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Chairman: Sir Douglas COPLAND (Australia).

AGENDA ITEM 12

Report of the Economic and Social Council, chapters II and III (A/2686, A/C.2/L.247, A/C.2/L.248 and Corr.1, A/C.2/L.252 and Add.1, A/C.2/L.253 and Add.1, A/C.2/L.256) (*continued*)

1. Mr. RAJAN (India) said that, although it was universally agreed that barriers to international trade should be removed, there were differences of opinion as to the best method of expanding international trade and thereby reducing international tension. India wanted peace and hoped that resources which were at present being devoted to armaments would be used for economic and social progress. It could not accept the view that international trade barriers had been lowered in recent months, and had not changed its opinion on the subject since it had supported Economic and Social Council resolution 531 C (XVIII). He would therefore vote for the eleven-Power draft resolution (A/C.2/L.252 and Add.1) which endorsed the Council resolution.

2. His Government was not convinced that any useful purpose would be served by convening a United Nations non-governmental advisory conference on unemployment. Such a conference would not help Governments in the performance of their obvious duty to endeavour to ensure ample employment opportunities, and might weaken the position of the International Labour Organisation (ILO) which performed a most important function in regard to employment problems. He would vote for the eleven-Power draft resolution (A/C.2/L.253 and Add.1) which endorsed Economic and Social Council resolution 531 B (XVIII) and recognized the importance of the ILO.

3. Mrs. WRIGHT (Denmark) said, with reference to the USSR representative's remarks regarding unemployment in Europe, that the statement that 18.4 per cent of the Danish labour force had been unemployed during 1954 was misleading. The figure held true for the month of February 1954, if all workers who had been unemployed for over seven days during the month, and persons absent from work owing to sickness or while on military service were included, but unemployment in Denmark had fallen to 4.6 per

cent in the following month. In July 1954 it had been only 1.4 per cent and in October 2 per cent. The Danish unemployment insurance scheme was so good that the living standards of Danish workers fell only very slightly when they became unemployed.

4. She would vote against the USSR draft resolution (A/C.2/L.247), but her reasons for doing so could not possibly be ascribed to lack of interest in unemployment problems on the part of the Danish Government. Her Government was applying every practical national measure to reduce unemployment in Denmark, and had taken steps to develop a common labour market for the whole of Scandinavia.

5. As a country largely dependent on exports, Denmark naturally favoured the removal of obstacles to international trade and would support the eleven-Power draft resolution endorsing Council resolution 531 C (XVIII) on that subject which had been adopted after full examination of the problems involved. She would vote against the USSR draft resolution (A/C.2/L.248 and Corr.1).

6. Mr. WOULBROUN (Belgium) said that he would vote against the USSR draft resolution on full employment, which was the same in substance as the USSR draft resolution rejected (827th meeting) by 16 votes to 2 at the eighteenth session of the Economic and Social Council. He was opposed to the proposal to convene a non-governmental conference to discuss the problem of full employment, and he would vote for the eleven-Power draft resolution, in which a prominent place was rightly given to the ILO. The ILO, of which the Soviet Union was a member, was competent to deal with unemployment problems by such means as it thought fit, including the organization of non-governmental conferences if it considered them necessary. He was sure that all Governments were interested in reducing unemployment; the Belgian Government certainly was. At the eighteenth session of the Council, the Belgian representative had already supplied all relevant information on the subject (800th meeting).

7. He would vote for the eleven-Power draft resolution on removing obstacles to international trade which in effect endorsed the resolution adopted by the Council after thorough examination of the subject. He could not vote for the USSR draft resolution which would place the blame for obstacles to trade on certain countries which, the USSR representative alleged, were following discriminatory policies. Foreign trade was essential to Belgium, and his Government, which actively participated in the work undertaken within the frame of the General Agreement on Tariffs and Trade (GATT), was in favour of expanding international trade policies. Foreign trade was essential to Belgium, and his Government, which was an active participant within the framework of the General Agreement on Tariffs and Trade (GATT), was in favour of expanding international trade, including East-West

trade. The limitations on East-West trade were due to defence needs and to certain purely commercial factors, to which the Belgian delegation had drawn attention at the Council's eighteenth session. At that session the Belgian delegation had also described his Government's efforts to expand trade within the Benelux area and between Belgium and the rest of the world. In reply to the USSR representative's statement (335th meeting) regarding the contraction of the foreign trade of the western countries, he pointed out that the volume of Belgium's foreign trade during the first nine months of 1954 had been the same as during the first nine months of 1953.

