

GENERAL
ASSEMBLY

SEVENTH SESSION

Official Records



SECOND COMMITTEE, 245th

MEETING

Friday, 19 December 1952, at 3 p.m.

Headquarters, New York

CONTENTS

	Page
Report of the Economic and Social Council, chapter II (A/2172) (continued)	319
Committee's draft report (A/C.2/L.195) (continued)	324
Report of the Economic and Social Council, chapter II (A/2172) (continued)	324

Chairman: Mr. Jiří NOSEK (Czechoslovakia).

Report of the Economic and Social Council, chapter II (A/2172) (continued)

[Item 11]*

1. The CHAIRMAN announced that he had received a letter from the President of the General Assembly (A/C.2/178) informing him that, on the recommendation of the General Committee, the General Assembly, at its 406th plenary meeting on the previous day, had decided to reallocate to the First Committee item 16 (b), "Reports of the United Nations Agent General for Korean Reconstruction", originally on the agenda of the Second Committee.

2. He invited the Committee to resume its discussion on chapter II of the report of the Economic and Social Council.

3. Mr. VOGEL (Bolivia) said that he would confine himself to a few comments on the Bolivian economy from the standpoint of unemployment and economic stability.

4. As a mining country, Bolivia could not be compared to those under-developed countries which depended entirely upon agriculture; its national economy was based exclusively on mining and its problems were therefore closely connected with the prices of its mining products on the international market. A statement published by the International Tin Study Group in 1950 had dealt with the effects of a fall in the price of tin on production and employment. The publication had not, however, given a full explanation. Developing the problem further would show the following: a reduction in the price of tin caused a decline in production and hence in employment, and it affected the national economy as a whole.

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

5. Reduced production meant a reduced inflow of foreign exchange, and thus lead to difficulties in obtaining the necessary supplies of essential consumer goods, for Bolivia had to import most of its food. Another result was a decline in domestic production of manufactured articles, since the manufacturing industries depended mostly upon the importation of raw materials. That in turn lead to a depression in trade and industry as a whole, a decrease in consumption and a reduction in the price of agricultural products. In addition, the resultant reduction in government revenue from taxation necessitated cuts in the public services and limited the capacity for the carrying out of public works. The characteristics of the unemployment thus caused were different from those found in industrial countries, for there it could be absorbed into agricultural work; but the general effect was to increase poverty.

6. In accordance with a study made by Mr. Pollner, the total rural production of Bolivia was estimated at over 2 million people, about half of whom work in agriculture. In the past, labour legislation had not applied to those workers. In reply to the questionnaire on the causes of unemployment circulated by the Secretary-General in 1949, the Bolivian Government, which was then at the service of the big mining enterprises had stated that it possessed no statistics on unemployment. It had, however, indicated certain measures which it had taken, such as the establishment of new industries to absorb the unemployment caused by the decline in tin prices. It had furthermore indicated that it had implemented new social legislation to protect labour, and a law prohibiting the closure of mines. Shortly afterwards a miners' strike had taken place and the Government had ordered a rise in wages to which the Patiño mine owners had refused to agree. The mine union leaders had been expelled and the Bolivian workers had continued to work in highly unfavourable conditions.

7. Of the 200,000 industrial workers in Bolivia, some 45,000 were employed in mining, of which 33,239, 33,002 and 30,591 had been employed by the large and medium mine enterprises in 1948, 1949 and 1950 respectively and, during that time, had earned 21,226, 24,517 and 29,343 bolivianos, respectively. Taking the 1948 index as 100, the cost of living had risen to 110 in 1949 and to 149 in 1950. The average annual real wage had declined considerably, and had only been about 19,700 bolivianos in 1950; wages in the mining industry were above average but had also declined.

8. He referred to the conclusions of the report of the group of experts (E/1584) which had studied the problems of full employment, in *National and International Measures for Full Employment*, making reference to the three kinds of unemployment. Generally speaking Bolivia belonged to the category of countries where unemployment derived from factors inherent in the economic structure, but in Bolivia's case it was also the result of the policy of dominant industrial interests which had prevented the country from developing its wealth as it might have done. Capital had been taken out of the country and no attempt had been made to diversify the economy. Bolivia had remained almost entirely dependent upon its mining industry, and was profoundly affected by any fluctuations in that industry. The *per capita* agricultural yield was extremely low. If capital had been available, some of the excess agricultural population could have been absorbed in industry and modern methods of farming could have been introduced which would have increased the agricultural yield and even supplied those who had gone to work in manufacturing industries.

9. Bolivia had been and was still considered a country of advanced social legislation, but unfortunately many of its laws had not been put into effect.

10. He stressed the importance of the Argentine draft resolution (A/C.2/L.162/Rev.2) which had been adopted by the Committee and hoped that the studies to be produced by the Committee of experts would help countries such as his own to obtain just and equitable prices, so that their economies would be able to develop normally. The Bolivian people were united in their desire for economic independence, and had eliminated one of the greatest obstacles to their development. They would now be able to go forward and freely participate in the development of their national economy.

11. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that changes had taken place in the world economic situation which the Second Committee should note.

12. In the USSR, the People's Republic of China and the European People's Democracies there had been an intensification of constructive economic development designed to promote the welfare of the people, whereas in the capitalist countries the aim had been to guarantee maximum profits for the capitalist owners by the exploitation and enslavement of their peoples and the impoverishment of other countries, especially the underdeveloped.

13. The dominant feature in the present-day capitalist economy was militarization, with its consequent reduction in the output of consumer goods. Other results had been a severance of East-West trade relations and a deterioration in the conditions of the indigenous peo-

ples. The effects of militarization were evident in the Atlantic bloc countries, and especially the United States, where economic difficulties had mounted very rapidly. The changeover to war-time production had caused a temporary but short-lived prosperity in industries engaged in military production. Militarization had been encouraged by the industrial monopolies, since it brought them vast profits.

14. However, United States politicians, economists and businessmen had recognized the possibility of an economic recession. Mr. Elliot Bell, writing in *Business Week*, had said that the peak military expenditure had nearly been reached and that a recession could be expected in 1953-54. The President of the Mutual Life Insurance Company had also spoken of a coming crisis, mentioning the difficulties of selling raw materials and the general drop in demand. United States monopolies were keeping up prices and keeping out foreign competition by means of high tariff barriers. Competition from Germany and Japan was growing, however, and the world capitalist market was narrowing, a tendency which was increased by the curtailing of civilian consumer production. The armaments race provided no real remedy; military contracts were no panacea, since they merely served to encourage one-sided development and absorb manpower in unproductive industries. Countries like the United Kingdom and France had lost their gold reserves and were suffering from adverse trade balances, and their markets were falling into the hands of the United States.

15. He quoted the *U. S. News and World Report* to illustrate the magnitude of the war preparations in the Atlantic bloc countries, encouraged by business circles whose interests such preparations favoured. The militarization policy would make national strikes almost impossible in the United States and funds for education and large scale housing programmes would be curtailed. The expanding military budget would lead to increasingly heavy taxation and reduce the purchasing power of the people. Moreover, the cost of living in the United States was now approximately three times higher than in 1939.

16. Referring to chapter II of the report of the Economic and Social Council (A/2172) he said that the United Nations had done nothing to prevent the armaments race and promote peaceful industrial development. As a result of opposition led by the United States, the Economic and Social Council had failed to adopt the draft resolution on measures to increase full employment and combat unemployment introduced by the USSR delegation at its fourteenth session (E/L.388/Rev.1).¹

17. Contracts for military supplies in the United States amounted to 84,000 million dollars; and about 62 per cent of such contracts were handled by 100 leading monopoly companies, such as General Motors, the United Aircraft Company, the Douglas Electric Company, Ford and others. The United States *Journal of Commerce* had reported that the six largest aviation companies had made profits of approximately 2,000 million dollars in the first half of 1952, and the figures for Dupont, Edison, Gulf Oil and other companies producing strategic materials were comparable. Thanks to

¹ See *Official Records of the Economic and Social Council, Fourteenth Session, Annexes*, agenda item 4 and 5 (f).

war production programmes United States monopolies had made profits amounting to about 250,000 million dollars in the post-war years.

18. It had been said that profits were not really very high because much was paid back in the form of taxes, but in fact a large proportion of such profit was not subject to tax; moreover taxable income could be considerably reduced by bookkeeping manipulations. The Defense Production Act itself provided certain facilities for tax exemption.

19. In contrast to those vast profits, the welfare of the general population had considerably deteriorated. Gross national production in the United States was three and three-quarter times larger than in 1939, but the dollar was worth only 43 per cent of its pre-war value, and consequently the situation of the people was worse rather than better; the effect of increased production was annulled both by inflation and by the increase in the population. Increased production did not contribute to higher living standards but was used for the destructive purposes of war. Another characteristic of the economic situation in the United States was the growing burden of taxes: whereas in 1945 the yield from direct taxation had been \$19,700 million, according to *The New York Times* of 22 January 1952, the figure for 1952 was \$30,000 million and was expected to rise to \$33,000 million in 1953. Taxation was the main source for financing the armaments industry. As former President Hoover had stated on 27 January 1952, the economy of the United States was over-burdened as a result of vast expenditure; the American people, despite inflation and rising taxation, had not yet felt the full effects of government expenditure. Mr. Hoover had added that the United States was sustaining a war economy, although the sounds of battle could not be heard.

20. The people of the United States were suffering the effects of monopoly prices and high tariffs designed to protect United States markets and to retard prosperity abroad. United States business circles and economists predicted that it would be impossible to reduce prices in 1953. The burden of high prices had to be borne by the consumer.

