

GENERAL ASSEMBLY

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Chairman: Mr. Jiří NOSEK (Czechoslovakia).

Point of order by the Rapporteur

1. Mr. HALIQ (Saudi Arabia), Rapporteur, speaking on a point of order, pointed out that the draft resolution submitted by Bolivia and Uruguay (A/C.2/L.165/Rev.1) which the Committee had adopted in connexion with the economic development of the under-developed countries had no title. He proposed that it should be entitled "Exploitation of Natural Resources."

2. Mr. BURR (Chile) suggested the title "Exploitation of Natural Wealth and Resources."

3. Mr. ABDELRAZEK (Egypt) thought that the word "free" should be prefixed.

4. After an exchange of views between Mr. RAJKUMAR (India), Mr. BAUER PAIZ (Guatemala) and Mr. DIAS CARNEIRO (Brazil), Mr. HALIQ (Saudi Arabia), Rapporteur, proposed that the resolution should be entitled "Right to Exploit Freely Natural Wealth and Resources."

The proposal was adopted.

5. Mr. HALIQ (Saudi Arabia), Rapporteur, suggested that a minor change should be made in the French text of the third paragraph of the text of the resolution adopted on the proposal of Chile (A/C.2/L.155/Rev.1) as a result of the United States amendment.

The proposal was adopted.

Report of the Economic and Social Council, chapter II (A/2172 and A/C.2/L.194) (*continued*)

[Item 11]*

6. Mr. TOUS (Ecuador) outlined the reasons which had led his delegation to submit its draft resolution (A/C.2/L.194).

*Indicates the item number on the agenda of the General Assembly.

7. The Director-General of FAO had pointed out that even before the Second World War the world had suffered from a grave shortage of foodstuffs. Since the war there had been a 12 per cent increase in world population and an increase of only 7 to 8 per cent in food production. Although the United States, Argentina and other countries supplied large quantities of foodstuffs, the principal producers were the under-developed countries. Unfortunately the gap between the levels of production and consumption in the rich and in the poor countries had become wider in recent years, a fact to which the Chilean representative, Mr. Santa Cruz, had rightly drawn the Committee's attention. Mr. Tous read out paragraph 413 of the Economic and Social Council's report (A/2172) and added that the impact of the shortage of foodstuffs was greater in the under-developed countries than in the industrialized countries, which were financially able to buy abroad.

8. The problem had already been discussed by the Social Commission and the Economic and Social Council. It continued, however, to be a very serious problem calling for an immediate solution. Recommendations made to governments were not enough; tangible results could be obtained only if the various organs of the United Nations and the specialized agencies acted together. Their joint action would contribute to the maintenance of peace, for it was obvious that a world food shortage was bound to create friction and disputes. The words "co-ordinated action" in the first operative paragraph of his draft resolution should therefore be replaced by the words "joint action."

9. A conference of representatives of governments and international organizations might be able to find means of overcoming the food shortage. If the Economic and Social Council saw fit, the conference could be convened after consultation with FAO and other specialized agencies.

10. His delegation would continue to give unremitting attention to the problem of increasing world food

production. He hoped that at its next conference FAO would carefully study the problem and take decisions which would form a basis for joint action.

11. Mr. McDOUGALL (Food and Agriculture Organization) said that the Ecuadorean draft resolution was of great interest to FAO, which was concerned with world food supply.

12. The statement referred to in the second preambulatory paragraph of the draft resolution was confirmed by the facts, but statistics of food production and population growth were not sufficiently complete to enable exact figures to be given, although the data collected by FAO showed that 1,200 million of the world's inhabitants were suffering from malnutrition.

13. The words "and particularly to the peoples of the countries most immediately threatened by food shortage" in sub-paragraph (a) of the third paragraph of the preamble presumably referred to countries faced by a constant threat of famine. It should, however, be borne in mind that food shortage also threatened countries which were large food importers.

14. With regard to the fourth paragraph of the preamble, he pointed out that at the international level it was primarily incumbent upon FAO to assist governments to increase food production. Although FAO could not do that alone, it was primarily responsible.

15. The 1951 Conference had invited the sixty-eight members of FAO to increase their food production by 1 to 2 per cent more than the annual rate of population growth. To assist governments in implementing that important recommendation, FAO was helping them to prepare programmes and was providing them with a large number of services. In addition it was helping to promote the expansion of agricultural production in various countries through the increased use of fertilizers, the development of irrigation and the application of modern agricultural techniques.

16. To carry out that work FAO had a current budget of \$5,250,000 and received funds from the technical assistance Special Account. At the present time it was receiving so many applications for technical assistance that it was unable to provide all the services and experts requested.

