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AND  
SOCIAL COUNCIL**

**CONSEIL  
ECONOMIQUE  
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ECONOMIC AND EMPLOYMENT COMMISSION  
ESTABLISHMENT AND ACTIVITIES OF THE ECONOMIC  
AND EMPLOYMENT COMMISSION.

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# INTRODUCTORY NOTE

1. At its third session, the Economic and Employment Commission created the Committee on Organization, to report to the Commission its suggestions concerning the future organization and terms of reference of the Commission and its two sub-commissions (United Nations document E/790, page 20). In planning its work, the Committee on Organization requested the Secretariat to prepare a report on the history of the Economic and Employment Commission which should include the recommendations of the initial, or Nuclear Commission regarding the Commission's organization and functions (document E/CN.1/W/40).
2. This report is based on official documents of the United Nations, including the verbatim and summary records of meetings.
3. Parts I and II of the report summarize in some detail the record of the consideration by the Economic and Social Council of the terms of reference and composition of the Commission and its sub-commissions. The account of the Commission's work in Part III, consists of a brief outline of its activities, supplemented by reference to pertinent documents.
4. The Temporary Sub-Commission on Economic Reconstruction of Devastated Areas is described only very briefly, since it was terminated on the establishment of the Economic Commission for Europe and the Economic Commission for Asia and the Far East.
5. The general plan of the report, as the table of contents indicates, is based on the chronological order of the sessions of the various organs. Within each section, the discussion of recommendations follows the final version of the proposals as adopted. The main trends of the discussion reported in the verbatim and summary records, have been indicated very briefly; in general, supplementary discussion and concurring opinions have not been included.
6. Proposals concerning the terms of reference and composition of the Economic and Employment Commission and its sub-commissions were made in the following sequence:
7. After the Charter of the United Nations was signed, a Preparatory Commission of the United Nations was established "for the purpose of making provisional arrangements for the first session of the General Assembly, the Security Council, the Economic and Social Council, and the

Trusteeship Council, for the establishment of the Secretariat, and for the convening of the International Court of Justice."<sup>1/</sup>

8. The Preparatory Commission appointed an Executive Committee which, in turn, assigned to its Committee 3 the task of preparing a provisional agenda for the first session of the Economic and Social Council, drawing up provisional rules of procedure for the Council and making recommendations concerning the organization of the work of the Council and its subordinate structure.<sup>2/</sup>

9. Committee 3 recommended the establishment of an Economic and Employment Commission and three sub-commissions: on employment, balance of payments and economic development.

10. The recommendations of Committee 3 were accepted by the Executive Committee and later by the Preparatory Commission of the United Nations. The first part of the first session of the General Assembly referred these proposals to its Second Committee, which recommended their adoption, with certain revisions. The General Assembly then approved the recommendations and referred them to the Economic and Social Council. The first session of the Economic and Social Council provided for the establishment of an initial commission, subsequently known as the Nuclear Economic and Employment Commission.

11. The Nuclear Commission made recommendations regarding the terms of reference of the Economic and Employment Commission and its sub-commissions. These were adopted, with some revisions, by the second session of the Economic and Social Council, which established the Economic and Employment Commission; the third session determined the final terms of reference of the Sub-Commission on Employment and Economic Stability and the Sub-Commission on Economic Development. The Nuclear Commission's recommendations regarding the composition of the Economic and Employment Commission and its sub-commissions were adopted, with amendments, by the third session of the Economic and Social Council.

12. The present terms of reference and membership of the Economic and Employment Commission, the Sub-Commission on Economic Development and the Sub-Commission on Employment and Economic Stability are given in Annex III of this report.

<sup>1/</sup> United Nations document PC/EX/113/Rev.1, "Interim Arrangements concluded by the Governments represented at the United Nations Conference on International Organization", San Francisco, 26 June 1945, page 135.

<sup>2/</sup> Ibid., page 42.

ESTABLISHMENT AND ACTIVITIES OF THE ECONOMIC AND  
EMPLOYMENT COMMISSION

13. The conversations on world organization at Dumbarton Oaks, in the summer and autumn of 1944, resulted in proposals which included a provision that

"The Economic and Social Council should set up an economic commission, a social commission, and such other commissions as may be required. These commissions should consist of experts. There should be a permanent staff which should constitute a part of the Secretariat of the Organization."<sup>3/</sup>

14. On 5 May 1945, the delegations of the Governments of China, the Union of Soviet Socialist Republics, the United Kingdom, and the United States submitted amendments to the Dumbarton Oaks proposals for consideration of the United Nations Conference on International Organization at San Francisco.<sup>4/</sup> These amendments included, among other items, a revision of the above section, to read:

"Section D. Organization and Procedure. 1. The Economic and Social Council should set up commissions in the fields of economic activity, social activity, cultural activity, promotion of human rights and any other field within the competence of the Council. These commissions should consist of experts. There should be a permanent staff which should constitute a part of the Secretariat of the Organization."

15. It was decided at the San Francisco conference during the summer of 1945 to omit from the Dumbarton Oaks proposals the requirement that the commissions consist of experts; the Economic and Social Council was given discretion in deciding this matter.

16. Article 68 of the Charter of the United Nations, signed on 24 October 1945, refers to the commissions of the Economic and Social Council as follows:

"The Economic and Social Council shall set up commissions in economic and social fields and for the promotion of human rights, and such other commissions as may be required for the performance of its functions."

<sup>3/</sup> United Nations Information Organizations, Dumbarton Oaks Proposals for the Establishment of a General International Organization, chapter IX, section D, paragraph 1, "United Nations Conference on International Organization" Vol. III (New York City, 1945), page 21.

<sup>4/</sup> Ibid., Vol. III, page 624.

## I. DEVELOPMENT OF TERMS OF REFERENCE

### A. PREPARATORY COMMISSION OF THE UNITED NATIONS

#### 1. Committee 3 of the Executive Committee

17. The United Nations Conference on International Organization at San Francisco established the Preparatory Commission of the United Nations. The Executive Committee of the latter assigned to its Committee 3, among other duties, responsibility for formulating recommendations regarding the establishment and operations of the economic and social commissions referred to in the Charter.

18. Committee 3 met in September and October 1945 and prepared a report which included its recommendations regarding the functions of the proposed Economic and Employment Commission and related organs.

#### Proposals of the United Kingdom

19. The views submitted by the delegation of the United Kingdom on commissions of the Economic and Social Council formed the basis of discussion in Committee 3. The proposals suggested, under the heading "Economic Commissions and Committees":

"4. In the economic field there might be one co-ordinating commission called the Economic Commission, with several committees attached, and three or four specialized commissions.

"5. The Economic Commission would advise the Economic and Social Council on general economic questions and in particular on questions involving concerted action between any two or more specialized agencies and commissions, or questions for demarcation of functions between such specialized agencies or commissions. An important part of its work would be to assist the Council in keeping the world economy on an even keel, preventing, so far as possible, booms and inflations on the one hand, and slumps and deflations on the other. It would assist the Council in fulfilling the responsibility, imposed upon it by Article 55 of the Charter, for promoting full employment. An effective full employment policy for the world requires the co-operation not only of national governments but of a wide variety of specialized agencies, including those dealing with balance of payments questions. This responsibility therefore cannot rest on any specialized agency but must be entrusted to the central co-ordinating machinery of the U.N.O. To assist it in the execution of the above tasks the

/Economic Commission

Economic Commission will require to set up at least the following committees:

- (a) An Employment Committee to deal with the co-ordination of domestic full employment and price stabilization policies; and
- (b) A Balance of Payments Committee to deal with balance of payments problems requiring for their solution concerted action on the part both of national governments and specialized agencies.

"6. In addition the Economic Committee [Commission] would deal with the structural or long-term aspects of economic life. It would advise the Council as to ways and means of promoting the development of backward countries and the adaptation of world economy to technological change in such a way as to preserve the advantages of the international division of labour. ...The Commission might be assisted in dealing with this part of its work by

- (c) An Economic Development Committee.

"7. The Economic Commission will clearly have a heavy and responsible task. Experience may indicate the desirability of dividing up its field in some way, e.g. by raising one of its committees to the status of separate commissions. But, particularly in the reconstruction period, the various aspects of its work appear so closely interrelated that we believe that they ought to be brought within the ambit of a single commission."<sup>5/</sup>

20. Committee 3 discussed the recommendations contained in the proposals the delegation of the United Kingdom and other suggestions that were submitted. The Committee agreed (document PC/EX/ES/14) that the most important commission to be established was one that would deal with the prevention of trade depressions and with the co-ordination of national employment problems. Instead of giving this commission over-all responsibility for funnelling the recommendations of committees and other bodies, Committee 3 suggested the possibility of establishing a co-ordinating committee to be composed of the directors of the specialized agencies, perhaps under the chairmanship of the director of the economic and social Secretariat.

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<sup>5/</sup> United Nations, document PC/EX/ES/8, pages 2 to 4.

21. During the discussion by various members of Committee 3, it was pointed out that the Charter dealt with both long-term and contemporary problems; these would undoubtedly remain inextricably linked, in the immediate future. It was also stated that, in dealing with current economic issues, the machinery of the Council and its subordinate organs should be constructed to expedite action and to avoid the danger that decisions would not keep abreast of events or that the various States and specialized agencies would act on their own initiative. The overall economic commission would play a particularly important role when situations arose that called for the attention of several committees at once. In such situations, an agency would be required to advise the Economic and Social Council and to prepare its work.

#### Employment problems

22. There was also some discussion of the manner in which questions of employment should be handled. The suggestion was advanced that this function could not be entrusted to a specialized organ but would have to be considered by an over-all committee. Since problems arising as a result of national employment policies would often be presented in connexion with other matters, such as balance of payments and trade, they would be dealt with by the respective committees. To ensure that these issues would be treated as employment problems, it was suggested that they might be brought within the competence of the proposed economic commission, which might be called the "Economic and Employment Commission". A separate employment committee, having a subordinate character, might then concentrate on research and statistical work.

#### Economic development

23. In view of the importance of development policy as a means of raising standards of living and stabilizing world economy, it was suggested by one representative that a separate economic development commission, with subsidiary committees to deal with questions of investment, public work, etc., might be necessary. This commission might, for instance, submit recommendations to a specialized agency, such as the International Bank for Reconstruction and Development, but it would also deal with development problems that were outside the scope of the Bank. It would not act as a substitute for the Bank.

24. After further discussion, the representative agreed to a suggestion that an economic development committee be set up, at the outset, as an  
/organ of the

organ of the central economic commission, if it were clearly understood that a full commission might later be necessary. The proposal of the United Kingdom to this effect was to be considered an attempt to find a middle way.

25. Another member doubted the usefulness of setting up a separate organ, either commission or committee, which might merely lead to confusion, since economic development policy would be the task of the central economic commission and of the Council itself. It was suggested that an economic commission be established; it would have subsidiary technical committees to deal with employment, balance of payments and trade questions, and one or more committees to deal with regional development. They would be working committees to advise the economic commission on policy and would avail themselves, in turn, of the advice of the specialized commissions, such as the fiscal commission and others.

26. Committee 3 unanimously agreed on the importance of development problems; the majority favoured the creation of a separate committee to deal with them.