21. It might be thought that the militarization of the western economy would lead to an increase in economic activity and trade in Western Europe, but according to the secretariat of the Economic Commission for Europe, economic activity in most West European countries had declined considerably in the second quarter of 1952 as compared with the corresponding period in 1951. There were further indications of a decline in trade among the West European countries: the secretariat of ECE had reported that trade among eighteen Western European countries had shrunk by 12 per cent as compared with 1951.

22. In contrast, the ECE secretariat admitted that industrial production and trade had expanded considerably in the Soviet Union and the People's Democracies. The United States was strengthening its economic and political control over the West European economy, and it had led to cuts in civilian production, growing inflation and crises in the textile and coal industries. In April 1952, Prime Minister Churchill had announced that the United Kingdom was on the verge of national bankruptcy. The French economy was also floundering because it was based on war production and not on

peaceful development. The economically weaker countries were feeling the harmful effects of the war preparations of the NATO group. The under-developed areas were unable to obtain the capital goods they needed and many of them had become suppliers of strategic materials, and tools of United States policy.

23. The United States considered the economic rehabilitation and independence of Western Europe a threat to its interests. Any deterioration in the economic situation of the principal countries of Western Europe was an occasion for further assistance which, when granted, made those countries even more dependent on the United States. While posing as the saviour of Western Europe, the United States was bent on world domination and was destroying historic multilateral trade relations.

24. Thirty-eight point five per cent of the United Kingdom's national budget was allocated for military purposes. That explained the increase in taxation: revenue from taxation in 1952 was 4,500 million pounds as compared with 890 million pounds in 1938-39. The Government's militarization programme had led to a deterioration in the standard of living in the United Kingdom. In the second quarter of 1952 hard currency reserves in that country had dropped by 1,280 million dollars as compared to the equivalent period in 1951. The plight of the United Kingdom was the result of its subordination to the United States and of the disruption of its trade with Eastern Europe. In September 1952, James Gardner, speaking at the Trade Union Congress meeting at Margate, had stated that trade between Eastern and Western Europe would lead to a more prosperous world and better working conditions. The Congress had also expressed the opinion that trade with China and Eastern Europe would help to improve the international situation, and had appealed to governments to take co-ordinated action to expand trade and eliminate artificial barriers. Mr. Harold Wilson, the former President of the Board of Trade, had asserted that the main objective of United Kingdom economic policy should be to make the United Kingdom independent of foreign assistance as soon as possible, and that without that an independent foreign policy was impossible.

25. Whereas the United Kingdom and some other countries had been impoverished by the war, the United States had enriched itself and had even seized markets formerly in the sterling area. According to Mr. Wilson, the United States was striving to impose free trade in order to ensure markets for United States exports while, however, retaining its own tariff barriers. Mr. Wilson had added that the United States militarists were demanding the rearmament of their NATO partners, which meant that the United Kingdom economy would become increasingly dependent on United States military aid, with all its consequences.

26. American pressure had obliged France to embark on a programme of vast military expenditure. In 1950, military preparations had accounted for 21.7 per cent of the total French budget; in 1951 the figure had been 55 per cent higher than in 1950, and 53 per cent higher in 1952 than in 1951. The burden of taxation was steadily growing. In 1951 direct taxes had been approximately twice as great as in 1949.

27. To meet the needs of its war economy, France had been overloading certain sectors of its industry,

with the result that in 1951 certain machine-building programmes had been 15 per cent behind schedule and production of tractors and locomotives had been cut by 40 per cent. Furthermore, the output of rolling stock had been curtailed owing to foreign competition. Instead of receiving orders for goods amounting to \$625 million over three years from the United States, as guaranteed at the Lisbon Conference, France had only obtained orders to the amount of \$186 million. On 21 July 1952, the French Government had sent a cable to Washington in that connexion, but nevertheless had been obliged to redistribute its military contracts as best it could. According to *Libération*, the index of production of consumer goods (1938 = 100) had fallen from 126 in June 1951 to 110 in June 1952. The leather, paper, footwear, glass, textile, chemical and pharmaceutical industries had suffered most. In the second half of 1952, France had taken steps to halt imports of textiles in order to protect its industry. According to *Le Rassemblement*, the crisis would soon spread to other branches of industry. The Renault car works had already cut their output. The number of unemployed had risen from 93,158 in October 1951 to 118,624 in October 1952. The number of bankruptcies was steadily increasing. The financial reserves of the country had fallen to one-third of the pre-war figure.

28. It had been asserted that the under-developed countries had registered remarkable progress thanks to assistance from the International Bank for Reconstruction and Development and the Export-Import Bank. But the report of the Export-Import Bank gave a different picture from that drawn by the United States representatives. The Export-Import Bank did not act so altruistically as was believed, and had accumulated profits amounting to \$70 million over the previous five years. Its net profit for the period January to June 1952 had been \$24,600,000. Its interest rates were exorbitant: the rate of interest on most loans was 4 to 5 per cent; lower rates were granted only for strategic loans. On the recommendation of the United States Atomic Energy Commission \$35 million had been lent to the Union of South Africa for the exploitation of uranium. The Export-Import Bank was not interested in helping the under-developed countries but in promoting the military objectives of the NATO countries.

