB	Secretary of the Commission
------------------	-----------------------------

ITEM 9 OF THE AGENDA: RESOLUTION ADOPTED ON 2 MARCH 1948 BY THE ECONOMIC AND SOCIAL COUNCIL (document E/CN.1/53) CONTINUATION OF THE DISCUSSION

The CHAIRMAN reminded the members of the Commission that they had to continue the discussion of item 9 of the agenda and, also, conclude the discussion on item 8.

Mr. EVANS (International Labour Organization) said that various organs of the ILO hoped to receive guidance from the United Nations on the following matters:

- (a) Warning signs of an economic crisis;
- (b) Measures to be taken by Governments if such a crisis were to occur.

He noted with satisfaction that the Sub-Commission on Employment and Economic Stability had suggested devoting its next session to the problem of the maintenance of full employment. He hoped that it would especially bear those two points in mind.

In reply to the Belgian representative's statement at the Commission's fiftieth meeting, when he stated that the problem of international public works did not come within the scope of any of the specialized agencies, he said that since 1919, the ILO had advocated that international public works should be co-ordinated in order to reserve them, as far as possible, for times of unemployment or for areas where it was particularly prevalent. During the years following 1930 the ILO had published many reports on those questions.

In 1937 and 1944 the International Labour Conference had adopted "recommendations on international collaboration in public

Labour Office had established the International Developments Works Committee; in 1946 that Committee's agenda had included the question of public works which could only be carried out in collaboration with other countries or international organizations.

The Committee's resolutions of 1937 and 1944 asked each member to inform the International Labour Office of its plans of work and undertakings, as well as its equipment and supplies.

In regard to the transfer of some of its activities, the ILO had defined its position to the Economic and Social Council, on 7 March 1944 (document E/CN.1/46). The ILO was prepared to consider under certain conditions, the transfer of some of its responsibilities connected with public works; this would depend, to a large extent, on the scope of the Sub-Commission's recommendations.

The International Labour Office was particularly gratified that the Sub-Commission had paid attention to the question of inflation. In 1946 and 1947 the Director-General of the ILO had warned the International Labour Conference, in his report, of the dangers of inflation; he had received many favourable comments from the delegates. In regard to the draft resolution contained in the Sub-Commission's report, Mr. Evans thought that the social aspects of inflation should be mentioned, as inflation seriously effected a large section of the population.

Mr. LUBIN (United States of America) said that the discussion of item 9 of the agenda had brought out two points:

- (1) The Council's resolution calling upon the Commission to expedite its studies on economic development and stability (document E/CN.1/53): the report of the Sub-Commission on Employment and Economic Stability showed that the problem of maintaining full employment had been placed on the agenda of the Sub-Commission's next session; the Secretariat had undertaken work in accordance with the provisions of the Council's resolution

(2) The Australian delegation's memorandum on the Commission's procedure (document E/CN.1/W.31). He agreed with the French representative on the way the Commission should function: it should be an advisory body of the Economic and Social Council. Its task was to recommend action to be taken.

The examination of the present situation showed that the Economic and Social Council met twice a year; its agenda included some economic problems; those problems were referred to the Economic Committee of the Council, which consisted of the members of the Council sitting as a committee of a whole; after examining these problems, the Committee sent them back to the Council sitting in a plenary session.

Mr. Lubin suggested that the Commission should meet approximately two weeks before the opening of the Council's session; that would enable it to study the economic items on the agenda, and to make recommendations on them to the Council. The Commission would continue to meet during the session, so as to deal with urgent problems referred to it by the Council. Furthermore, according to its terms of reference, the Commission should give guidance to the Secretariat in its study of long-term economic problems; it should indicate the priorities, the line of action it should adopt, the way these studies ought to be presented and the time they ought to be submitted to the Commission so that the latter might make recommendations to the Council. In so far as the sub-commissions were concerned, he did not agree with the representative of France and thought they ought to be maintained; they should meet whenever special problems required detailed studies; they should also advise the Commission on the preparation of its recommendations. The Commission would thus be doing its duty as an advisory body; so as to help the Council effectively, the Commission should be at its disposal.

He suggested that the Commission should merely take note of the

report of the Sub-Commission on Employment and Economic Stability.

Mr. BYSTRICKY (Czechoslovakia) said that the question of full employment and economic stability was bound up with two aspects of economic conditions which varied in different countries:

(1) In the "developed" countries, full employment could be obtained in establishing or developing definite production targets, and at the same time in specifying both short and long term social aims. If these previous conditions were not fulfilled, and if supply and demand were not co-ordinated, all national economy would eventually be at the mercy of depressions and crises, which would thus threaten the whole economy of the world.