8. Although he had not had time to study the Chilean amendment (A/C.2/L.256), he doubted whether it would serve a useful purpose. The question was on the agenda of the Economic and Social Council and the Council would present the General Assembly with a report on it after it had been discussed at the technical level at GATT meetings. Negotiations on the removal of obstacles to international trade were extremely difficult. In this respect the United Nations Conference on Trade and Employment at Havana had constituted a particularly characteristic example.

9. Mr. PSCOLKA (Czechoslovakia) said that one of the basic features of the current world economic situation was the fact that the continued high level of armament production was having adverse repercussions on the economies of the capitalist countries. It was often claimed that arms production stimulated the economy and promoted the material well-being of the mass of the people, but in fact there could be no question of progress and prosperity while the means of production were devoted to military production. Militarization of the economy resulted in inflation, higher taxes, a rise in the cost of living and increased unemployment. In addition, the gap between productive capacity and markets for the goods produced continued to widen. Thus, in the first half of 1954, the trend of industrial production in the capitalist countries had been downwards.

10. Despite the general decline in economic activity in the United States, the profits of United States monopolies had risen substantially in the first half of 1954 as compared with the previous year. However, the facts and figures published in the United States Press contradicted the official view that the economic recession had been halted. The latest data published by the Council of Economic Advisors showed that the depression had lasted for over fifteen months.

11. The consequent substantial decline in United States imports had had an adverse effect on the economies of the European and the under-developed countries. In addition, the cessation of United States military and economic aid to Western Europe would lead to a renewed dollar shortage. The total value of Western European exports to the United States had fallen 15 per cent as compared with 1953, while there had been a slight increase in imports from the United States. The deterioration in the commercial balance had hitherto been largely offset by United States military expenditure in Europe.

12. In the circumstances, it was understandable that French governmental circles should be considering the possibility of dispensing with foreign aid and of expanding production and exports in order to raise French living standards and to pay for imports; that would entail a cut in military expenditure.

13. The countries with planned economies, on the other hand, had initiated long-term industrialization programmes in order to improve the material and cultural well-being of their peoples. Long-term trade agreements had been concluded between the countries of Eastern Europe and the Soviet Union, the People's Republic of China and the Democratic Republic of Germany. In less than ten years the peoples' democracies had been transformed into developed industrial countries or, in the case of primarily agricultural countries, substantial industry had been established. Their industrial production had more than tripled. In Czechoslovakia, which had been a highly industrialized country even before the war, industrial production had, by 1953, risen to 210 per cent of the pre-war level. There had been an increase in the output of consumer and agricultural goods accompanied by price reductions and wage increases. It was expected that the rate of production of capital goods and of consumer goods in Czechoslovakia would be equalized in 1955; the labour force had increased and unemployment had disappeared. Measures had recently been adopted to expand the production of coal and other mineral and power resources.

14. With regard to Economic and Social Council resolution 531 C (XVIII), he said that he attached great importance to the efforts of the regional economic commissions, particularly the Economic Commission for Europe, to develop East-West trade and to promote inter-regional cooperation. He welcomed the reactivation of the Committee on the Development of Trade of the Economic Commission for Europe (ECE). Similarly, the recent establishment of the Advisory Commission on International Commodity Trade was an important step towards the stabilization of trade and prices. He warmly supported the USSR draft resolutions (A/C.2/L.247 and A/C.2/L.248 and Corr.1), which proposed practical measures to strengthen international trade and economic co-operation and to increase employment. The accelerated economic development and industrialization of the socialist countries offered great opportunities for expanded trade with the capitalist States, provided that the existing artificial obstacles were eliminated. The recent increase in East-West trade and the ECE findings regarding the possibilities of the expansion of international trade gave grounds for optimism. Czechoslovakia strongly supported the maintenance of trade relations with all countries on a basis of mutual advantage; such relations would contribute to peace and promote friendly international co-operation.

15. Mr. CARANICAS (Greece) said that the expansion of international trade should be viewed in the light of structural changes in the world economy and the emergence of new factors in international trade, the most important of which was the changed pattern of United States imports.