29. As had been pointed out in detail during the fourteenth session of the Economic and Social Council, the credits granted by the International Bank were also intended to further the aggressive designs of the United States. Substantial loans had been made to Belgium for the development of the uranium, copper, lead, cobalt, and wolfram mines of the Belgian Congo. Approximately half the Congo's tin production went to the United States. Southern Rhodesia had obtained a large credit from the International Bank to develop its copper production.

30. The United States Government had pointed out that the level of profits from investment in the under-developed countries was no higher than the domestic ones; but facts disproved that assertion. General Motors, for example, reported a profit of 19 cents from every dollar invested in the United States, as compared with a profit of 94 cents derived from foreign investments. It had made profits of \$55,800,000 out of \$69,400,000 invested abroad, and in the course of two years it had increased its profits from foreign sources from \$58,700,-

000 to \$110,700,000. In extending its economic dominion and in seizing markets which once belonged to the United Kingdom, France and Italy, the United States enjoyed a privileged position its own economists did not deny. The *New York Herald Tribune* of 21 October 1952 had advocated the seizure of markets lost by other countries during the Second World War.

31. United States exports in January 1952 showed an increase of over 610 million dollars as compared with 1951, while the value of imports for the period January to June 1952 had been 613 million dollars less than in the corresponding period of 1951. That confirmed the recent statement by Mr. Santa Cruz that the deterioration of the terms of trade of the Latin American countries was leading to their increased dependence on the United States. In 1950 United States exports had exceeded imports by \$1,319 million and in 1952 the difference would be \$5,100 million. In contrast, the trade situation of West European countries was steadily deteriorating and was adding to its already acute dollar deficit. The logical policy for the West European countries would be to expand their trade with other countries, which would allow them to enjoy an independent existence. Such a policy had been advocated by the United Kingdom Chancellor of the Exchequer.

32. The idea of placing orders for supplies with West European firms was being discussed in the United States, in the hope of appeasing the increasing discontent of West European industrialists. But such a plan would undoubtedly meet with hostility from the United States monopolies, which were not interested in opening their markets to European goods.

33. The International Chamber of Commerce had suggested that instead of supplying assistance, the United States should promote the expansion of trade. It had been further suggested that the United States should demand the abolition of import quotas and exchange controls. In that connexion it was interesting to note that Australia, Canada, Denmark, Finland, France, Italy, Netherlands, New Zealand, and Norway had already protested against violations of trade agreements by the United States. The United Kingdom Government also had complained that any success which United Kingdom goods achieved in United States markets was nullified by countermeasures on the part of United States industrialists, Italy, Belgium, Peru, West Germany, Japan and Switzerland had made similar protests against United States tariff barriers. At the GATT Conference in Geneva, five countries had accused the United States of violating its foreign trade obligations by imposing restrictive quotas on imports. The United States delegation had said that the United States did not take into account the fact that trade was a two-way process. That illustrated the disorganization and contradictions in the world economic situation.

34. The economy of the Soviet Union, the People's Democracies and the People's Republic of China, on the other hand, was based on co-ordination and mutual respect and assistance. Between 1948 and 1952 trade among those countries had increased threefold, whereas trade in the capitalist world was becoming increasingly difficult.

35. Formerly, Western Europe had carried on considerable trade with Eastern Europe, but that trade had decreased as a result of pressure by the United States,

which wished to retain its European markets. France, Belgium and Italy, which had been dependent to a large extent on food products from Eastern Europe, had suffered considerably as a result of United States policy.

36. A number of books recently published in the United States had expressed the view that greater control should be exerted in order to curtail the trade between East and West. The United States representative in the Economic Commission for Europe had frequently said that the United States was in favour of trade between East and West, but his words had been belied by United States action in adopting measures of import control which had hindered trade. The United States was planning to mobilize European productive forces and to co-ordinate all European heavy industry under United States control for use against the USSR. Those were the true objectives of the Schuman Plan.

37. The President of the International Bank for Reconstruction and Development had stated that the Bank was ready to co-operate in plans for the economic co-ordination of Western Europe, and had said that the carrying out of such plans depended on the creation of a supra-national organization.

38. The infiltration of American capital into heavy industry in Western Europe resulted in the subordination of that industry to the United States. In addition to its policy in connexion with the Schuman Plan, the United States was taking other measures to consolidate its position in Western Europe, and American capital was taking over industry in the Netherlands, France and the United Kingdom. Under the Schuman Plan, power was to be concentrated in the hands of the most reactionary West German industrialists; the United States was protecting a group of former Nazis, monopolists and Neo-Fascists who would provide a spring-board for a new war.

39. In considering those matters the United Nations must bear in mind the fact that the common people, who desired nothing but peace, were suffering because of the plans of the United States. In the USSR, the People's Republic of China and the People's Democracies, which had embarked on a programme of peaceful reconstruction, economic conditions were constantly improving.