(2) In under-developed countries or in those devastated by war, where raw materials and equipment were lacking, conditions of full employment could be brought about by a maximum utilization of their own resources and by outside aid in the form of necessary equipment. However, such aid would, in time, harm those who received it and also world economy, if it failed to satisfy the economic needs of the various countries, and was merely a stop-gap aid tempting its recipients to live on wealthier countries. The danger of political and economic interference as a result of such aid had already been amply shown. All countries receiving foreign aid should take steps to make it as effective and as productive as possible; here again economic planning and social objectives were of the greatest importance. One vital factor was the participation of the working classes, through the trade unions, in the country's economic life. This participation, which gave the working classes responsibility, was the best guarantee that resources thus made available to a country were not improperly used or wasted.

Such an analysis of national and international measures was what the Economic and Social Council expected from the Commission.

The CHAIRMAN suggested that item 9 of the agenda be examined by the Sub-Committee which had been instructed to study the report of the Sub-Commission on Employment and Economic Stability.

He then asked a procedural question relating to the date upon which the session would end. The representatives of the United Kingdom, India and the USSR participated in an exchange of views which showed that the Commission had to have the draft report before it, before a date could be fixed.

With the Commission's agreement, the Chairman invited Mr. RUEFF (France) to make some observations before leaving the Commission to return to France.

Mr. RUEFF (France) mentioned two points in the draft resolution prepared by the Sub-Commission on Employment and Economic Stability with which he disagreed.

(1) The Sub-Commission's text stated that the Commission "took note" of the Sub-Commission's report. The Commission had set up the Sub-Commission and was responsible for its work and conclusions. To pass on the report in that way would mean that the Commission was of no practical use;

(2) He was opposed to the idea that the Commission should offer States teams of experts to work independently. The Commission should take its responsibilities; it should itself give advice after consultation with its own experts. The expenses of the United Nations should, of course, be kept down but the Commission's work was particularly useful, and special sessions could be called without giving rise to outside criticism; the Commission could meet in the countries concerned and thus render practical services. He repeated that he was opposed to the principle of independent teams of experts;

experts should work under the direction of the Commission which would then communicate with the countries concerned.

The CHAIRMAN thanked Mr. Rueff on the Commission's behalf for his assistance. He suggested that the Commission should proceed to the discussion of item 10 of the agenda.

ITEM 10 OF THE AGENDA: ECONOMIC AND SOCIAL COUNCIL RESOLUTION OF 24 FEBRUARY 1948

Mr. HALL (United Kingdom) recalled that the Secretariat's report had been discussed at length by the Economic and Social Council during its sixth session. He understood that the Secretariat was preparing a second edition of that report, and wanted to know what progress had been made.

Mr. WEINTRAUB (Secretary of the Commission) feared that there was some misunderstanding about the second report on the world's economic survey. The Secretariat was engaged in the specific studies asked for in document E/CN.1/54; the results of that work would constitute a part of the second report. Other problems would also be dealt with in the report; in particular, an attempt would be made to present a regional survey which would be provided by the personnel of the regional commissions; that question had been dealt with by the Secretariat, at Lake Success, as it had been impossible to take the regional commissions into account, for they were still in their infancy when the work had first been undertaken. He stressed that point to show that there was no overlapping between the work of the Secretariat, at Lake Success, and that of the various regional commissions. The Secretariat wished all the heads of the research sections belonging to the regional commissions to meet in Geneva during the session of the Economic and Social Council in order that a co-ordinated programme of work might be drawn up. The Secretariat would be able to outline the form of the Economic and Social Council's report towards the middle of the year.

He hoped to be able to obtain useful help from the specialized agencies in the drafting of that report; he mentioned as an example the International Monetary Fund's report to the Commission, and hoped that the same procedure would be followed by every specialized agency in the preparing of the report for submission to the Council at its future session.

In reply to Mr. Hall, Mr. Weintraub said that no detailed draft of the 1949 report had yet been made, but everything that was at present being done at Lake Success, as well as what was being done by the regional commissions would be used; the final form of the report would be decided later.

Mr. KARMARKAR (India) said that the discussion in the Economic and Social Council had dealt fully with nearly all of the questions in the report. He wanted to know if the Secretariat had taken account of these discussions in drafting the new report. It would be advisable to adopt the procedure used by the Economic and Social Council, namely that the Commission should restrict itself to the subjects raised by the Economic and Social Councils.

In reply to the comments of the representative of India, Mr. WEINTRAUB (Secretary of the Commission) indicated that the Secretariat had reproduced in extenso the text of all the statements made in the Council during the discussion of the economic report. Those statements showed the attitude of Member Governments towards the main problems which had been considered in the report. Very divergent, and in some cases, opposing points of view had been recorded, notably in connexion with the importance to be attached to certain sections of the report, the methods used to group countries, etc.