#### Drafting Committee

27. It was later decided to establish a Drafting Committee to review the commissions and committees whose creation had been recommended and to prepare a draft of general terms of reference (document PC/EX/ES/17). The Australian delegation submitted proposed recommendations to the Drafting Committee of Committee 3; these recommendations included the following section on an Economic and Employment Commission:

"The Economic and Social Council will require, in addition to the Commissions already mentioned, an advisory and co-ordinating Commission concerned with the broader aspects of economic policy. This Commission will be especially concerned with questions which do not fall solely within the scope of any of the other Commissions or of any single specialized agency. The Commission would assist the Council in fulfilling the responsibility, imposed in Article 55 of the Charter, for promoting full employment, an objective which will involve co-ordination of the activities of several specialized agencies now contemplated.

"Promotion of higher living standards and economic development similarly will require concerted policies.

"The Committee recommends the establishment of an Economic and Employment Commission with the following as its principal terms of reference -

/"1. The Commission

- "1. The Commission will advise the Economic and Social Council on -
- (a) economic questions of a general character;
  - (b) economic questions involving concerted study and action by more than one specialized agency or commission of the organization;
  - (c) questions of demarcation of function between such specialized agencies and commissions.
- "2. In particular it will be the functions of the Commission to advise the Economic and Social Council on
- (a) the promotion of full employment and the co-ordination of national full employment policies;
  - (b) stabilization of the world-economy under conditions of full employment;
  - (c) development of under-developed areas;
  - (d) raising of living standards;
  - (e) achievement of the other economic objectives of Article 55 of the Charter;
  - (f) the necessity for a special conference to be called (as contemplated in Article 62) to consider economic problems.

"The Committee agrees that the Commission will require several specialized committees to assist it in its comprehensive work. The Committee draws attention to three such Committees for which brief terms of reference and explanatory notes are set out below -

Employment Committee

"The promotion of full employment is a function which cannot be divorced from the general economic policy work of the main Commission. Nevertheless there are special highly important aspects of employment which should be handled by a special group -

- (i) study of national and international methods of promoting full employment and methods of preventing the spread of unemployment from one country to another;
- (ii) analysis and dissemination of information relating to employment and unemployment in member countries, and improvement of such information;
- (iii) study of domestic problems associated with the maintenance of full employment.

/The Committee

The Committee agrees that a full Commission may prove to be necessary for the discharge of these functions.

"Balance of Payments Committee"

Since trade and exchange policies of members will be largely affected by their balance of payments it will be desirable for an expert group to study and advise on balance of payments problems, especially in so far as they require for their solution concerted action by governments and specialized agencies.

"Economic Development Committee"

The Council will require expert advice on longer term development of production and consumption throughout the world, and, in particular on -

- (a) the methods of increasing production, productivity and levels of consumption in under-developed regions of the world;
- (b) the effects of industrialization and technological change on world economic conditions, and the adjustments required;
- (c) the co-ordination of the activities of the commissions or specialized agencies concerned in these fields.

The Committee agrees that a full Commission may later prove to be necessary for the discharge of these problems." 6/

League of Nations report

28. Committee 3 also considered (document PC/EX/ES/29) a communication from the Director of the Economic, Financial and Transit Department of the League of Nations (document PC/EX/ES/24), which quoted an extract from the report of its Delegation on Economic Depressions regarding the establishment of an advisory body under an Economic and Social Council. This proposed central advisory body was to meet at frequent intervals and be charged with the tasks of

- "(i) studying the policies pursued by different governments affecting economic activity;
- (ii) studying the fluctuations which take place in economic activity locally or universally and analysing their causes;

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6/ Document PC/EX/ES/22, pages 3 to 5.

- (iii) keeping governments and the general public informed concerning its findings and making available to governments its views about policies which might be pursued in order to revive or maintain economic activity;
- (iv) arranging, when necessary, for joint discussions between itself and representatives of governments and of international bodies concerned with economic policy;
- (v) recommending to the appropriate organ of the United Nations joint discussions among governments, when such a course proves advisable, with a view to formulating common policies against the common enemy which depressions constitute." 7/

#### Considerations

29. The draft report of Committee 3, on committees and commissions of the Economic and Social Council (document EC/EX/ES/36), in a section entitled "General Comments", stated that the Committee, in reaching conclusions concerning the commissions of the Economic and Social Council which should be set up immediately, had been influenced by three important considerations.

30. First, the Committee examined the existing and contemplated inter-governmental agencies in relation to the specific fields of international economic and social co-operation described in Chapter IX of the United Nations Charter. The likelihood that additional specialized agencies would be created and would be brought into relationship with the United Nations in the near future was also considered, in order to avoid duplication of work of inter-governmental agencies of the United Nations.

31. Second, consideration was given to the existence of complex economic and social problems arising out of the war, which would demand the immediate attention of the Economic and Social Council.

32. The third consideration was the need for flexibility in the number of commissions, the scope of their activities, their powers, their method of selecting personnel and the duration of their meetings. The terms of reference, according to the draft report, were not intended to be final or exhaustive, but were designed primarily to indicate the division of functions among the proposed bodies.

33. Subsequently, Committee 3 added a fourth consideration which influenced the decisions of the Committee: that provision should be made for the continuance of certain functions and activities of the

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7/ League of Nations, Economic Stability in the Post-War World (Geneva, 1945), pages 318 and 319.

League of Nations in the fields covered by the Economic and Social Council (document PC/EX/ES/36/Rev.1/Part I).<sup>8/</sup>

Draft report

34. The functions of the Economic and Employment Commission and its subordinate organs were described in the draft report of Committee 3 as follows:

Economic and Employment Commission

"21. The Economic and Social Council will require an advisory Commission to assist the Council in fulfilling the responsibility in the economic field imposed in Article 55 of the Charter. This Commission will be especially concerned with questions which do not fall solely within the scope of any of the other Commissions or of any single specialized agency.

"22. The Committee recommends the establishment of an Economic and Employment Commission with the following as its principal terms of reference.

"23. The Commission will advise the Economic and Social Council on -  
(a) economic questions of a general character;  
(b) economic questions involving concerted study and action by more than one specialized agency or Commission of the Council.

"24. In particular it will be the function of the Commission to advise the Council on -

- (a) the promotion of world-wide full employment and the co-ordination of national full employment policies;
- (b) the prevention of economic instability;
- (c) economic development of under-developed areas.

"25. The Committee agrees that the Commission will require several specialized committees to assist it in its comprehensive work. The Committee draws attention to three such Committees which will probably be required and for which brief terms of reference and explanatory notes are set out below -

A. Employment Committee

"26. The promotion of full employment is a function which cannot be divorced from the general economic policy work of the main Commission. Nevertheless there are special highly important aspects of employment which should be handled by a special group -

<sup>8/</sup> A fifth consideration was added by the Executive Committee (see paragraph 37 below).

- (a) study of national and international methods of promoting full employment and related economic and administrative problems;
- (b) analysis of information relating to employment and unemployment in member countries.

B. Balance of Payments Committee

"27. Since trade, exchange and employment policies of members will be largely affected by their balance of payments it will be desirable for an expert group to study and advise on balance of payments problems, especially in so far as they require for their solution concerted action by governments and specialized agencies..

C. Economic Development Committee

"28. The Council will require expert advice on longer term development of production and consumption throughout the world, and, in particular on -

- (a) the methods of increasing production, productivity and levels of consumption in under-developed regions of the world;
- (b) the effects of industrialization and technological change on world economic conditions, and the adjustments required;
- (c) the co-ordination of the activities of the commissions or specialized agencies concerned."

Name of Commission

35. The discussion of Committee 3 on its draft report included further suggestions for the name of the main economic body of the Council. The titles "Commission on Economic Policy" and "Economic Commission" were suggested, but it was finally agreed to retain the name "Economic and Employment Commission" (document PC/EX/ES/41 and PC/EX/ES/43).

Additional function

36. The proposed functions of the Economic and Employment Commission were later expanded to include "urgent problems of economic reconstruction" (document PC/EX/ES/41).

2. Executive Committee

37. The Executive Committee of the Preparatory Commission of the United Nations reviewed the report of its Committee 3 (documents PC/EX/95 and PC/EX/95/Rev.1) and submitted it to the Preparatory Commission with only

one substantial revision. It added a fifth consideration (document PC/EX/113/Rev.1) which influenced the decision regarding commissions that the Economic and Social Council should set up immediately: the Economic and Social Council should give due regard to the importance of co-ordination of activities in fields which were closely inter-related.

3. Report of the Preparatory Commission

38. The Preparatory Commission of the United Nations approved its Executive Committee's report describing the functions of the Economic and Employment Commission, with only a few minor changes.

39. In its final report, the Preparatory Commission recommended that the Economic and Social Council establish several commissions, including the Economic and Employment Commission. It further recommended that the Economic and Social Council take into account the Preparatory Commission's considerations and recommendations, when considering the establishment of commissions and their terms of reference and composition (document PC/20). The considerations with respect to the Economic and Employment Commission were those submitted by the Executive Committee and approved by the Preparatory Commission.

40. The final text of the section on the Economic and Employment Commission follows:

"18. The Economic and Social Council will require an advisory commission to assist the Council in fulfilling its responsibilities in the economic field under Article 55 of the Charter. This commission will be especially concerned with questions which do not fall solely within the scope of any of the other commissions or of any single specialized agency.

"19. The Council should establish an Economic and Employment Commission with the following as its principal terms of reference.

"20. The Commission would advise the Economic and Social Council on:

- (a) economic questions of a general character; and
- (b) economic questions involving concerted study and action by more than one specialized agency or commission of the Council.

"21. In particular it will be the function of the Commission to advise the Council on:

- (a) the promotion of world-wide full employment and the co-ordination of national full employment policies;
- (b) the prevention of economic instability;

/(c) urgent

- (c) urgent problems of economic reconstruction; and
- (d) economic development of under-developed areas.

"22. The Commission will require several specialized committees to assist it in its comprehensive work. Attention is drawn to three such committees which will probably be required and for which brief terms of reference and explanatory notes are set out in the following paragraphs.

Employment Committee

"23. The promotion of full employment is a function which cannot be divorced from the work of the main Commission in the field of general economic policy. Nevertheless there are special highly important aspects of employment which should be handled by a special committee:

- (a) study of national and international methods of promoting full employment, and related economic and administrative problems; and
- (b) analysis of information relating to employment and unemployment in the various countries.

Balance of Payments Committee

"24. Since trade, exchange and employment policies of states will be largely affected by their balance of payments, it will be desirable for an expert group to study and advise the Commission on balance of payments problems, especially in so far as they require for their solution concerted action by governments and specialized agencies.

Economic Development Committee

"25. The Commission will require expert advice on the long-term development of production and consumption throughout the world and, in particular, on -

- (a) the methods of increasing production, productivity and levels of consumption in the less-developed regions of the world;
- (b) the effects of industrialization and technological change on world economic conditions, and the adjustments required; and
- (c) the co-ordination of the activities of the commissions or specialized agencies concerned."

## B. FIRST PART OF FIRST SESSION OF THE GENERAL ASSEMBLY

41. The Second (Economic and Financial) Committee of the first part of the first session of the General Assembly considered certain sections of the report of the Preparatory Commission and unanimously approved the recommendation of the Preparatory Commission that the Economic and Social Council establish several commissions, including an Economic and Employment Commission (document A/16). The Joint Sub-Committee of the Second and Third (Social) Committee also approved the recommendation that the Council take into account the relevant considerations and recommendations of the Preparatory Commission. In discussing the recommendation, the members of the Second Committee took the general view that the Council should be allowed the widest possible discretion in carrying out its work (document A/16). The General Assembly adopted these conclusions of the Second Committee (document A/64).