17. FAO was co-operating with various specialized agencies, including the International Bank, UNESCO, WHO and ILO. It fully realized the value of co-ordinated action to ensure the rapid implementation of programmes of agricultural development, but felt that its primary responsibility in that field should be recognized.

18. The problem of increasing world food production was so important that the co-operation of all bodies concerned, national and international, was essential. FAO was encouraged by the keen interest the General Assembly and the Economic and Social Council were taking in the problem and hoped that governments would devote an increasingly large share of their resources to agriculture and, in particular, to the expansion of agricultural production.

19. FAO would gladly assist the United Nations Secretariat by communicating any data it might require for the special section on action taken to increase food production which the representative of Ecuador

proposed should be included in the Economic and Social Council's annual report to the General Assembly.

The meeting was suspended at 11.45 a.m. and was resumed at 12.5 p.m.

20. Mr. KATZ-SUCHY (Poland) said that the only item considered by the Committee since the start of the session had been the problem of the economic development of under-developed countries. The amount of time spent on that item was a measure of the significance which the United Nations attached to the problem. Nevertheless, because of the problem's very importance, the Committee could not fail to discuss the other economic problems with which the world was faced and on which the United Nations should take a definite stand.

21. For several years the debate on chapter II of the Economic and Social Council's report had been purely formal. The Second Committee had not attempted to analyse the activities of the Economic and Social Council, except perhaps in regard to economic development, and had given no directives for the Council's future work. The Council had drawn no concrete conclusions from its discussions and its resolutions had been formal and had gone almost unnoticed.

22. The Economic and Social Council had the very important duty of obtaining international economic co-operation to raise the level of production and living standards of the peoples and promote their social and cultural well-being. Analysis of the decisions it had hitherto taken showed that it had made no contribution to the strengthening of international economic co-operation based on respect of the principle of sovereignty, equality of rights and mutual interests of all countries. That state of affairs was not of course accidental. It resulted from the deliberate policy of the United States and of the majority which followed its lead. That policy paralysed all efforts to enable the United Nations to become an instrument for the peaceful solution of international, political, social and economic problems.

23. The policy was one of the components of the war preparations of the United States. It was the task of the Second Committee to analyse the economic aspects of the problem. No one could deny that the feature which characterized the economic situation of the capitalist world was the furious armament race pursued by the United States and its allies. The whole activity of the countries participating in the North Atlantic bloc was subordinated to preparations for war. The results of that policy were very grave. There had been a decline in the production of consumer goods, an increase in the prices of those goods, and a decrease in the purchasing power of the working class. The financing of huge war budgets had resulted in higher taxes, inflation and a decrease in the real value of currency, which obviously had a sharp effect on the purchasing power and living standards of the mass of the population.

24. On the other hand, the war economy favoured the interests of a small group of monopolists. The increase of war production was accelerating the process of capital concentration in the hands of a few great monopolies, which were thus able to wield control of the entire economy. At the same time the monopolies' control of the sources of raw materials was growing. Their hold on the markets of the under-developed countries was growing stronger and the forms of colonial exploitation

were becoming more ruthless. The under-developed countries were being forced to sell their products at low prices and were unable to import the capital goods they needed to fulfil their plans for industrialization. As those nations became more dependent on the United States, their peoples became poorer from day to day.

25. At the same time the contradictions in the imperialist camp were becoming increasingly sharp. Under cover of so-called economic assistance the United States was imposing a huge armaments programme on the United Kingdom and France and ousting them from their traditional markets. The United States Government, acting in the interest of the American monopolists, was attempting to liquidate the economic independence of the Western European countries. Those monopolists were participating in the reconstruction of the German and Japanese war and economic potentials, which already threatened the United Kingdom and France in various parts of the world. The United States was using free trade as a pretext to dominate the markets of the other capitalist countries, but did not hesitate to protect its own market by increasingly high tariff barriers.

26. The subordination of the Western European economies to United States preparations for war was the cause of the ever-growing crisis in those countries. According to data published in the most recent *Economic Bulletin for Europe*, the Western European countries were faced with constantly increasing economic difficulties. Except in West Germany and France, industrial production during the second quarter of 1952 had been lower than in the corresponding period in 1951. That trend had apparently become more pronounced in the third quarter of 1952. *The Weekly Review* of the London *Times* of 6 November pointed out that in July, August and September the official index of industrial production in the United Kingdom had dropped approximately 7 per cent as compared with the corresponding period of the previous year. On 19 October *Le Monde* had announced a decline in French production in the past six months. *The Christian Science Monitor* of 11 November indicated that the deflationary trend in the Netherlands had hit not only imports but also consumption of home products; production had declined by 2½ per cent. There were 43,000 more unemployed than in the previous year. In Belgium, according to the *Agence économique et financière*, the index of industrial production had dropped to 99 in July and August, whereas the 1951 average had been 119. In West Germany the average index of production for the first eight months of 1952 had risen only by 0.004 per cent as compared with the corresponding period of 1951.