He recalled that the Secretariat had been requested to undertake a study of that kind as an experiment. On the other hand, the changes made by the Economic and Social Council in the organization



of its work, such as the establishment of regional economic commissions, had affected the work of the Secretariat and had compelled it to bring about certain changes in its organization.

In compliance with the request of <sup>the</sup> representative of India who had asked for additional explanations, Mr. Weintraub pointed out that the data used in the report had emanated from official sources: in some cases from governmental publications not necessarily intended for that purpose; in other cases from organs of the United Nations, such as the Economic Commission for Europe. For reasons of economy, questionnaires had not been sent to Governments.

Mr. HALL (United Kingdom) thanked the Secretary of the Commission for the explanation he had just given and concurred in the view that in the publication of economic reports the Secretariat ought to be encouraged to pursue its experiments. In addition, world economic conditions were constantly changing. Therefore, it would be advisable to give the Secretariat a free hand so that, in the preparations of its future economic reports, it might be able to pursue its efforts in inspiring itself from the special conditions prevailing at the time rather than from general considerations. The Economic and Social Council had given its general approval to the economic report and the Commission ought to do the same.

Mr. RUEFF (France) shared the opinion of the representative of the United Kingdom regarding the necessity of encouraging the Secretariat to pursue its experimental work. He congratulated the Secretariat for the excellent work it had performed under difficult conditions.

Mr. BOE (Norway) pointed out that, in its study of the economic condition of European countries, the economic report referred to the national income of those countries but gave no

In future editions of the report it would be interesting to include figures, broken down under several headings, such as these: public consumption, private consumption, public investment, private investment, etc. Assembling such data would doubtless present practical difficulties, but the figures would give a clear indication of the economic development of the countries under consideration.

Mr. Boe recalled that Professor Frish had made precise suggestions in that respect to the Sub-Commission.

Mr. WEINTRAUB (Secretary of the Commission) stated that the Department of Economic Affairs of the Secretariat fully appreciated the need for compiling such data. He drew attention to a section, inside the Bureau of Statistics of the United Nations, which was responsible for the study of national income. The Secretariat hoped to be able to increase the scope of its studies in that field in the future, but Mr. Weintraub recalled that obtaining and collating statistical data involved numerous difficulties and no marked improvement could be expected within one year.

Mr. RUEFF (France) pointed out that the studies published by certain Governments enabled that question to be answered as far as their countries <sup>were</sup> / concerned. As examples, he mentioned "Le Rapport sur la réalisation du plan de modernisation du Commissariat général", as far as France was concerned and the "White Paper" in connexion with the United Kingdom.

The CHAIRMAN who was not sure whether he was speaking as representative of Australia or as Chairman, observed that he had been impressed by the high standard of the economic report prepared by the Secretariat which would be most useful for all the Member States of the United Nations. He wished, however, to make a

There was a definite need for complete and up to date documentation on the important question of world economic trends. Although the report of the Secretariat partly dealt with that question, it would be a good thing if the Secretariat were to publish frequent brief reports on the latest developments in the world economic situation in addition to a document of this size. It might compile a summary of recent events in the economic field similar to the chapter which was summarized in the first report, before each session of the Economic and Social Council or even at shorter intervals. Such documents would be useful not only to the Economic and Employment Commission but also to all Member Governments of the United Nations.

Turning next to the programme of work still before the Commission, the Chairman recalled that a committee had been appointed to study the report of the Sub-Commission on Employment and Economic Stability (item 8 of the agenda). Some aspects of items 9 and 10 of the agenda were linked to item 8. The organization of the Commission's work was yet another matter which had to be settled.

In that respect, the Chairman wished to draw some conclusions on which general agreement seemed assured from the statements made by members.

he felt that  
Thus, the research work done by the Secretariat should become more and more important and that it should include, in its scope, a great part of the analyses and research work previously undertaken by the Sub-Commission on Economic Development and the Sub-Commission on Employment and Economic Stability. With that aim in view, the Secretariat would have to have more personnel at its disposal and would also have to ensure the assistance of experts, depending upon the nature of the problems. The Chairman wondered what agreement existed on the suggestion that the Secretariat be entrusted with a greater part of the work in connexion with the preparation of alternative recommendations to be made to the Commission. It

was true that the Commission found some difficulty in reaching speedily an agreement regarding the recommendations that should be made to the Council. A more detailed preliminary study by the Secretariat could substantially assist the Commission in the fulfilment of its task. It was understood that such studies would in no way involve the responsibility of the Secretariat.

The Commission also seemed to be in agreement on the advantages of making greater use of the services of specialized agencies; these could be of great value to the Secretariat.

This extension in the functions of the Secretariat would not mean that the two Sub-Commissions ought to be discontinued, but such action might be contemplated in the future. Indeed, it seemed that an improved organization of the work of the Commission would enable it to dispense with the services of the groups of experts constituting the Sub-Commissions in question.