## C. FIRST SESSION OF THE ECONOMIC AND SOCIAL COUNCIL

42. At its first session in London, held during January and February 1946, the Economic and Social Council established a Committee on the Organization of the Council to report to the plenary meetings.

43. In general, consideration of the organization and functions of the Economic and Employment Commission, in the Committee on Organization of the Council (documents E/ORG/4 and E/ORG/5), was based on the report of the Preparatory Commission.

44. The Committee discussed the conflict between the need for prompt establishment of commissions, because of the urgent problems that awaited their consideration, and the need for careful selection of personnel.

Reconstruction problems

45. The representative of Canada suggested that the Council might resolve these conflicting needs by establishing a special ad hoc committee at its first session, to undertake action on urgent problems of economic reconstruction; this body could later be merged with the Economic and Employment Commission.

46. The representative of Yugoslavia suggested that Item (c) of Section 21 of the report of the Preparatory Commission (paragraph 40 above), be amended by the addition of the words "of the devastated countries" after the words "urgent problems of economic reconstruction". He also proposed the establishment of a committee on reconstruction of the devastated countries under the Economic and Employment Commission.

#### Co-ordination

47. It was suggested by the representative of Colombia that the Economic and Employment Commission should constitute a co-ordinating body so far as questions within its competence were concerned. He considered it essential that the Commission have the power to co-ordinate the activities of specialized agencies and commissions.

48. The representative of the United States suggested that the Economic and Employment Commission should deal with co-ordination at the expert level, while a co-ordinating commission, comprising the directors of the various specialized agencies and the chairmen of other commissions, would deal with administrative co-ordination.

49. The Chairman of the Committee on the Organization of the Council thought that the co-ordinating functions assigned to the Economic and Employment Commission in the report of the Preparatory Commission might have to be clarified. If the policy of specialized agencies were involved, however, it was intended by the Preparatory Commission that the Economic and Employment Commission should transmit its recommendations to the Economic and Social Council, which would then report to the General Assembly. The General Assembly alone had the power to reconcile conflicting recommendations or conclusions of the various specialized agencies.

50. The representative of Norway suggested that the terms of reference of the Economic and Employment Commission should make it clear that the Commission was required to co-ordinate the activities of all the commissions and specialized agencies that deal with economic questions and was also required to make recommendations to the Council regarding the policies of these commissions and agencies.

#### Changes proposed by the Greek representative

51. The representative of Greece proposed modification of the terms of reference contained in Sections 20 and 21 of the Preparatory Commission's report (paragraph 40 above). He stressed the danger that countries might be inclined to adopt short-term policies to resolve immediate problems because of their urgency, without due regard to the long-term effects of such policies. He therefore considered that it should be the primary task of the Economic and Employment Commission to carry out a comprehensive and detailed survey of world economic conditions, both by independent investigation and by means of questionnaires to governments, and that the Commission should study both the short-term and long-term problems facing each country.

52. He therefore proposed the following amendments to the terms of reference of the Economic and Employment Commission as contained in the report of the Preparatory Commission:

"A. '20. The Commission would advise the Economic and Social Council on:

- (a) economic questions of a general character;
- (b) economic questions involving concerted study and action by more than one specialized agency or commission of the Council;
- (c) the world economic situation and urgent economic problems requiring immediate attention.

'21. In particular, it will be the function of the Commission to advise the Council on:

- (a) urgent economic problems arising from the war;
- (b) the means to reconcile short-term and long-term considerations in the framing of national and international economic policies;
- (c) the realization of the aims of the Charter and in particular the promotion of world-wide full employment, the co-ordination of national full employment policies and the prevention of economic instability;
- (d) problems of economic reconstruction; and
- (e) economic development of under-developed areas.'

"B. Before reaching conclusions and making recommendations the Economic and Employment Commission must be fully and authoritatively informed on the following matters:

- (a) pre-war material resources of each country and changes due to the war;
- (b) main pre-war economic problems of each country and in particular the foreign demand for its products, the level and nature of its imports and the state of its balance of payments;
- (c) main problems which each country is facing to-day as a result of war, occupation, changes in demand, loss of export markets and so on;
- (d) measures and resources needed by each country for its economic development;
- (e) any other matter that any country would like to bring to the attention of the Council."11/

The representative of the United Kingdom stated that his delegation agreed with the first part of the suggestion of the representative of Greece, but thought that the insertion of the proposed Section B, might delay the work of the Economic and Employment Commission and should be deleted (documents E/ORG/4 and E/ORG/5).

53. He then suggested that Section 23 (a) of the report of the Preparatory Commission (paragraph 40 above) be amended to read: "Study of national, and in conjunction with the Balance of Payments Committee, international methods of promoting full employment, and related problems".<sup>12/</sup> He further supported the proposal made by the representative of Yugoslavia for the creation of a committee under the Economic and Employment Commission to deal with the urgent question of reconstruction; he did not think this proposal was in conflict with the proposals of the representative of Greece.

54. The representative of China considered that the subject of the development of under-developed areas should have a more prominent place among the functions of the Economic and Employment Commission because it was a very important problem and was closely related to the question of full employment and stable economic conditions in industrialized countries.

55. The representative of the Union of Soviet Socialist Republics suggested the deletion of Section B of the Greek proposal, since the Economic and Employment Commission would be in a better position to draw up its own plan of work and to devise the best means of accomplishing its various and complicated tasks.

56. The representative of the United States also recommended the deletion of Section B of the Greek proposal, which he considered too detailed.

#### Drafting sub-committee

57. A drafting sub-committee was established by the Committee on the Organization of the Council to redraft the terms of reference of the Economic and Employment Commission, contained in the report of the Preparatory Commission (paragraph 40 above).

58. The drafting sub-committee submitted a proposed redraft in the light of comments during the discussion. The Committee on the Organization of the Council first discussed Sections 1 to 5 (c), inclusive, of the proposed redraft, which follow:

#### "ECONOMIC AND EMPLOYMENT COMMISSION

"1. The Economic and Social Council, being charged under the Charter with the responsibility of promoting higher standards of living, full employment, conditions of economic and social progress and development, and solutions of international economic problems, and requiring advice and assistance to enable it to discharge this responsibility;

ESTABLISHES AN ECONOMIC AND EMPLOYMENT COMMISSION

"2. The Commission shall advise the Economic and Social Council on:

- (a) economic questions of a general character;
- (b) economic questions involving concerted study and action by more than one specialized agency or commission of the Council;
- (c) the world economic situation and economic problems requiring immediate attention from time to time.

"3. In particular it will be the function of the Commission to advise the Council on:

- (a) problems of economic reconstruction of devastated areas and other urgent economic problems arising from the war, including methods of meeting short-term situations most consistently with the requirements of long-term policy;
- (b) the promotion of world-wide full employment, the co-ordination of national full employment policies and the prevention of economic instability;
- (c) problems of economic development including particularly those relating to under-developed areas.

"4. The Commission shall make studies and recommendations and provide information and other services at the request of the Economic and Social Council.

"5. The Commission shall establish the following sub-commissions:

- (a) A Sub-Commission on Employment to study national and, in consultation with the sub-commissions on Balance of Payments and Economic Development, international methods of promoting full employment and related problems, and to analyse information regarding employment and unemployment in the various countries;
- (b) A Sub-Commission on Balance of Payments to study and advise the Commission on balance of payments problems, especially in so far as they require for their solution concerted action by governments or by more than one specialized agency;
- (c) A Sub-Commission on Economic Development to advise the Commission on the long-term development of production and consumption throughout the world, and; in particular on:
  - (i) the methods of increasing production, productivity and levels of consumption in the less-developed regions of the world;
  - (ii) the effects of industrialization and technological change on world economic conditions, and the adjustments required.

59. The representative of China, in commenting on Sections 1 to 5 (c), inquired how the functions of a world trade organization, which might be established as a result of the proposed International Conference on Trade and Employment, would synchronize with those of the Economic and Employment Commission. The Chairman pointed out that in case an International Trade Organization were established, it would be created in cognizance of the background of the Commission, with which its activities would have to be co-ordinated.

60. The representative of Greece recalled that specialized agencies already existed in many of the fields covered by the Commission, which would itself be mainly concerned with the co-ordination and integration of the policies of the various agencies. It was therefore not inconsistent to create a Commission to deal with questions of trade and employment.

61. Sections 1 to 5 (c) inclusive were approved by the Committee on the Organization of the Council (document E/ORG/9).

62. Additional sections of the drafting sub-committee's proposals regarding the terms of reference of the Economic and Employment Commission and sub-commissions follow:

'(d) A Sub-Commission on Economic Reconstruction of Devastated Areas:

- (i) to study and report on the problems and methods of economic reconstruction of the countries whose economy has been devastated as a result of the war;
- (ii) to prepare a survey of the existing machinery dealing with the problems of economic reconstruction of devastated areas;
- (iii) to report to the Commission on any deficiencies in that machinery and on the possible means of remedying them;
- (iv) to advise the Commission on the methods by which the activities of the various institutions dealing with economic reconstruction of devastated areas could be co-ordinated;
- (v) to advise on such other matters as may be referred to it by the Commission.'

"6. The Commission may also make recommendations to the Council concerning any other sub-commission which it considers should be established....

"8. The Commission may propose to the Council any changes in its terms of reference or in those of the sub-commissions...."14/

14/ Ibid., pages 6 and 7. Sections 7, 9 and 10 which have been omitted here, refer to the composition of the Commission and sub-commissions and are discussed in detail below.

63. The representative of the Union of Soviet Socialist Republics considered that the terms of reference of the proposed sub-commission in Section 5 (d) were not sufficiently concrete and that the question required further study in order to establish a sub-commission which would furnish effective aid to the devastated areas. He therefore proposed that Section 5 (d) be deleted and the question postponed until the next session of the Council.

64. The representative of Yugoslavia agreed with the suggestion of the representative of the Union of Soviet Socialist Republics. He considered that Section 3 (a) of the drafting sub-committee's proposed amendments (paragraph 58 above) drew the Council's attention to problems of economic reconstruction of devastated areas; they might be dealt with temporarily by a sub-commission on economic development.

65. The representative of Greece reminded the Committee that a distinction had been made between urgent problems of reconstruction, in Section 3 (a), and of development, in Section 3 (c), in order to emphasize the difference between problems arising from the war and problems of development, which the Council should consider on a long-term basis. If the Committee decided not to set up the sub-commission, he thought its tasks should be taken over by the Economic and Employment Commission itself.

66. The representative of the United States pointed out that the sub-commission could not be set up until the second session of the Council, under the instructions of the General Assembly, the question of reconstruction must be taken up by that session. He therefore proposed that if Section 5 (d) were deleted, the words "and the desirability of establishing a Sub-Commission on Economic Reconstruction of Devastated Areas" be added to Section 9 of the drafting sub-committee's proposal.

67. Section 9 provided for the establishment of an initial commission, which was subsequently known as the "Nuclear Economic and Employment Commission", and enumerated the specific tasks which it was to undertake.

#### Final action

68. The resolution concerning the establishment of an Economic and Employment Commission was approved, with the deletion of Section 5 (d) and the amendment to Section 9, proposed by the representative of the United States. This resolution was submitted to the plenary meeting of the Economic and Social Council and was approved on 16 February 1946 (Economic and Social Council resolution 1/6).

#### D. NUCLEAR ECONOMIC AND EMPLOYMENT COMMISSION

69. The Nuclear Economic and Employment Commission met from 29 April to 12 May 1946 and submitted a report to the second session of the Economic and Social Council (document E/40).