40. The economic development of the People's Republic of China was of great historical significance. In that country, over a three-year period, agricultural output had increased by 150 per cent, iron and steel production was eight to nine times higher, coal and electric energy production had doubled and the output per worker had increased by 88 per cent; furthermore, new sources of domestic savings had been acquired. The index of production in the basic industries, excluding coal, was the highest ever recorded. The nationalized sector of the economy played a vital role. Seventy to 80 per cent of heavy industries and 40 per cent of light industries was under state ownership, and state enterprises produced two-thirds of the total industrial output. Great stretches of new railway track had been laid during the past three years and a total of 23,785 kilometres of track was currently in use. The index of domestic trade was now 170 per cent of the 1950 figure.

41. In addition, a new fiscal system had been introduced to enable agricultural taxes to be reduced so as

to promote agricultural development. In 1952, the budget had shown a credit balance and the Government had been able to stabilize the country's economy. Large sums had been devoted to health and education. In 1953, a new five-year plan would be begun. About one hundred technical schools had recently been established and 150,000 additional specialists and technicians would be trained.

42. The material and cultural level of the people had been greatly improved. Over a three year period, average wages had risen by 60 to 120 per cent, and the income of peasants had increased two to three times. By the end of 1951 jobs had been found for more than 2,200,000 unemployed. New sources of production were being tapped and new successes would undoubtedly be registered in the future.

43. In the USSR itself the basic rule was the maximum satisfaction of the ever-increasing material and cultural needs of the people, through a constant increase in socialized production with the use of improved techniques. Accordingly there was a continuous improvement in all sections of the economy and in the well-being of the people. The friendly relations between the USSR and other democratic peoples also contributed to the development of the Soviet economy.

44. With regard to the rate at which that economic improvement was being carried out, total industrial production in 1951 had been 1,266 per cent of the 1929 figure. Heavy industry now produced in nine days what it had taken one year to produce in pre-revolutionary times, and industrial production had increased thirty-nine fold during the years of Soviet power.

45. Between 1946 and 1951, the total domestic capital invested in the national economy had been 500,000 million roubles, of which 320,000 million had been invested in industry. During the same period, 7,000 large-scale State industries had been reconstructed or set up. In 1952, the USSR had produced 25 million tons of pig iron, 35 million tons of steel, 27 million tons of rolled steel, 300 million tons of coal, 47 million tons of oil and 117,000 million kilowatt hours of electric energy. The output of machines and equipment in 1952 had been three times that of 1940.

46. He had already told the Committee of the expansion in agricultural output in the USSR (229th meeting). In 1952, the total grain harvest had been some 8,000 million poods. Plans for large scale reafforestation were being put into effect, and vast new perspectives were opening up as a result of irrigation schemes and hydro-electric projects.

47. One of the best indices of a people's prosperity was the national income. In the USSR, the workers received three-quarters of the national income, the balance being devoted to the expansion of production and other general requirements. The prices of consumer and industrial goods were half what they had been in 1940. All workers were entitled to pensions, vacations with pay, free medical attention, family allowances and free higher education. Government expenditure on public health had increased from 11,200 million roubles in 1940 to 26,400 million roubles in 1951, and expenditure on education from 22,500 million roubles in 1940 to 57,300 million roubles in 1951. When the Soviet Government had assumed power there had been only ninety-six higher educational institutions with 117,000 stu-

dents; there were now 887 such institutions with 1,400,000 students. The country was at present served by some 5,500,000 specialists and technicians.

48. Further economic gains were planned under the five-year plan for 1950 to 1955. By 1955, industrial production was to be increased by 70 per cent in relation to 1950, which meant that it would be three times greater than in 1940. The grain harvest was to be increased by 40 to 50 per cent over the 1950 level and there would be similar increases in other crops such as sugar beet and cotton. The production of the machine and metallurgical industries would be doubled, that of the electric power industry doubled, and the output of hydro-electric stations trebled. It could thus be seen that the Soviet Union was making considerable progress in achieving the goals of its most recent five-year plan.

49. The CHAIRMAN declared the general debate on chapter II of the report of the Economic and Social Council closed.

50. Mr. LEE (China) reserved his right to reply to the USSR representative under rule 114 of the rules of procedure.

Committee's draft report (A/C.2/L.195) (continued)²

51. Mr. HALIQ (Saudi Arabia), Rapporteur, said that representatives had suggested to him changes of three kinds in the Committee's draft report on item 25. The first were editorial or drafting changes, which he had incorporated. Secondly, some representatives had wished to include some of the points raised in the general debate. The representative of Iraq, for example, had wished his reference to discrimination by the Technical Assistance Administration in selecting its personnel to be inserted. He (Mr. Haliq) felt that if he had had to include all the points mentioned in the general debate, it would have made the report excessively long and he had therefore been unable to accept those suggestions. Thirdly, it had been suggested that some of the resolutions adopted by the Committee should be revised. He felt that that was now a matter for the General Assembly to consider when it discussed the Committee's report.