16. Since 1948, the world had generally recovered from the effects of the war, and countries like Venezuela, Saudi Arabia and Canada were enjoying exceptional prosperity. Economic expansion continued unabated in the United States while in Europe, South America and Africa impressive results had been achieved. By contrast, little economic progress had been made in Asia.

17. Between 1949 and 1954 the world economy had become increasingly unified. In spite of the existence

of two economic blocs, each engaged in its own economic development with little contact with the other, parallel progress was being made and a tendency towards greater integration was discernible. The emergence of a new world equilibrium had robbed Western Europe of its former economic supremacy but it still played an integral part in the western economy, whose centre of gravity had shifted towards the Atlantic.

18. Such developments had made increased East-West trade more difficult. The ECE Committee on the Development of Trade, which had completed its third session a few weeks previously, had made some progress in dealing with the problem but lengthy study was required and no solution was in sight. At the last session of the Committee on the Development of Trade, five countries, including Greece, had expressed their readiness to trade on a long-term basis in certain scheduled commodities. The schedules were applicable immediately and would be used in the bilateral negotiations in progress between various eastern and western countries. Consultations between representatives of eastern and western countries would be held in 1955 as a separate part of the next session of the Committee on the Development of Trade.

19. Another important obstacle to increased East-West trade was the inability of the eastern countries to deliver goods on time and in sufficient quantity. Although it was widely believed that the eastern countries could export more oil, timber, grains, meat and other foodstuffs, they did, in fact, need those products themselves for the implementation of their programmes. On the other hand, in the western countries the demand for eastern goods had fallen off in comparison with pre-war trade patterns.

20. There was also the difficulty of doing business with State-owned enterprises and of operating under the rigid bilateral agreements favoured by the Eastern European countries. The volume of East-West trade was still at less than half of the pre-war level and the eastern countries did not appear to have the export resources necessary to sustain a long-term buying programme. Shipments by western nations to Eastern Europe in most cases represented only a small fraction of their total exports. However, ECE had recently reported¹ that although the interchange of goods between Eastern and Western Europe had declined moderately in the first three months of 1954, a recovery

was expected that would raise the 1954 total to well above the 1953 level.

21. He pointed out that barriers to international trade should be removed, but the expansion of East-West trade should not be made at the expense of the security of the Western world. He believed that at least some of the existing obstacles to international trade should be attributed to the post-war policies of the Eastern European countries.

22. His delegation, although favouring the principle of increased East-West trade, could not agree with the means of attaining that end which were recommended in the USSR draft resolution (A/C.2/L.248 and Corr.1). There was no "discrimination" in the proper sense of the word, and the existence of "artificial obstacles to international trade" was questionable. He would therefore abstain from voting on the USSR resolution. His delegation felt that international trade could, under the circumstances, perhaps best be stimulated by the gradual reduction of tariffs and by a general economic development, particularly of the underdeveloped countries. He would vote in favour of the joint draft resolution (A/C.2/L.252 and Add.1) endorsing Economic and Social Council resolution 531 C (XVIII).

23. With regard to the USSR draft resolution on the subject of unemployment (A/C.2/L.247), which proposed that a non-governmental advisory conference be convened, he thought that such a conference appeared to be inappropriate as it would tend to weaken the ILO, which was performing an important function in connexion with unemployment problems in general. While he would, therefore, abstain from voting on the USSR draft resolution, he would vote for the eleven-Power draft resolution (A/C.2/L.253 and Add.1), which endorsed Council resolution 531 B (XVIII) and recognized the important role of the ILO in this field.

24. Mr. COOPER (Liberia) said that trade was essential to the prosperity of any nation and that the key to expanded trade was increased productivity. Liberia had continued to adopt measures to improve both the quantity and quality of its production and had not only sustained its level of exports of primary commodities but had also launched new ventures in public works that were absorbing surplus manpower. His delegation felt that Council resolution 531 B (XVIII) should be endorsed by the Committee and he would therefore vote in favour of the joint draft resolutions. He would oppose the USSR draft resolutions (A/C.2/L.247 and A/C.2/L.248 and Corr.1).

The meeting rose at 4.45 p.m.

¹ See Economic Commission for Europe, *Economic Bulletin for Europe*, Vol. 6, No. 2, Geneva, July 1954.