70. In its report, the Nuclear Commission considered that the resolution of the Economic and Social Council establishing the Commission specifically requested the Nuclear Commission to make recommendations to the Council with respect to

1. Revision of the Commission's terms of reference;
2. Composition of the full commission; and
3. Establishment of other sub-commissions, particularly a sub-commission on economic reconstruction of devastated areas.

71. The report of the Nuclear Commission therefore dealt with the tasks of the Commission - Items 1 and 3, above - and certain other substantive matters, including "problems requiring immediate attention". It also dealt with organizational questions referred to in Item 2, above, and related matters. The recommendations concerning organization are discussed in a later section of this report.

72. In the course of its deliberations the Commission received memoranda from several members. Two of these, on terms of reference, are included as annexes to this report: one from Mr. Isador Lubin (United States of America) on "Possible Topics for Agenda of Economic and Employment Commission" (document E/EMP/2; Annex I), a memorandum which was discussed in detail by the Nuclear Commission; and one from Miss R. Zafiriou (Greece) on "Suggestions concerning the Scope of the Economic and Employment Commission" (document E/EMP/4; Annex II).

##### Revised terms of reference

73. After detailed examination of the terms of reference contained in the Council's resolution (document E/20), the Nuclear Commission proposed revised terms of reference and explained the reasons for the revisions in its report to the Council. The section of the Nuclear Commission's report that deals with the terms of reference of the Economic and Employment Commission follows:

"The main functions assigned to the Economic and Employment Commission by the resolution of the Economic and Social Council, dated 16 February 1946 are to advise the Economic and Social Council on:

1. General economic questions and on economic questions involving concerted study and action by more than one specialized agency or Commission of the Council.

2. Problems of economic reconstruction.
3. The promotion of world-wide full employment.
4. Economic development and expansion.

"We interpret this to mean that the task of the Economic and Employment Commission is to advise the Council on ways and means to secure continued world economic expansion, economic stability, and improved living standards. This implies adequate employment opportunities for all who desire to be employed and expansion of productive capacity, especially in less-developed areas.

"These aims will involve our giving attention, among other things, to freeing the channels of world trade and the integration of different national economies into a pattern approaching a stable and expanding world economic system. To deal with these, in turn, will necessitate our giving consideration to the flow of investment, taxation, monetary policies, restrictive business practices, patent practices, and a host of other phenomena.

"We wish particularly to emphasize that the attainment of world economic expansion and reasonable economic stability can be achieved in a much larger degree if necessary measures are undertaken during the present reconstruction period rather than at a later date.

"The Economic and Social Council at the same time suggested that our Commission should work with the assistance of three sub-commissions and requested it to report on whether it would be advisable to establish an additional sub-commission on economic reconstruction of devastated areas. It further empowered us to propose any changes which might seem desirable in our terms of reference.

"For reasons which are set out in Section III below, we feel that it would be desirable to set up a sub-commission on economic reconstruction of devastated areas. We have accordingly drafted terms of reference for this sub-commission which constitute the most important modification of the terms of reference submitted to us that we have made. Our other changes are mainly intended to clarify language to give what we feel to be appropriate emphasis to certain points and to eliminate certain sections of the original draft which were intended for the nuclear Commission only and will not be relevant in the future. Certain of these changes call for brief comment.

"As indicated above, we assume that the major function of the Commission will be to act as the permanent advisory body to the Economic and Social Council on economic questions, with particular emphasis on the maintenance of economic stability in an expanding world economy. For this

/reason

reason we made two changes in the third paragraph of the Economic and Social Council's Resolution. The first of these was to raise the paragraph dealing with full employment to the first place, following it by the paragraphs on reconstruction and development. We were influenced in making this change also by the consideration that economic stability would be largely determined both by reconstruction and by development policies and that for this reason it would be preferable to put the general function first. The second change made in this paragraph was to insert the words "economic activity" before the words "full employment". In agricultural countries, serious depressions may occur without any widespread unemployment. They and all countries are concerned with maintaining economic activity, while full employment concerns most directly only the industrial states.

"The part of the terms of reference dealing with economic questions involving more than one specialized agency or commission of the Council has been expanded to make more explicit what the Commission understands its functions to be under this heading. The former language (2 (b), Annex A) was brief: ...advise on "economic questions involving concerted study and action by more than one specialized agency or commission of the Council." The new language (2 (c) below) is designed to charge the Commission with the responsibility for advising the Economic and Social Council when other international bodies are failing to take action and when actions which such bodies are planning or undertaking are inconsistent with each other or not in accord with recommendations made by the Council. The Commission understands its recommendations to be in accord with Article 63 of the Charter.

"Finally, in the terms of reference of the sub-commissions we have increased slightly the emphasis made for close co-operation between them.

"We recommend the following revised terms of reference:

#### Economic and Employment-Commission

##### Terms of Reference

"1. The Economic and Social Council, being charged under the Charter with the responsibility of promoting higher standards of living, full employment, conditions of economic and social progress and development and solutions of international economic problems, and requiring advice and assistance to enable it to discharge this responsibility.

Establishes an Economic and Employment Commission

"2. (a) The Commission shall act as the permanent advisory body to the Economic and Social Council on economic questions.

(b) It shall examine such questions as may be submitted to it by the Council and shall on its own initiative report to the

Council on problems which, in its opinion, require urgent attention.

- (c) It shall make recommendations to the Council with reference to economic questions involving concerted study and/or action by more than one specialized agency or commission of the Council and shall draw the attention of the Council to the probable influence of the policies and activities of other commissions of the Council, the specialized agencies or other international organizations on the issues mentioned in paragraph 3 below.

"3. In particular, it shall be the function of the Commission to advise the Council on:

- (a) The prevention of wide fluctuations in economic activity and the promotion of full employment by the co-ordination of national full employment policies and by international action;
- (b) Problems of the reconstruction of devastated areas and other urgent problems arising from the war, with due regard to the need for meeting short-term situations most consistently with the requirements of long-term policy;
- (c) Problems of economic development in less developed areas and of economic expansion in general.

"4. The Commission is empowered to establish the following sub-commissions composed of its own members and other persons chosen by it:

- (a) A Sub-Commission on Economic Stability,
  - (i) to study national and international full employment policies and fluctuations in economic activity;
  - (ii) to analyse the causes of these fluctuations; and
  - (iii) in consultation with the Sub-Commission on Balances of Payments, and if necessary any other sub-commissions, to advise the Commission on the most appropriate methods of promoting full employment and economic stability.
- (b) A Sub-Commission on Balances of Payments to advise, in the closest co-operation with the Sub-Commission on Economic Stability, the Commission on balance of payments problems, especially those which require for their solution concerted action by governments or by more than one specialized agency.
- (c) A Sub-Commission on Economic Development, to advise the Commission on the long-term development of production and consumption throughout the world, and in particular on:

/(i) methods

- (i) methods of increasing production, productivity and levels of consumption, with special attention to the less-developed regions of the world;
  - (ii) the effects of industrialization and technological change on world economic conditions, and the adjustments required.
- (d) A temporary Sub-Commission on Economic Reconstruction of Devastated Areas, to advise the Commission on:
- (i) the nature and scope of the economic reconstruction problems of those countries which face great and urgent tasks in this field, whether by reason of occupation or physical devastation;
  - (ii) the progress of reconstruction and the measures of international co-operation by which reconstruction in those countries might be facilitated and accelerated, bearing in mind the probable influence of existing conditions and plans of reconstruction on economic stability, full employment and the establishment of an integrated world economic system.<sup>15/</sup>

74. The Nuclear Commission's report described the nature and purpose of changes it recommended in the Economic and Employment Commission's terms of reference, which had been adopted at the first session of the Economic and Social Council.

75. Numerous other considerations were raised in the discussions of the Nuclear Commission but were not included in the report. Some of the considerations are described briefly below.

#### Co-ordination

76. It was proposed, in discussing the terms of reference that deal with the advisory functions of the Commission, that a sub-section be added which would make more explicit the power of the Commission to advise the Economic and Social Council with respect to the co-ordination of policies and activities of international specialized agencies. Members who advocated the more explicit definition of co-ordinating powers pointed out that there was danger of overlapping, incomplete coverage and inconsistent policy among specialized agencies. It was thought that the Economic and Employment Commission should be prepared to advise the Council when specialized agencies failed to take action and when certain actions which specialized agencies planned or undertook were (a) inconsistent with each other; (b) in conflict with the recommendations of the Commission; or (c) insufficient to achieve the recommendations of the Commission.

77. Although the exact nature of the proposed co-ordinating action by the Commission was not described, it was held that the Commission should exercise its prime responsibility, under the Economic and Social Council, with respect to the co-ordination of specialized international economic agencies. It was the view of other members that Section 2 (b) in the Council resolution (paragraph 73 above) provided adequate power to recommend co-ordinating measures. It was also pointed out that problems of co-ordination could be solved more easily, and without offence to the various specialized agencies, in connexion with specific economic problems on which the Commission would have definite views (document E/EMP/7).

#### Foreign trade policy

78. The question whether the terms of reference of the Sub-Commission on Balance of Payments should be expanded to include foreign trade policy was discussed in some detail. Some members of the Nuclear Commission thought responsibility in this field should not be delegated to a sub-commission, but should, if undertaken, be handled by the Commission itself; others thought that useful recommendations concerning foreign trade policy could not be developed quickly, because of the composition of the Nuclear Commission, the time it would take a sub-commission to prepare recommendations and the complexity of the problems involved. Various members questioned the usefulness of a sub-commission at this time, but thought that urgent foreign trade problems should certainly receive consideration by the Commission. Some members hesitated to expand the work of the Commission in view of the impending International Trade Conference (document E/EMP/5).

#### Proposed Sub-Commission on Economic Reconstruction of Devastated Areas

79. In the course of the discussion concerning the proposed Sub-Commission on Economic Reconstruction of Devastated Areas, it was suggested that the creation of this Sub-Commission should be postponed until its task had been defined and the necessary documents had been collected by the Secretariat from international organizations and the governments of the interested countries. Some members thought, however, that it was not only important to gather the facts, but to interpret these facts correctly, and the Sub-Commission should therefore be established promptly (document E/EMP/6).

#### Immediate problems

80. In the section of the Nuclear Commission's report that dealt with the recommendations concerning problems requiring immediate attention,

the Commission discussed the following types of problem:

- (a) Economic reconstruction of devastated areas;
- (b) Materials in short supply; and
- (c) Relief.

31. In addition to recommending the establishment of a Sub-Commission on the Economic Reconstruction of Devastated Areas and proposing its terms of reference, the Nuclear Commission presented to the Council its analysis of the problems and policies of reconstruction. It outlined a proposed course of action for the Sub-Commission, a schedule of its work, the nature of inquiries it should undertake and its composition. It also made recommendations on the nature of assistance to be provided to the Sub-Commission by the Secretariat.

32. With respect to relief and materials in short supply, the Nuclear Commission called the attention of the Council to the nature of the problems, recommended a policy to be followed in connexion with the equitable distribution of commodities in short supply and gave reasons for the desirability of such policy. It also urged the continuation of many of the essential relief functions of the United Nations Relief and Rehabilitation Administration.

Information to be furnished by Secretariat

33. The Nuclear Commission also presented to the Council a series of recommendations on the need for "extensive, reliable, and timely information" to be furnished by the Secretariat to the Commission. These recommendations indicated in some detail the types of inquiry which the Secretariat might undertake, the manner in which the Secretariat could accomplish its task, including the qualifications of its staff and the need for co-operation on the part of governments.