52. Mr. UMARI (Iraq) said the point he had asked to be inserted in the Committee's report was not the question of discrimination in appointments by TAA but that of the definition of an under-developed country. His delegation had pointed out (205th meeting) that technical assistance was not given only to under-developed countries; much of it also went to some of the more developed countries; and the Director-General of TAA had said (209th meeting) that no clear definition had ever been given of the term "under-developed". His delegation had made it clear that no clear-cut definition was necessary; representatives had a good general idea which were the under-developed countries. However, if the question was carried further his delegation reserved the right to introduce a draft resolution in the General Assembly asking the Economic and Social Council to decide on a definition of under-developed countries. He had wished to explain the point lest it might be thought that his delegation had a grudge against TAA.

² Resumed from 243rd meeting.

Report of the Economic and Social Council, chapter II (A/2172) (continued)

[Item 11]*

53. Mr. WILEY (United States of America) complimented the USSR representative on his very clear presentation of his country's views, although he did not agree with them. He was happy to hear that the Russian people was doing so well, but he could not understand why the USSR representative had spent so much time in criticizing the United States and attempting to prove that it was suffering from serious economic ills.

54. He could not understand why so many countries of the Soviet bloc hated the United States. When those countries had bled to death, the United States had given them supplies in ships and lend-lease amounting to \$12,000 million. His country did not hate the Russian people; indeed some of its finest citizens had come from Russia, although they would not wish to return to that country.

55. The aim of the USSR representative's speech had been to create fear, and thus to divide and conquer; but representatives were used to the Soviet Union's methods and would not be misled by them. For the benefit of world public opinion, however, his delegation must answer the USSR representative's statements.

56. It would be an excellent idea if an impartial committee from the United Nations could be appointed to visit the Soviet Union and see what conditions there really were like, to find out whether there were concentration camps and slave labour or whether the Soviet Union's prosperity was based on the freedom of the individual.

57. The USSR representative had prophesied an economic recession in the United States; he had also accused the United States of living off other countries, but the fact was that 97 per cent of the United States market was domestic. The United States was not a bloodsucker, stealing from others; its only desire was to help the world and the Russian people to emerge from every form of slavery. Since the end of the Second World War it had given \$35,000 million to the rest of the world, to help rebuild it not only materially but also morally and spiritually. Despite his country's generosity, its actions had been consistently misunderstood by the Soviet Union. Yet the future of the world depended on the latter's willingness to co-operate.

58. Representatives from the Soviet countries had frequently referred to the "aggressive armaments race" allegedly instituted by the United States. It was true that the United States had decided to divert a large proportion of its productive capacity to defence, but that was because of the aggression and threats of aggression in Korea, Malaya, Yugoslavia, Berlin, Greece and elsewhere.

59. The Soviet economy had never really demobilized after the war. It had continued to produce large quantities of weapons and to maintain large military forces. In the middle of 1950 the Soviet Union still had four and a half million men under arms. In contrast, the United States had reduced its active military forces from 12 million in 1945 to 1,500,000 in mid-1950, and had cut down its military expenditure drastically. Between 1947 and 1950, the Soviet Union had devoted almost three times as great a proportion of its national

income to military purposes as had the United States. Had the Soviet Union honestly feared the United States? Who was it who had planned aggression?

60. In the face of aggression and threats of aggression supported by the huge Soviet military force, should the free peoples of the world have supinely accepted the loss of their freedom? Until some enforceable international arrangement to curtail armaments was accepted by the Soviet Union, had the American people any other alternative than to look to their defences? The American people were determined to remain free and to help other peoples to remain free. That was why they would continue to rebuild their defences. The United States did not wish one foot of the soil of the USSR and its satellites; all it wished was that it should be left alone and that an end should be put to Soviet infiltration, which was a known fact in many countries.

61. The financial burden of fighting communist aggression in Korea and rebuilding the defences of the free world had been great, yet the developed countries had not flagged in their support of practical development programmes in the less developed regions. The expansion of the economies of the under-developed countries was an integral part of the United States Government's programme to increase the strength of free peoples in face of the subversion and aggression threatening the world. Had the United States asked anything in return, or interfered with the rights and freedoms of the under-developed countries?

62. Because of the high level of economic activity in the United States, it had been able to continue its assistance to the free world. Its gross national product had risen from \$325,000 million in the first half of 1951 to \$336,000 million in the first half of 1952. Employment had continued at record high levels and there were currently less than 1,500,000 persons unemployed, of whom more than one-half had been unemployed only four weeks or less. And the standard of living of the workers had gone up instead of declining.

63. Not everything was perfect in the United States. There was still need for soil conservation, increased housing and better schools and hospitals, among other things, but the United States Government was conscious of those needs and was striving to meet them.

64. The figures quoted gave evidence of an economic strength which would continue. When defence expenditures started to decrease, the necessary adjustments would be made and private investment would probably remain high. The wage structure and the large liquid assets of workers and farmers should ensure the maintenance of high spending on consumer goods.