While not proposing such action at that stage, the Chairman suggested that the Commission should draw the attention of the Economic and Social Council to the difficulties it was experiencing in carrying out its terms of reference, without however proposing as yet any specific improvements. He expressed his conviction that the members of the Commission wished to devote more time to a study of the suggestions contained in the memorandum submitted by the Australian delegation (document E/CN.1/W.31).

For the time being, under the terms of article 19 of the rules of procedure, the Commission could set up a committee to study the organization of the work of the Commission. That committee would meet before the end of the session of the Commission and its members would continue studying that problem in between sessions. The Commission might thus be in a position to formulate definite proposals during its fourth session for an improved organization of its work.

Mr. KARMARKAR (India), coming back to item 10 of the agenda, also wished to express satisfaction with the excellent work which had been done by the Secretariat. Future editions of the economic report could no doubt be further improved but taking into account the difficulties experienced by the Secretariat -- and particularly the lack of important information -- the report nevertheless represented a valuable achievement of which an international organization could be truly proud.

Mr. Karmarkar considered it most important for the Secretariat to request Member Governments to transmit data on developments in the economic situation in their countries. Such data was indispensable in the drafting of a full report and at the same time, it would enable countries which did not have an administrative organization and adequate technical staff at their disposal to profit from the modern methods successfully used by other Governments.

Although he had not had sufficient time to study the economic report of the Secretariat thoroughly, Mr. TORRES (Brazil) considered the document as a remarkable piece of work for which there was a definite need and which would be most useful in the study of international economic problems.

He wished to make some suggestions dealing mainly with items he wished to see included in future editions of the report.

He stressed the lack of homogeneity in the section of the report dealing with regional economic conditions which slightly complicated the task of making comparisons between different regions.

The study devoted to the domestic and foreign economic problems of the Latin American countries could be extended. In spite of the inadequate organization of those countries in the statistical field, it might be possible to assemble more data on that particular point. The current problem of balance of payments in these same countries and in particular the shortage of dollars might also be studied

It would also be useful to study the trade of Latin America with countries with soft currencies and the resulting barter agreements.

Mr. Torres wished the report to include a more complete consideration of such important questions as the effects of shortages of essential capital goods on the economy of the Latin American countries; the role being played by those countries in the reconstruction of war devastated countries, the new economic programmes and their effect on South American countries; and the consequences of the European economic recovery on their own development; the current trends in trade relations between <sup>countries</sup> ~~with surpluses~~ and under-developed countries and the changes in the structure of these relations, the indices expressing the increase in the industrial production of under-developed countries and more especially of Latin America and Asia, an analysis of foreign trade conditions between countries and relating to main products and especially the compared evolution in the prices of raw and manufactured products.

Finally, Mr. Torres emphasized the inadequacy of the section of the report on the problem of inflation in the Latin-American countries, its causes and its consequences.

Mr. MOROZOV (Union of Soviet Socialist Republics) was of the opinion that the suggestions made by the Chairman should be distributed as a document to enable the members of the Commission to study them more carefully.

With regard to the additional functions proposed for the Secretariat, Mr. Morozov felt that the role of the latter in relation to the organs of the Organization was clearly defined. The function of the Secretariat was to collect and disseminate information. It was impossible to ask the Secretariat to perform functions which did not properly belong to it. The preparation of recommendations was entirely the responsibility of the Commission.

Mr. Morozov was not sure that it was really necessary to set

the following session. He drew attention to the fact that, at its seventh session, the Economic and Social Council would elect new members of the Commission.

The CHAIRMAN pointed out that in suggesting that the Secretariat should make a greater contribution in preparing the text of the Commission's recommendations, he had not submitted a formal proposal as representative of his country. He had merely intended to act as interpreter of the agreement among the members on the advantages the Commission would have if the Secretariat were to present fuller documentation which could be more easily turned into recommendations.

The Chairman felt that many of the members would not be in a position to express a definite opinion at that time on the establishment of a committee to study possible improvements in the organization of the Commission's work. It was however undeniable that the present organization did not fulfil the requirements of the Commission's terms of reference. He therefore was of the opinion that, while considering the establishment of such a committee which would report to the following session, the Commission might at least inform the Economic and Social Council of the need for improvement which was felt in that field.

Mr. WEINTRAUB (Secretary of the Commission) wished to clarify a point raised by the representative of India regarding the transmission of information by Governments.

He pointed out that the Statistical Office of the United Nations published a "Monthly Statistical Bulletin" prepared on the basis of data received directly and regularly from the statistical

/services

services of Member Governments as well as from specialized agencies. The data received was compiled and arranged in such a way as to stress the developments in economic conditions in the different countries of the world.

He then thanked the members of the Commission, in the name of the Secretariat, for the encouraging remarks that had been addressed to it.

The meeting rose at 4.30 p.m.