34. The report stated that:

"The ability of the Commission to deal with the work with which it is entrusted will depend, in large measure, on the co-operation which it obtains from governments. We believe that this co-operation would be greatly facilitated if the United Nations were to appoint officials to act as 'economic liaison officers' or 'economic attaches' in the more important capitals of the world. These officials would, among other duties, explain to governments the exact nature of the information required by the United Nations headquarters staff for the purposes of its commissions, inform the headquarters staff about the course of business activity and economic development in the countries in question, and collect statistical data, information regarding legislation, et cetera, for the use of the headquarters staff

The appointment of such officials and the scope of their duties would of course be subject to the agreement of the governments of the countries in which the officers would perform their duties.

We recommend, therefore, to the Economic and Social Council that a formal authorization should be given to the Secretary-General to initiate work on the following subjects: business cycle analysis, public finance, money and banking, production and prices, international trade in raw materials and foodstuffs, world trade, balances of payments, national incomes, and world resources. In making this request, we do not mean to prescribe the precise form of treatment of the information, since it will be of service to many bodies and persons other than ourselves."<sup>16/</sup>

#### Agenda for next session

85. The Nuclear Commission, in addition, agreed on the list of items to be included in the agenda of its next session. Although it was not the Nuclear Commission, but the full Economic and Employment Commission which met in its first session at the next meeting, its agenda followed the suggestions of the Nuclear Commission closely.

#### Frequency of meetings

86. In considering the frequency of meetings of the Economic and Employment Commission, the Nuclear Commission recommended that it should hold ordinary sessions each year prior to the ordinary sessions of the Economic and Social Council; that it could, at its own discretion, hold additional sessions; and that the chairman and vice-chairman could convoke an extraordinary session."<sup>17/</sup>

#### E. SECOND AND THIRD SESSIONS OF THE ECONOMIC AND SOCIAL COUNCIL

87. The report of the Nuclear Economic and Employment Commission, described in the preceding section, served as the basis for the Council's action with regard to the terms of reference and composition of the Economic and Employment Commissions and Sub-Commissions.

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<sup>16/</sup> Economic and Social Council, Journal, First Year, No. 15, 26 May 1946 pages 191 and 192 (document E/40).

<sup>17/</sup> The present rules of procedure of functional commissions established by the Council (document E/33/Rev.4) provide that the Economic and Employment Commission shall hold two sessions annually, unless otherwise decided by the Council (rule 1). The actual schedule of meetings established by the Council provided for one annual session of the Commission, in both 1948 and 1949.

88. The establishment of the Economic and Employment Commission was completed by the Economic and Social Council during its second session in May and June 1946 and its third session from September to December 1946. The first session of the Commission was convened in January 1947.

89. The Council's second session decided on the terms of reference and composition of the Economic and Employment Commission and set up a Temporary Sub-Commission on the Economic Reconstruction of Devastated Areas. The third session of the Council elected the Member Governments to be represented on the Commission, completed the terms of reference and determined the composition of the sub-commissions.

90. The second session of the Council also agreed to retain the terms of reference of sub-commissions that were adopted in the resolution of the first session of the Council on 16 February 1946-Section 5 (paragraphs 58 and 62). Since the Committee charged with examination of the terms of reference of the sub-commissions did not complete its task, the examination of these terms of reference was resumed by the third session of the Council (document E/99).

1. Terms of Reference of the Economic and Employment Commission

91. The part of the resolution that deals with the terms of reference of the Commission, as finally adopted by the Council, is contained in document E/82/Rev.1. The final terms of reference, composition and membership of the Economic and Employment Commission and its sub-commissions are given in Annex III of this report.

92. The pertinent sections of document E/82/Rev.1 follow:

"The Economic and Social Council, having considered the report of the Economic and Employment Commission of 18 May 1946 (document E/40),  
DECIDES:

1. Terms of Reference

"Paragraphs 2 and 3 of the terms of reference of the Commission laid down in the resolution of the Council of 16 February 1946 (document E/28) shall be replaced by the following:

- (a) The Commission shall advise the Economic and Social Council on economic questions in order to promote higher standards of living.
- (b) It shall examine such questions as may be submitted to it by the Council, and shall on its own initiative report to the Council on problems which, in its opinion, require urgent attention.
- (c) It shall make recommendations to the Council with reference to economic questions involving concerted study and (or) action by  
/more than

more than one specialized agency or commission of the Council, and in particular shall draw the attention of the Council to the probable influence of the policies and activities of other commissions of the Council, the specialized agencies or other international organizations on the issues mentioned in paragraph (d) below.

(d) In particular, it shall be the function of the Commission to advise the Council on:

- (i) The prevention of wide fluctuations in economic activity and the promotion of full employment by the co-ordination of national full employment policies and by international action;
- (ii) Problems of the reconstruction of devastated areas and other urgent problems arising from the war, with a view to developing means of giving real help, which is so necessary, to various Members of the United Nations whose territories have been devastated by the enemy as a result of occupation and war activities;
- (iii) The promotion of economic development and progress with special regard to the problems of less developed areas.

"In carrying out the functions set forth above, the Commission shall take account of the close relationship between the short-term problems and the long-term objectives of an expanding and integrated world economy."

93. The discussion of the terms of reference of the Economic and Employment Commission was conducted by the second session of the Council, both in plenary meetings and in the meetings of the Council's Drafting Committee on Reports of the Commissions in the Economic Field.

#### Plenary consideration

94. The following is a brief summary of the discussion of the organization and terms of reference of the Commission and its sub-commissions during the initial plenary consideration in the second session of the Economic and Social Council (Official Records, First Year, Second Session).

#### Economic development

95. The representative of Lebanon proposed that, since the interest which the United Nations must take in the development of less developed areas went far beyond mere information and advice, Section 3 (c) of the terms of reference proposed by the Nuclear Commission (paragraph 73 above) should be amended to read:

"Problems of economic expansion in general and of economic development of less developed areas in particular" and a further sub-section (d) should be added to read:

"The sending of economic missions at the request of Member Governments of the United Nations for the study of economic conditions, the drawing-up of schemes of economic development and the making of recommendations for the carrying out of these schemes."18/

96. The delegation of the United Kingdom agreed with the redrafting of Section 3 (c) of the Nuclear Commission's recommendations in accordance with the proposal of the representative of Lebanon. The representatives of China and Peru stressed the importance of the development of the less industrialized countries.

#### Employment

97. The representative of Norway felt that the revised terms of reference proposed by the Nuclear Commission laid too much stress on the attainment of full employment, whereas, in the post-war world, the problem of shortages of labour had attained greatly increased significance. He therefore suggested that the words "full employment and labour market policies" be substituted for "full employment policies" in Section 3 (a) of the terms of reference of the Commission and in the terms of reference of the Sub-Commission on Economic Stability (Section 4 (a) (i); paragraph 73 above).

98. The representative of Czechoslovakia suggested that one of the main tasks of the Economic and Employment Commission would be to prevent a recurrence of mass unemployment; he thought that the term "full employment" might be misleading unless it were coupled with a fully effective utilization of all productive resources. Another task of the Commission would be to co-ordinate and analyse the work of the specialized agencies, without encroaching on their functions.

#### Role of Commission

99. The representative of Peru thought that the Commission should not be limited to a purely advisory role, but should be empowered to carry out the recommendations of the Council; it might then prove unnecessary to create another organization. Since the time had arrived to consider the relations between the Commission and any organization which might be

set up by the forthcoming International Trade Conference, he proposed that the terms of reference of the Commission be enlarged by an additional section:

"The Commission will also be charged with the responsibility of carrying out recommendations of the Economic and Social Council on economic and employment problems and shall report to the Council the steps which are being taken to put into effect the resolutions of the economic organism created under the auspices of the Council."<sup>19/</sup>

Immediate task

100. The representative of Canada stated that his Government supported the main recommendations in the report of the Nuclear Commission. He considered that much time need not be spent in perfecting the terms of reference, since the important task was to start an able Commission on substantive work. The Commission could be given additional instructions or directions by the Council at any stage. He thought it desirable, therefore, that the Council take prompt action on the Nuclear Commission's proposal that the Secretary-General be authorized to engage the necessary expert staff (paragraphs 83 and 84 above) and to initiate the programme of work suggested in the report. He also thought the Council should appoint the full Commission at the earliest possible date.

Drafting committee

101. After the close of the initial plenary discussion, the report of the Nuclear Commission was referred to the Drafting Committee on Reports of the Commissions in the Economic Field. Suggestions on revision of the terms of reference of the Commission, made during the meetings of the Drafting Committee, are summarized in the following paragraphs (documents E/ECON/DC4 and E/ECON/DC6).

102. In Section 2 (a) of the terms of reference recommended by the Nuclear Commission, (paragraph 73 above), the words "act as the permanent advisory body to" were replaced by the word "advise," after the representative of France had pointed out that the change should in no way be construed to mean that the full Commission was not intended as a permanent body.

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<sup>19/</sup> Economic and Social Council, Official Records, First Year, Second Session, page 53.

Section 2 (c) of the Nuclear Commission's report was approved with the addition of the words "in particular" before the words "shall draw the attention"; in order to emphasize the fact that the questions involved were not the exclusive concern of any one specialized agency or commission.

#### Living standards

103. The representative of Peru proposed the addition of the words "and higher standards of living" after the words "the promotion of full employment" in Section 3 (a) of the Nuclear Commission's report. Several representatives, while agreeing with the principle underlying the amendment, felt that since the promotion of higher standards of living was a fundamental aim of the Council itself and had social as well as economic implications, it was too general to be appropriate to Section 3 (a), which was intended to specify the method of executing particular tasks of the Commission. After several other suggestions had been discussed, it was finally agreed, on the proposal of the representative of France, to refer in Section 2 (a) to the promotion of higher standards of living and to redraft the section to read:

"The Commission shall advise the Economic and Social Council on economic questions in order to promote higher standards of living."

#### Aid to devastated areas

104. The representative of Norway proposed that Section 3 (b) of the Nuclear Commission's report (paragraph 73 above) read: "Problems of economic reconstruction of devastated areas and other urgent economic problems arising from the war"; and that the words "with due regard to the necessity for meeting short-term situations most consistently with the requirements of long-term policy" be deleted, since they would lead to confusion and misinterpretation. He saw no valid reason for isolating the policies of devastated areas for special scrutiny and thought the question already sufficiently covered in Section 3 (a).

105. The representative of the Union of Soviet Socialist Republics agreed with this proposal and suggested that, since the aim was to bring immediate effective help to the devastated areas, the deleted words should be replaced by the following:

"with a view to developing means of giving real help, which is so necessary to nations Members of the United Nations, whose territories have been devastated by the enemy, as a result of occupation or war activities."

The representatives of France and Czechoslovakia agreed.

106. The representative of Canada pointed out that the clause which it was proposed to delete had been included in the original terms of reference adopted by the Council at its first session; since the text had been discussed at length at that time, the Nuclear Commission had not modified it to any great extent. The Chairman of the Drafting Committee explained that the reference had been included at the instance of the representative of one of the devastated countries. It was intended to ensure that short-term measures of reconstruction in a particular country would be to the long-term advantage of that country, rather than to force devastated countries to bring their long-term policies into line with any economic bloc. The representative of the United States thought the proposed deletion retrogressive, since the clause in question merely reiterated a principle that had already been affirmed by several United Nations bodies, such as the Food and Agriculture Organization of the United Nations and the International Monetary Fund.