65. The Economic and Social Council and the Second Committee were intended to serve as world economic forums where countries could learn better to understand each others' problems; but at times those forums had been grossly abused. They had been used by representatives of the Soviet Union and the East European States to wage a propaganda war against the free world and to spread the illusion that the United States was a nation of greedy monopolies interested only in profits.

66. The motives behind those attacks were all too obvious. But the deliberate attempt to undermine world confidence in the United States and in freedom, whether human freedom or freedom of enterprise, was doomed to failure because it refused to accept the fact that the

basic tenet of freedom was a profound faith in the individual human being and in God. The basis of free government was that inherent in every individual were hopes and desires, talents and skills which, in an atmosphere of freedom and encouragement, provided immense opportunities for development. By freedom, he did not mean unlimited business license or the lack of self-discipline which had been characteristic of part of the nineteenth century.

67. So far as monopolies were concerned, his country believed that it was unhealthy for any single business enterprise to acquire overwhelming economic power. That was why it had anti-trust laws and investigators constantly on the watch for attempts to monopolize any branch of the economy. There were of course many large corporations in the United States, but they were not owned by the State. In many of the larger corporations in the United States, the number of stockholders actually exceeded the number of workers. That was the case in such companies as the Anaconda Copper Mining Company, the Dupont Company and General Electric, to mention only a few.

68. In addition to the millions of stockholders in the large corporations, there were 86 million insurance policy holders whose savings were invested in \$29,000 million of corporate bonds held by United States insurance companies, and who thus had a vast interest in United States industries. Millions of others had savings totalling \$40,000 million in savings banks and lending associations. The most recent business census showed that 3,840,000 independent business firms had been operating in the United States in 1947, and that two out of every three businesses were privately owned. Only one business in ten was a corporation.

69. United States monopolies, which were restricted to public utilities, transport and communications, were publicly regulated. The American Telephone and Telegraph Company, for example, was regulated by the Federal Government and by forty-eight State governments and the District of Columbia. It serviced a total of over 145 million telephone conversations every day.

70. In view of the alleged concern of the Soviet Union and its associated States for the welfare of the workers, it would be appropriate to examine what effect the United States type of shared-ownership had on ordinary men and women. The average weekly earnings of factory workers, to take an example, had increased from less than ten dollars in 1909 to about sixty dollars in 1951. Real earnings, even allowing for increased prices, had more than doubled. The work week had been reduced from sixty to forty hours. The average family income in 1951 had been \$4,320.

71. Underlying those changes was a continued increase in agricultural and industrial productivity. Between 1929 and 1950 there had been a 65 per cent increase in the total physical output of private industry as a whole. That phenomenal increase resulted from not only technological advancement but also from growing co-operation between labour unions and management. With increasing wages and profits, consumers had more goods to buy at moderate prices. In 1914 it had taken seventeen minutes to earn a pound of bread as against six minutes in 1952.

72. The success of the United States economy was due to the combination of technology, progressive manage-

ment techniques and morale-building human relations. Americans had learned how to share the savings arising from greater productivity with the workers, in the form of higher wages, and with consumers in the form of lower prices. That, in turn, had improved the standard of living and had increased opportunities of employment. The sharing of expanding output, together with a system of progressive income taxation, had resulted in a higher and more equally distributed national income: whereas, in 1929, 66 per cent of the national income had gone to the 95 per cent of the United States population in the lower income brackets, in 1951, their share of a much larger national income had risen to 82 per cent.

73. In order to ensure a continuously expanding economy, restrictive elements had as far as possible to be eliminated. Free labour unions had been strengthened so that they could act effectively to ensure that workers received their fair share of the benefits of improved productivity. As much attention had to be given to marketing and distribution as to production. Competition must be developed among producers and distributors of commodities so as to compel them to pass on the benefits of improved productivity to consumers.

74. The political philosophy and social organization of the Soviet system, on the other hand, constituted a complete denial of the human values and concepts which had made for freedom and progress. The citizen in such a society was the tool of the omnipotent State; he had no political rights. Despite the trappings of western democracy and popular representation, the dictatorship of the proletariat, as Mr. Vyshinsky himself had stated, was unlimited by any statutes whatsoever. All decisions on political, social, cultural and economic matters were made by a few leaders of the Soviet Communist Party. That was an example of a true monopoly.

75. The so-called trade unions of the Soviet Union had one main function: to increase the volume and quality of production, in the interests of the State, by lowering its cost. Collective bargaining and strikes were unknown. To quote an example, when the Czech coal miners had requested the restoration of the five day working week in 1951, the Czechoslovak Minister of the Interior had replied that what had been revolutionary under the capitalist system had become reactionary and counter-revolutionary under the new régime.