27. The crisis affected mainly the branches of industry producing articles of mass consumption. In the second quarter of 1952, for example, according to the *Economic Bulletin for Europe*, the production of textiles had fallen in comparison with the highest index of 1951 by 33 per cent in Belgium, 28 per cent in Denmark, 27 per cent in the United Kingdom, 27 per cent in the Netherlands, 26 per cent in Austria, 22 per cent in West Germany, 21 per cent in Greece, 20 per cent in Italy, 14 per cent in Sweden, 12 per cent in France and 11 per cent in Norway. Other industries had also been affected, especially the chemical and paper industries. The only branch of industry which showed a constant increase in production was the armaments industry. In

France armaments production had increased by 17 per cent in the second quarter of 1952 as compared with the second quarter of 1951. In West Germany, which had become a United States war arsenal, the engineering industry had increased production by 12 per cent, but in those countries where rearmament was not a predominant factor, such as the Netherlands, Belgium and Denmark, its output had declined.

28. The trade of Western Europe was passing through a crisis of equal severity. The dollar shortage was more serious than ever before. To overcome their increasing difficulty in establishing a balance of trade, the countries of Western Europe had no alternative but to impose import restrictions and to pursue a deflationary credit policy. Their situation was aggravated by the fact that certain overseas territories which had been affected by the drop in prices of raw materials had also been compelled to restrict imports.

29. Those import restrictions affected only the industries producing consumer goods. Thus the foreign-trade crisis helped to aggravate the difficulties faced by the consumer-goods industries in Western Europe and tended to increase unemployment and to force the standard of living still lower. The general situation in Western Europe was well described by the Geneva correspondent of *The New York Times*, who had reported on 15 November 1952 that although government leaders in several European countries had found it necessary to affirm that Western economy was not in a depression, there was no doubt that production indices for the major industrial countries of Europe were either static or falling.

30. While it was true that there had been a slight improvement in several European countries in the past two months, even professional optimists had been unable to describe the improvement as permanent. The London *Economist*, in its issue of 22 November 1952, had acknowledged that the crisis would have been more widespread if the armaments programme had not ensured employment in the main branches of industry. Nothing characterized the degeneration of the capitalist system better than the admission that its aim was not to provide for the needs of the population but to increase the manufacture of armaments, the industry to which the monopolists proposed to transfer the great mass of workers.

31. Moreover, to appreciate the situation in the under-developed countries it was only necessary to refer to the *Economic Survey of Asia and the Far East 1951* (E/CN.11/345). A summary of that survey which had appeared in *The New York Times* of 24 November indicated, for example, that the balance of trade of the Asian countries, which had had a surplus of \$1,130 million in the first half of 1951, had showed a deficit of \$350 million at the end of the second half. The situation had continued to deteriorate in 1952, as the Second Committee had itself discovered in its study of the problems of economic development of the under-developed countries.

32. The situation in Western Europe and the under-developed countries had to be considered in the light of United States economic policy. The Polish Minister of Foreign Affairs had pointed this out when, in his statement of general policy, he had declared that the most optimistic American experts had had to recognize that United States economic policy, based as it was on re-

armament, could not prevent an economic crisis which was expected to occur in 1954 at the latest.¹ To support that argument Mr. Katz-Suchy read extracts from the magazine *Business Week* of 18 November 1952 and the National City Bank's economic bulletin. *The New York Times* had naively acknowledged that United States prosperity was based solely on increased war production, which the Federal Reserve Board estimated to represent 15 per cent of the total output of goods and services in the United States. For the present, however, United States capitalists' fears of an impending crisis were mixed with feelings of satisfaction at the increased profits they were making and hoped to continue making by shifting the ever-heavier burden of war preparations on to the shoulders of the working classes.

33. That state of affairs was far from satisfactory for the United States, the countries of Western Europe, or the under-developed countries. The Economic and Social Council at its last session might therefore have been expected to make an objective analysis of the situation and to draw the proper conclusions from the increase of unemployment in the consumer industries and the fall in the standard of living of the masses. It was easy to determine that under pressure from the United States militarization had distorted the economy of one country after another; that the United States had invaded the European and extra-European markets of the countries of Western Europe; that it was using its "economic assistance" to ensure markets for its exports and to open the way for new investments and profits; that it was using its privileged position to absorb to its own advantage the raw materials needed by other countries which it was forcing to accept unfavourable rates of exchange; that that policy, designed to ensure United States supremacy, had in practice reduced world economy to chaos.