107. The proposals of the representatives of Norway and the Union of Soviet Socialist Republics were carried and Section 3 (b) was amended to read:

"problems of the reconstruction of devastated areas and other urgent problems arising from the war, with a view to developing means of giving real help, which is so necessary, to various Members of the United Nations whose territories have been devastated by the enemy as a result of occupation and war activities;"<sup>20/</sup>

108. The representative of France suggested that an additional section be inserted in connexion with the section on the reconstruction of devastated areas:

"In carrying out, at the request of the governments concerned, the functions set forth in paragraph (i) above Section 3 (b), paragraph 73 above, the Commission shall take into account the close relationship which exists between the solution of short-term problems and the realization of the long-term economic objectives of the United Nations, that is to say, the creation of a prosperous and coherent world economic system."

109. Several representatives felt that the additional section, if adopted, should apply to Sections 3 (a), 3 (b) and 3 (c) and not only to the section dealing with problems of reconstruction. In addition, it was suggested that, should the amendment apply to all three sections, the words "at the request of the governments concerned" should be deleted.

110. The representative of Norway did not favour the proposal, but thought that if the Committee decided to adopt it, the reference to the formulation of the long-term objectives of the United Nations should be deleted or should be replaced by an authoritative statement from the Charter, rather than the report of the Nuclear Commission. The representative of the United States suggested the following:

"...shall take into account the close relationship between short-term problems and the long-range objectives of an expanding and integrated economy."

111. The representative of the United Kingdom considered that either the deletion proposed by the representative of Norway or the wording suggested by the United States representative would be acceptable. The representative of the Union of Soviet Socialist Republics was opposed to the French proposal, which he thought would merely disturb the clarity and precision of the text previously agreed upon. After further discussion, the Drafting Committee agreed on a new section, to be added following Section 3 (c):

"In carrying out the functions set forth above, the Commission shall take account of the close relationship between the short-term problems and the long-term objectives of an expanding and integrated world economy."

#### Order of subjects

112. The representative of China suggested that the order of Sections 3 (a), 3 (b), and 3 (c) be changed. He thought that the immediate problem of reconstruction should, logically, be stated first and should be followed by the question of the development of less developed areas, which intimately concerned the majority of the world's population. The problem of the prevention of economic instability should be third. The emphasis would then be on the promotion of improvements, rather than the prevention or correction of ills.

113. The representative of France supported the proposed re-arrangement. The representative of Norway was opposed to the re-arrangement of the three paragraphs, which he felt implied a major change in the nature of the Commission, whose primary function was originally intended to be the

/promotion

promotion of full employment, not the economic reconstruction of devastated areas. The representative of the Union of Soviet Socialist Republics considered that the re-arrangement was logical, since it first stated the major function of the Commission, applicable to all countries, and then enumerated some of the more specific problems that applied only to certain countries. The representative of the United States agreed with the reasoning of the representative of the Union of Soviet Socialist Republics. He suggested, however, that, since the importance of the problems was generally recognized, the Committee might take note of it and accept the order proposed by the Nuclear Commission. After further discussion, the order of sections was retained as proposed by the Nuclear Commission.

114. At the suggestion of the representative of China, Section 3 (c) was revised to read as follows:

"The promotion of economic development and progress with special regard to the problems of less developed areas."

#### Action by Council

115. The terms of reference of the Economic and Employment Commission were then submitted by the Drafting Committee on the Reports of the Commissions in the Economic Field to the Economic and Social Council, which adopted them unanimously.

#### Plenary discussion

116. In the course of the plenary discussion of the report of the Drafting Committee,<sup>21/</sup> the representative of the Union of Soviet Socialist Republics stated that, although the Council was bound to take certain decisions during its present session in order to enable its various subsidiary bodies to begin the substantive work awaiting them, many of these matters were decided under pressure of time and lacked detailed study. Before the next session, his delegation would, therefore, review the decisions and would submit modified proposals, if necessary.

117. The representative of the United Kingdom stressed the fact that his delegation did not regard the terms of reference or the composition of the commissions and sub-commissions being established as irrevocable; he considered that they should certainly be reviewed in the light of experience, if the situation necessitated it.

<sup>21/</sup> Economic and Social Council, Official Records, First Year; Second Session, pages 117 to 119.

2. Terms of reference of sub-commissions

113. The part of the resolution that deals with the terms of reference of the permanent sub-commissions of the Economic and Employment Commission, as finally adopted by the third session of the Council, reads as follows (resolution 1 (III)):

"The Economic and Social Council decides to delete Section 2 on Sub-Commissions in the resolution adopted on 21 June 1946 by the Second Session of the Economic and Social Council (documents E/32/Rev.1 and E/84/Rev.1) and insert a new section to follow the present section on composition, as follows:

"3. SUB-COMMISSIONS

"A. The Commission shall establish the following sub-commissions:

"(a) A Sub-Commission on Employment and Economic Stability:

- "(i) To study national and international full employment policies and fluctuations in economic activity;
- "(ii) To analyse the causes of these fluctuations; and
- "(iii) To advise the Commission on the most appropriate methods of promoting full employment and economic stability.

"(b) A Sub-Commission on Economic Development, to study and advise the Commission on the principles and problems of long-term economic development with particular attention to the inadequately developed parts of the world, having the objectives of:

- "(i) Promoting the fullest and most effective utilization of natural resources, labour and capital;
- "(ii) Raising the level of consumption; and,
- "(iii) Studying the effects of industrialization and changes of a technological order upon the world economic situation."

The same resolution also provided that:

"C. The Commission may also make recommendations to the Council concerning any other sub-commissions which it considers should be established. In particular the Commission shall give further consideration to the question of the establishment and of the terms of reference of a Sub-Commission on Balance of Payments and make an early report to the Economic and Social Council." 22/

Plenary discussion

119. As stated earlier, the next step in discussing the terms of reference of the permanent sub-commissions of the Economic and Employment Commission took place during the second session of the Council. In the initial plenary consideration in that session, several representatives discussed the permanent sub-commissions, particularly the establishment of a Sub-Commission on Balance of Payments.

Sub-Commission on Balance of Payments

120. The representative of Belgium feared that the activities of the proposed Sub-Commission on Balance of Payments would overlap those of the International Monetary Fund. He therefore proposed a joint sub-committee, consisting of representatives of the Council and of the Fund, to study the recommendations for a Sub-Commission on Balance of Payments and to report to the Council.

121. The representative of France approved the report of the Nuclear Commission in general but agreed with the criticism of the representative of Belgium concerning the establishment of a Sub-Commission on Balance of Payments.

122. The representative of Norway doubted whether a Sub-Commission on Balance of Payments was required, since such problems were within the jurisdiction of the International Monetary Fund and of the proposed International Trade Organization. He did not, however, support the proposal of the representative of Belgium that a joint committee be set up to study this section of the report, but suggested that the question be left to the Fund; the Council should amend its previous decision to set up the Sub-Commission.

123. The representative of Peru thought that balance of payment problems could better be dealt with by a specialized agency than by a sub-commission which would not be in permanent session, since such questions were highly technical and required full-time research.

124. The representative of Chile pointed out the danger of duplication of work between the proposed Sub-Commission on Balance of Payments and the International Monetary Fund.

125. The representative of the United Kingdom did not favour the proposed joint committee. He considered that balance of payment problems concerned not one, but several specialized agencies; they should be discussed under the auspices of the Council, with advice of the Commission, and emphasis should be placed on the maintenance of full employment, not merely on

/stability

stability of exchange. The suggestion for the proposed Sub-Commission should not be abandoned: the Sub-Commission would be concerned with policy and principles for dealing with balances of payments, rather than with day-to-day operations; it should be a small body, consisting primarily of representatives of the Fund, the International Bank for Reconstruction and Development and the proposed International Trade Organization. The International Monetary Fund could perform statistical work, such as was formerly done by the League of Nations regarding these questions.

#### Sub-Commission on Economic Development

126. The representative of China doubted whether a Sub-Commission on Economic Development would prove adequate for a vast programme that included problems of economically "low pressure" areas; difficulties of the many countries which depend on the export of a single product; and collaboration between industrialized and less-developed countries in investment programmes. His delegation might, therefore, propose in due course that the Sub-Commission be transformed into a full commission, which would concentrate on problems of economic development in "low-pressure" areas. In the meantime, since the attention of the Economic and Employment Commission would be devoted to both economic stability and economic development, a better distribution of experts in both types of problem was required; the less developed countries should be adequately represented.

#### Sub-Commission on Employment

127. The representative of the Union of Soviet Socialist Republics regretted that the Nuclear Commission had dropped the plan - envisaged during the first session of the Council - of establishing a Sub-Commission on Employment, while retaining the recommendation regarding a Sub-Commission on Balance of Payments. He could not agree with the implied conception that full employment depended only on foreign trade. The creation of a sub-commission on economic stability, rather than employment, might also give the impression that the Council was avoiding an urgent and important question. Full employment was a separate problem, since unemployment frequently existed even in periods of economic upswing. Problems of economic stability, on the other hand, which were closely linked with those of development, might well be dealt with by the Sub-Commission on Economic Development.

128. The representative of Yugoslavia felt that nothing was gained by changing the title of the Sub-Commission on Employment to the Sub-Commission on Economic Stability, since the latter term did not cover the same field as the former. Full employment was, and must remain, the principle objective of the Commission, although it should be linked to a reasonable level of salaries and wages. He suggested that the Council should revert to the original title, Sub-Commission on Employment.

Drafting committee

129. The Drafting Committee on Reports of the Commissions in the Economic Field undertook detailed examination of the Nuclear Commission's proposals regarding the terms of reference of the permanent sub-commission. Several observations during this stage of the discussion are presented below (document E/ECON/DC.6).

Sub-Commission on Employment and Economic Stability

130. With respect to the Sub-Commission on Economic Stability, proposed by the Nuclear Commission, the representative of the Union of Soviet Socialist Republics suggested that its original title - Sub-Commission on Employment - adopted by the Council at its first session, be reinstated, together with the terms of reference decided at that time. After several other representatives had expressed their preference for the original title instead of the proposed alternative, the representative of Norway suggested that the two be combined, since the Sub-Commission would, in fact, deal both with questions of full employment and of economic stability. The Committee agreed upon the title "Sub-Commission on Employment and Economic Stability".

Sub-Commission on Balance of Payments

131. With respect to the Sub-Commission on Balance of Payments, proposed by the Nuclear Commission, the representative of France suggested that its terms of reference be revised to read:

"A Sub-Commission on Balance of Payments to advise the Commission, in co-operation with the Sub-Commission on Employment and Economic Stability, on balance of payments problems which require for their solution concerted action by governments or by more than one specialized agency."

132. The representative of Czechoslovakia questioned the advisability of setting up a Sub-Commission on Balance of Payments, since the problem /was primarily

was primarily one for the International Bank and the Monetary Fund; he thought it sufficient for the Commission to keep abreast of information supplied by these two organizations.

133. The representative of the United Kingdom said that his delegation envisaged a small sub-commission, with a maximum of five or six members, three of whom would be nominees of the International Bank, the Monetary Fund and the proposed International Trade Organization, respectively. It would co-ordinate the policies of the agencies regarding common problems. It seemed undesirable to settle such problems outside the sphere of the Council; if the Council were seized of them, it should have the advice of an expert body.

134. The representative of the United Kingdom further considered that the terms of reference should not be too precise at this stage, since all the problems with which the Sub-Commission would have to deal could not yet be foreseen. The Sub-Commission could be asked to reconsider its own terms of reference at a later date and report to the Commission. He therefore preferred the wording of the paragraph as recommended by the Nuclear Commission, to that proposed by the representative of France.