76. Soviet workers had to accept whatever labour conditions their one and only employer dictated. Wages, prices and working hours were fixed by the government. Labour discipline was strict; to leave one's place of employment without the permission of the management was punishable by imprisonment. Since 1938 every worker had been compelled to hold a labour passport, which enabled his employer to control him effectively at all times. In short, labour was defenceless against the omnipotent State and was burdened by punitive legislation. It was subject to constant pressure to increase output. It could be asked, therefore, whether the Soviet system of regimentation had been compensated by higher standards of living.

77. To illustrate the condition of the Soviet worker, Mr. Wiley compared the time taken by workers in Moscow and in some of the free countries to earn the necessities of life. To earn a pound of potatoes it took nine minutes of work in a factory in Moscow, whereas

throughout Western Europe it took less than 5 minutes. The cost of a pound of bread in terms of work was 14 minutes in Moscow as against six to ten in various West European countries. Evidence showed that in 1937, the peak year before the Second World War, *per capita* consumption in the USSR was as low as in 1928 and probably little above the level of 1913, the last year of peace in Czarist Russia; and it had increased little since. Income distribution in the United States had been considerably equalized in the last two decades, but there were growing income disparities in the Soviet Union and a new class structure had emerged: the upper class, consisting of party and government leaders, managers of large enterprises and well-known intellectuals, paid low rates of income tax and could give their children expensive education and hand down considerable fortunes.

78. The charge that the United States had tried to prevent East-West trade in goods used for peaceful purposes was false; but his country would not condone the shipment of strategic goods to the Soviet bloc to feed the communist war machine. Recently the Soviet bloc had not only spoken of the wickedness of United States security trade controls but had emphasized the necessity of expanding international trade. The history of its trade policy, however, showed the hypocrisy of those appeals for the expansion of trade between the Soviet bloc countries and the free world. With the post-war creation of a Soviet sphere of influence, Moscow had imposed a policy of self-sufficiency which spelled the death of international trade. Soviet policy had been specifically designed to reorient the trade of its East European satellites and Communist China almost exclusively towards itself. It imported from the free world only such goods as were essential for its reindustrialization and rearmament. He quoted a secret Czechoslovak directive issued early in 1950 to indicate the lengths to which that policy went.

79. The Soviet Union had consistently refused to participate in plans for international co-operation, doing its best to discredit them, and Soviet behaviour in international organizations was matched by its trading practices. Much had been said about the Soviet bloc countries wishing to trade with foreign businessmen but the facts were that, in Czechoslovakia, for example, it was made virtually impossible for American firms to do business. Soviet doctrine and practice in commercial life, as in political and military affairs showed the recent statements in favour of international co-operation to be nothing but hypocritical propaganda. The United States would welcome *bona fide* action by the Soviet bloc for the expansion of world trade, but not at the price of its own national security or that of other free nations. Moreover the Soviet bloc could not expect its propaganda to be believed when it was accompanied by aggression and subversive activity everywhere.

80. The Polish representative had accused the United States (241st meeting) of hampering international economic co-operation, but the charge sounded strange from a country which had refused to join GATT, had withdrawn from several specialized agencies without paying its contributions, and had established a reputation for obstructing international economic co-operation in the United Nations. The Soviet bloc had contributed no funds to the relief of the Palestine or Korean refugees, but made political capital out of their sufferings.

The Polish representative's quotations from the latest report of the Economic Commission for Europe had been so selected as to give a biased picture of the situation: in fact, in a number of West European countries consumption was at a considerably higher level in 1952 than it had been in 1949. The report also stated that in Poland and in Czechoslovakia the level of real wages had declined.

81. A constant argument of the Soviet bloc was that American monopoly capital wanted war and had forced the armaments race upon the world, but the truth was that to American business war meant price controls, wage controls, shortage of materials, higher taxes, fear that competitors would take over peace-time markets and many other difficulties.

82. As for the false charge that the United States reaped great profits from the defence effort, profits were subject to taxes, and since the outbreak of the Korean War there had been a considerable increase in personal, excise and corporate taxes and a revival of the excess profits tax. The earnings of United States business after deduction of tax had been 9 per cent lower in the first nine months of 1951 than in the same period of 1950, and the trend had been slightly intensified between 1951 and 1952. Moreover, the earnings of the

steel, petroleum and chemical companies, all closely related to the defence programme, had declined.

83. The real proof of intention, however, was shown by the actions of governments to further war or peace. On that count the record in the United Nations clearly showed that it was the Soviet bloc which had resisted efforts to find solutions for the Korean situation. The United States Government had repeatedly shown its desire for lasting peace and world-wide prosperity, but it could not accept peace imposed on Soviet terms and based on Soviet domination. It looked forward to the time when all Members of the United Nations would agree on a universal disarmament plan, and when that time came the United States would be glad to join with the other Member States in increasing its contribution to a broad programme of economic development. It hoped that all freedom-loving countries would then be able to join in making constructive use of the available resources in goods and technology, which the obstruction of a small group of States at present prevented them from applying to better ends than arms. The sooner the world was freed from the fear of aggression, the sooner would the United States be in a position to do its share in promoting development.

The meeting rose at 7.15 p.m.