34. In support of that argument Mr. Katz-Suchy quoted figures relating to the prices of raw materials in various countries. In India the price of burlap had dropped from \$27.22 per 100 yards in 1951 to \$12.59 in 1952; Egyptian cotton had dropped from \$66.50 per 100 pounds in 1951 to \$35.10 in October 1952; Pakistan jute from \$264 a short ton in 1951 to \$119 in September 1952; Malayan rubber from \$51.90 per 100 pounds in 1951 to \$27.76 in August 1952. The value of exports from the countries of Western Europe had declined from \$30,499 million in the first quarter to \$26,154 million in the third quarter of 1952. In the corresponding periods imports had fallen from \$37,244 million to \$31,151 million. French exports had risen from \$3,100 million to \$3,440 million and imports had dropped from \$5,352 million to \$3,745 million.

35. There had also been important changes in the movement of imports. India's imports from the United Kingdom, for example, expressed as a percentage of its total imports, had dropped from 30 per cent in 1937 to 26 per cent in 1951, whereas its imports from the United States had risen from 7 per cent in 1937 to 30 per cent in 1951. Similarly, Brazilian imports from the United Kingdom had dropped from 13 per cent to 8 per cent, while imports from the United States had risen from 26 per cent to 42 per cent of Brazil's total imports. In the case of Italy, imports from Germany had dropped from 19 per cent to 7 per cent, while im-

ports from the United States had increased from 11 per cent to 21 per cent of the total.

36. Taken as a whole, those statistics showed the extent to which world trade had deteriorated under pressure from the United States monopolies, which, while invading the markets of competitors, had taken protectionist measures, had influenced prices of basic commodities and had prevented other countries from trading with the countries of socialist economy. While trade and economic ties between the People's Democracies continued to develop rapidly and harmoniously, economic and commercial ties between the various sectors of the capitalist world had been twisted to the advantage of the United States capitalists, who, moving from one crisis to another, had precipitated an open economic war.

37. It was in vain that the United States Press was emphasizing the need to create a world market, and the possibilities of expanding that market. There was no possibility of expansion when the majority of the world's population lived in under-developed countries which the industrialized States maintained in the position of raw-materials producers; the internal markets of those countries could not develop and they could not absorb the manufactured goods of the industrialized countries, whose populations were thereby thrown out of employment. There was no possibility of expansion when a dollar balance could be achieved only by restricting imports and lowering standards of living, when the capitalist Powers were devoting their resources to rearmament, thereby causing inflation, higher prices and taxes, unemployment and a succession of devastating economic crises.

38. Only a return to a peaceful economy would make it possible to restore normal international economic relations, to increase trade, stabilize prices and enable the under-developed countries to obtain capital goods, the effect of which would be to raise the level of employment in the export industries of many countries.

39. The Economic and Social Council had done nothing constructive on those lines. It had not taken a stand against the numerous proposals of the United States Government infringing the letter and spirit of the United Nations Charter. It had not opposed the United States Government's attempt to undermine all efforts towards genuine international co-operation, towards developing trade between all countries, reducing unemployment and improving the situation in the under-developed countries; nor had it opposed the policy of discrimination against the People's Democracies practised at the instigation of the United States. That policy of the United States Government was a sign of weakness. Economic circles in Western Europe, Asia, Africa and Latin America were tending to react more and more strongly against the disastrous results of the United States policy. Industrialists and business men in those countries were beginning to realize that a resumption of commercial relations with the USSR, the People's Republic of China and the People's Democracies of Eastern Europe would open tremendous possibilities in foreign trade. Public opinion in those countries was more than ever convinced that that was the prerequisite for their liberation from American domination, the condition for their return to an economic policy dictated by their own national interests. In that respect, too, the Economic and Social Council had not taken the

¹ See *Official Records of the General Assembly, Seventh Session, Plenary Meetings*, 382nd meeting.

true facts into consideration. Its resolution 427 (XIV), merely emphasized the role of the International Bank for Reconstruction and Development and the International Monetary Fund, which had always been instruments of United States policy.

40. The shortcomings of the Economic and Social Council could be enumerated endlessly. For example, the Polish draft resolution on integrated economic development and commercial agreements, though adopted unanimously by the General Assembly as resolution 523 (VI), had never been put into practice. The Economic and Social Council had never opposed the discriminatory measures which the United States Government had

taken not only against the People's Democracies but also against other capitalist countries. It had done nothing to promote trade based on mutual advantage, or to ensure international economic co-operation.

41. If the Economic and Social Council was to achieve the objectives for which it had been established, it would have to take energetic action to develop close commercial relations between all countries, within the framework of a peaceful economy. That was the direction which future activities of the Economic and Social Council ought to follow.

The meeting rose at 1.5 p.m.