135. The representative of Norway suggested that such a title as "Sub-Commission on International Economic Relationships" might be more appropriate for the type of co-ordinating body described by the representative of the United Kingdom, if its creation were decided upon. The restricted problem of balance of payments would certainly be dealt with by the appropriate specialized agencies.

136. The representative of the Union of Soviet Socialist Republics suggested that since the solution of balance of payment problems was only one means of attaining the aims of the Commission and not, in itself, a primary aim, there was not sufficient justification for setting up a sub-commission on this problem at the present stage. If necessary, the question could be reconsidered at a later date if balance of payment problems grew in importance and were deemed an obstacle to economic development. He also considered the creation of organs composed jointly of representatives of commissions and of specialized agencies inopportune at this early stage in the development of relationships between the specialized agencies and the United Nations.

#### Committee on Terms of Reference of Sub-Commissions

137. The Council at its third session resumed discussion of terms of reference of permanent sub-commissions and established an ad hoc Committee  
/on the

on the Terms of Reference of the Sub-Commissions of the Economic and Employment Commission. The following summarizes briefly the discussion that took place in the Committee (documents E/AC.11/1, 6, 8, 10 and 11).

Sub-Commission on Economic Development

138. The Chinese delegation considered the functions of the Sub-Commission on Economic Development of sufficient importance to be set forth in greater detail than in the resolution adopted by the second session of the Council and presented a memorandum in support of its proposal. The memorandum contains the proposed functions of the Sub-Commission on Economic Development (document E/107; annex IV of this report).

139. Later in the discussion, the representative of the United States of America proposed that an amended memorandum (document E/AC.11/9; annex V of this report) be transmitted to the Sub-Commission with a recommendation that it discuss the memorandum during its first session. The Committee did not act on the proposal of the United States of America.

Character of terms of reference

140. The representative of the United Kingdom opposed too detailed specification of the terms of reference of the sub-commissions in general, because it might have a limiting effect on their activities. He agreed with the Chinese proposal that the Sub-Commission on Economic Development should have the task of supervising studies, as well as advising, and felt that this might be incorporated in the existing terms of reference.

141. The representative of Chile thought it should be made clear that the terms of reference suggested by the Chinese representative indicated some of the activities but did not limit the scope of work in any way.

142. The representative of the United States preferred to retain the terms of reference proposed by the Nuclear Commission, which appeared broader than the Chinese proposal. He also thought the Council should make clear that the research would be done by the Secretariat, whose function it was.

143. The representative of the Secretariat explained that the Secretariat had interpreted the terms of both the original resolution and the Chinese proposal to imply that studies and analyses would be carried out by the Secretariat on behalf of the Commission and sub-commissions, and that the panel of experts proposed by the Chinese representative would be drawn from the Secretariat. The representative of China thought that the Secretariat would work under the supervision of the Sub-Commission.

/144. The representative

144. The representative of Canada agreed that the Chinese proposal required considerable study. He thought that an elaborated edition of the proposal might be placed before the Sub-Commission to help the latter plan its own programme. He considered that the Council should respect the judgement of the commissions and sub-commissions and not issue instructions that were too categorical and detailed at the outset.

Proposed terms of reference

145. After considering the various proposals of its members, the Committee submitted a draft resolution, containing the following proposed terms of reference of sub-commissions, to the plenary meeting of the Economic and Social Council:

"A. The Commission shall establish the following sub-commissions:

"(a) A Sub-Commission on Employment and Economic Stability:

"(i) to study national and international full employment policies and fluctuations in economic activity;

"(ii) to analyse the causes of these fluctuations; and

"(iii) to advise the Commission on the most appropriate methods of promoting full employment and economic stability.

"(b) A Sub-Commission on Economic Development to study and advise the Commission on the principles and problems of long-term economic development with particular attention to the inadequately developed parts of the world, having the objectives of:

"(i) promoting the fullest and most effective utilization of natural resources, labour and capital;

"(ii) raising the level of consumption; and

"(iii) studying the effects of industrialization and changes of a technological order upon the world economic situation. ...

"C. The Commission may also make recommendations to the Council concerning any other sub-commissions which it considers should be established. In particular the Commission shall give further consideration to the question of the establishment and of the terms of reference of a Sub-Commission on Balances of Payments and make an early report to the Economic and Social Council."<sup>23/</sup>

Sub-Commission on Balance of Payments

146. The representative of the United Kingdom proposed that the immediate creation of a Sub-Commission on Balance of Payments be recommended, since the subsidiary organs of the Council had been built on the assumption that this Sub-Commission would be established. He considered that balance of payment problems had many aspects involving other commissions and specialized agencies, which must be co-ordinated by the Council with the assistance of a specialized body.

147. The representative of Canada recalled that the Nuclear Commission had been guided by the fact that economic fluctuations in many countries were reflected in the balance of payments, rather than in employment problems. Several specialized agencies were directly interested in the problem and their work would therefore have to be co-ordinated.

148. The Committee agreed that the question of the establishment and terms of reference of a Sub-Commission on Balance of Payments should be referred to the Economic and Employment Commission for further consideration and early report to the Economic and Social Council.

3. Temporary Sub-Commission on Economic Reconstruction of Devastated Area

149. After detailed discussion of the recommendations of the Nuclear Commission,<sup>24/</sup> the second session of the Council established a Temporary Sub-Commission on the Economic Reconstruction of Devastated Areas. The resolution of the Council covering the terms of reference, composition and outline of immediate tasks follows:

"The Economic and Social Council, acting on the recommendations of the Economic and Employment Commission in its report of 18 May 1946, (document E/40 of 18 May 1946) and recognizing the importance and urgency of economic reconstruction of devastated areas,

"Establishes a temporary sub-commission of the Economic and Employment Commission under the title of the Temporary Sub-Commission on Economic Reconstruction of Devastated Areas.

"1. The Sub-Commission shall be composed of the following members:

Australia	Canada
Belgium	China

<sup>24/</sup> Economic and Social Council, Official Records, First Year: Second Session; also summary record of the Drafting Committee on Reports of the Commissions in the Economic Field, (document E/ECON/DC/4

Czechoslovakia	Peru
Ethiopia	Philippine Commonwealth
France	Poland
Greece	Ukrainian Soviet Socialist Republic
India	Union of Soviet Socialist Republics
Netherlands	United Kingdom
New Zealand	United States of America
Norway	Yugoslavia

The representative of France shall be the Chairman, and the representative for China, the Vice-Chairman of the Sub-Commission.

"2. The terms of reference of the Sub-Commission shall be to advise on:

- (a) the nature and scope of the economic reconstruction problems of those countries which face great and urgent tasks in this field, whether by reason of occupation or physical devastation;
- (b) the progress of reconstruction and the measures of international co-operation by which reconstruction in those countries might be effectively facilitated and accelerated.

"3. The Sub-Commission is authorized, with the assistance of the Secretariat, to make inquiries with the consent of the Government concerned, in countries which have been occupied or devastated by war, except Germany and Japan, with a view to making a preliminary report not later than 2 September 1946 on the problems of economic reconstruction in the countries visited, bearing in mind the special claims of countries Members of the United Nations. In considering the reconstruction problems of these countries, the Sub-Commission shall take into account their economic relations with Germany and Japan and shall obtain information as required through the Governments of the occupying Powers. Relations with neutral countries shall likewise be considered and, where feasible, the co-operation of the Governments of such countries shall be enlisted.

"4. The Secretary-General is authorized to form two working groups out of the members of the Sub-Commission, one for Europe and Africa and one for Asia and the Far East. He shall also determine their place of meeting."

25/ Economic and Social Council, resolution 2/5 adopted 21 June 1946 (document E/66/Rev.2).

150. The Temporary Sub-Commission on Economic Reconstruction of Devastated Areas met prior to the first session of the Economic and Employment Commission and established a Working Group for Europe and Africa, and a Working Group for Asia and the Far East. A preliminary report (document E/156) was submitted by the Temporary Sub-Commission to the third session of the Economic and Social Council, which in turn transmitted it to the second part of the first session of the General Assembly [Economic and Social Council, resolution 5 (III)].

151. The report of the Temporary Sub-Commission referred a proposal for the establishment of an Economic Commission for Europe for immediate consideration by the Council (document E/156, page 13). It also recommended that upon the establishment of the Economic Commission for Europe, the Temporary Sub-Commission for the Economic Reconstruction of Devastated Areas should confine its studies, inquiries and recommendations to the devastated areas of Asia and the Far East (document E/156, page 112).

152. The Council postponed action on the recommendations for change in the terms of reference of the Temporary Sub-Commission until its next session.

The General Assembly, however, considered the reports of the Temporary Sub-Commission and the Economic and Social Council and recommended that the Economic and Social Council at its next session give prompt and favourable consideration to the establishment of an Economic Commission for Europe and an Economic Commission for Asia and the Far East.

[General Assembly resolution 46 (I)].

153. The Economic and Employment Commission, at its first session, noted the action taken by the Economic and Social Council and the General Assembly, and suggested guiding principles which the Council should take into consideration when formulating the terms of reference of the Economic Commission for Europe. The Commission also recommended that the Council postpone the establishment of an Economic Commission for Asia and the Far East until after the submission by the Temporary Sub-Commission of its report on the reconstruction needs of those areas (document E/255, part (viii)).

154. The fourth session of the Economic and Social Council established an Economic Commission for Europe [resolution 36 (IV)]. After receiving the report of the Working Group for Asia and the Far East from the Temporary Sub-Commission, the Council also established the Economic Commission for Asia and the Far East (resolution 37 (IV)).

155. The Temporary Sub-Commission on Economic Reconstruction of Devastated Areas was terminated on 28 March 1947, upon the establishment of the two commissions [resolution 39 (IV)].

## II. COMPOSITION OF THE ECONOMIC AND EMPLOYMENT COMMISSION

156. The discussion of the composition of the Economic and Employment Commission followed a general course very similar to the discussion of its terms of reference: the Preparatory Commission of the United Nations appointed an Executive Committee which assigned to its Committee 3 responsibility for formulating recommendations with regard to the composition and term of office of members of economic and social commissions. The Preparatory Commission's report, based on these recommendations, was considered by the Second Committee of the first part of the first session of the General Assembly. The first session of the Economic and Social Council established a Nuclear Economic and Employment Commission, which made recommendations concerning the composition of the Economic and Employment Commission. The second session of the Economic and Social Council made the final determination of the composition of the Commission and the third session of that body decided the composition of the sub-commissions.

### A. PREPARATORY COMMISSION OF THE UNITED NATIONS

157. Discussion of the composition of commissions of the Economic and Social Council was begun in Committee 3, of the Preparatory Commission's Executive Committee, with consideration of a memorandum submitted by the representative of the United Kingdom (document PC/EX/ES/8), which recommended that:

"The composition of the commissions and committees would vary according to the particular case, but they should be kept of manageable size, and...might normally consist partly of official experts and partly of non-official experts with the non-voting participation of representatives of specialized agencies. The official experts would usually be the predominating element, though to a greater or lesser extent in different cases. In some cases, e.g. in some of the economic commissions, the official experts would be chosen in their personal capacity by the Council after consultation with the Governments concerned; in other cases they would represent, and be chosen by Governments selected by the Council. The unofficial experts would of course be chosen by the Council."

158. Committee 3 considered that the commissions of the Economic and Social Council should be composed largely of government-appointed experts. It was thought that such experts, under instructions from their governments, would contribute realistic discussions and political understanding. The Council might, in addition, appoint experts without political status, including nationals of governments which are not represented on the Council. (document PC/EX/ES/20).

159. The Preparatory Commission of the United Nations adopted the following section on the composition of commissions and subordinate committees from the revised draft report of Committee 3 on committees and commissions of the Economic and Social Council, with the revisions of sections 37 and 38 noted below and minor editorial changes.

"36. The composition of the commissions and subordinate committees will vary according to the particular case, but they should be kept of manageable size, and be composed of highly qualified personnel. Since it has not been attempted to foresee all the Council's commissions and subordinate committees which ultimately may be necessary, any principles laid down may not have universal application. Subject to this, it is recommended that the following general principles be accepted.

"37. Most commissions should contain a majority of responsible highly-qualified governmental representatives. Where the work of a commission is likely to result in recommendations for specific action by governments, acceptance of this principle would add realism and responsibility to the advice of the commission and improve the prospects of implementation by governments.

"38. Non-governmental members of commissions, with appropriate qualifications, might be chosen by the Council from among the nationals of any Member of the United Nations. Such members might include government officials chosen by the Council in their personal capacities, after the Council has obtained the consent of the government concerned.

"39. To facilitate collaboration between commissions working in allied fields, suitable arrangements for reciprocal representation should be made.

"40. The Council should make appropriate arrangements for the participation of specialized agencies in the work of the commissions, in accordance with the terms of agreement with each agency.

"41. In conformity with the principle advocated in paragraph 37, sessions of the commissions and periods of service should as far as possible be so organized as to permit members to maintain contact with the domestic affairs of their respective countries." 26/

160. The sections which became section 37 and 38 of the Preparatory Commissions's report had read as follows in the revised draft report of Committee 3 (PC/EX/ES/Rev.1/Part III):

"37. The composition of the commissions and subordinate committees will vary according to the particular case, but they should be kept of manageable size, and be composed of highly qualified personnel. Since it has not been attempted to foresee all the Council's commissions and subordinate committees which ultimately may be necessary, any principles laid down may not have universal application. Subject to this, it is recommended that the following general principles be accepted.

"38. Commissions should in most cases contain a majority of responsible, highly qualified Government officials or other governmental representatives. In fields where the work of the Commission is closely related to recommendations for specific action by Governments, acceptance of this principle would add realism and responsibility to the advice of the Commission, and improve the prospects of implementation by Governments. Appointment in this category might be made from any Member of the United Nations, in two ways: (a) by the Council, after obtaining the consent of the Government concerned and (b) by Governments nominated by the Council."

161. The final report of Committee 3 eliminated the following paragraphs which were the concluding portion of the original draft report:

"At the same time it may prove desirable for responsible representatives of Commissions such as the Economic and Employment Commission and the Commission on Social Development to be available at all times for consultation with the Officers of the Council and to consult with the Director-General on programmes of work before the economic and social departments of the Secretariat.

"These two objectives might be achieved by:

- (a) periodic appointment for full-time service of the Chairman and a nucleus of the Commission who would be available for consultation during their term of office;
- (b) appointment of remaining members for a specified term during which attendance at periodic sessions would be required;
- (c) creation of a panel of ad hoc expert consultants who would be invited to participate on a decision of the voting members of the Commission." (document PC/EX/ES/36).

## B. FIRST PART OF FIRST SESSION OF THE GENERAL ASSEMBLY

162. The recommendation in the report of the Preparatory Commission, that the Economic and Social Council take into account the Preparatory Commission's statement of relevant considerations and recommendations when considering the establishment of commissions, was approved by the General Assembly. The following sections (document A/17), containing a reservation on the part of the Third Committee of the first part of the first session of the General Assembly, summarized the short discussion on this point:

"Doubt was expressed by some members as to whether the recommendation that most commissions should contain a majority of highly qualified governmental representatives was desirable and whether it allowed the Council sufficient freedom. Paragraphs 36 to 38 of section 5 were approved on the understanding that these recommendations should not be regarded as binding and that no limitation should be put on the Council in choosing the members of the commissions.

"In discussing the relationships with specialized agencies, the need for new forms of international co-operation was emphasized, and the hope expressed that the Council would be given the greatest liberty to consider and to propose any form of international machinery which it considers the most effective for co-ordinating action on economic and social problems."

## C. FIRST SESSION OF THE ECONOMIC AND SOCIAL COUNCIL

163. The first session of the Economic and Social Council decided to postpone the nomination of members of commissions of the Council because of the need for careful selection of nominees and because of the difficulties involved in completing the personnel of these commissions. Instead, it was decided to set up the Economic and Employment Commission with a nucleus of members, appointed in their individual capacity, for a term of one year.

164. The terms of reference of the Commission in its nuclear form included the following provisions on membership:

"9. Initially, the Commission shall consist of a nucleus of nine members appointed in their individual capacity for a term of office expiring on 31 March 1947. They are eligible for re-appointment.

In addition to exercising the functions enumerated in paragraphs 2, 3, 4, and 8, paragraphs 58 and 62 above the Commission thus

/constituted

constituted shall make recommendations to the second session of the Council on the definitive composition of the Commission and on the desirability of establishing a Sub-Commission on Economic Reconstruction of Devastated Areas.

"10. The Council hereby appoints the following persons as initial members of the Commission:

Mr. Luis Angel Arango	(Colombia)
Dr. Franklin L. Ho	(China)
Dr. Alexander Kunosi	(Czechoslovakia)
Mr. Fernand van Langenhove	(Belgium)
Dr. Alexander Loveday	(United Kingdom)
Mr. Isador Lubin	(United States of America)
Miss R. Zafiriou	(Greece)

and in addition, persons whose names will be transmitted to the Secretary-General, not later than 31 March 1946, by the members of the Council for Canada and the Union of Soviet Socialist Republics." 27/

165. The resolution of the Council also contained a brief section on membership of sub-commissions, recommended by the Council's Committee on Organization:

"7. Not more than three members, not members of the Commission, may be appointed to a sub-commission without the previous approval of the Council." 28/

#### D. NUCLEAR ECONOMIC AND EMPLOYMENT COMMISSION

166. A summary of the discussion and conclusions of the Nuclear Commission on the composition of the Commission is contained in its report (document E/40):

"Taking into consideration the nature of the work which lies before the Commission, we submit in the paragraphs that follow certain recommendations concerning the size of the Commission, the qualifications of its members, and the method of appointing them.

"1. Size. We recommend that the full Commission consist of fifteen members. Its work will be more effective, we believe, if the number is kept down to this manageable size. A variety of

27/ Economic and Social Council, Journal, First Year, No. 12, pages 126 and 127.

Mr. W. A. Mackintosh served as member from Canada and Mr. A. P. Morozov was the member from the Union of Soviet Socialist Republics. Mr. Mackintosh served as chairman of the Nuclear Commission.

28/ Ibid, page 126.

regions and economic systems, as well as of experience and knowledge, can still be represented in a group of this size.

"2. Qualifications of members. The Commission's terms of reference cover a wide field and clearly necessitate a body of persons of varied backgrounds. Owing to the importance of the task with which it is entrusted, we feel that the Commission should be composed of persons of distinction and experience, of the highest possible standing. The majority should be familiar with the policies of their governments and able to expound them. They should be persons to whom their governments would naturally look for advice. We recommend that the Commission should also include persons of distinction in economic life or science who do not necessarily have close relationships with their governments.

"It is desirable that the problems before the Commission should be considered not only from the standpoint of individual countries but from a world viewpoint, and that discussions should be as unhampered as possible by the ties of the members. For these reasons we advocate that members of the Commission should not be formally bound by instructions from their governments.

"Owing to the preponderant influence of the major import countries on economic activity throughout the world, and in view of the fact that a major function of this Commission is to contribute to the maintenance of a high level of economic activity, we feel that the Commission should always include nationals of the States constituting these markets. The Commission recognizes of course, that the Council will desire to consider other criteria as well; for example, geographic location, a country's economic importance, economic structure (highly industrialized, largely agricultural, etc.) and stage of economic development.

"3. Method of Selecting Members. We feel that the best balance will be achieved if the Commission is composed of ten persons who are familiar with the policies of their governments, whether or not government officials, and five persons of distinction in economic life or science, whether or not they possess a close knowledge of their government's policies.

"In line with these considerations, the Commission has included in its proposed statutes and rules of procedure (Annex B) the following provisions with respect to the qualifications of members and the method of their selection:

"The Commission shall be composed of fifteen highly qualified persons appointed by the Economic and Social Council on grounds of personal capacity. Members shall not be formally bound by government instructions.

"Every three years the Economic and Social Council shall designate ten countries from which ten of the Commission's members shall be selected. The Council shall request each of the governments of these ten countries to submit the names of two of its own nationals. Whether or not the persons so named are government officials they should be familiar with the policies of their respective governments and able to expound them. The Council shall appoint one person from each of these countries.

"The remaining five members shall be selected by the Council from a panel submitted by the Economic and Employment Commission. These five should represent various fields of economic knowledge in such a way as to assure that the Commission has as wide a range of competence as possible. These appointments shall be approved by the respective governments of the members so selected."

"The reason for recommending that governments should be asked to submit two names is to render it easier for the Council to select a Commission with the necessary range of competence. In view of the complexity of the questions with which the Commission will be concerned and the need for continuity in its policies, we feel that its unity should not be broken and, therefore, recommend that the whole Commission be chosen every three years, and that a staggering system (five elected each year) should not be used. For these same reasons, we hope the Council will frequently reappoint members in order to contribute to the continuity of the Commission's work...

"The work would, we believe, be facilitated were the Council to appoint a full Commission for a three-year term, or approximately that period, at the earliest possible date - preferably at its September session. Were this to be done, we would be prepared to submit to the Council a panel of names from which the members not suggested by individual governments might be selected. If the full Commission is chosen in September on the principles we have suggested this would

imply that the Council will have to determine at its May session which government should submit nominees. If, however, the Council prefers that a full three-year Commission be not appointed soon, and that the members of the nuclear Commission continue to function until 31 March 1947, we recommend that the present membership be increased to fifteen at the Council's May session and hold office until March of next year, when we hope that our recommended system of appointment may be put into effect."

#### Qualifications of members

167. Part of the discussion on composition of the Commission concerned a section in a document that was submitted to the Nuclear Economic and Employment Commission by Mr. Alexander Loveday (United Kingdom):

"The Commission shall be composed of fifteen highly qualified persons appointed by the Economic and Social Council on grounds of their personal capacity and not formally bound by government instructions. The majority should be familiar with the policies of their respective governments and able to expound them. The names of all members should be agreed by their governments before they are submitted to the Economic and Social Council."

168. Mr. Ho (China) thought the section might include a statement that the members "have the confidence of the government". He considered that if the members were not government representatives, the governments should agree to their selection of their members and should decide whether a member was chosen in the capacity of government official or of expert. Since the Commission would have only fifteen members to represent all nations, they should give expert opinions, rather than official instructions.

169. Mr. Kunosi (Czechoslovakia) thought that the members should not be bound by government instructions but, on the other hand, the Commission should not be divorced from practical policy. The majority of the members should be in a position to influence their governments and should understand governmental reactions. Mr. Kunosi recalled that some members of the Council had wanted all Commission members to be government representatives and might not support a proposal to the contrary.

170. Mr. Loveday (United Kingdom) suggested that the phrase "have the confidence of the government" be added to the second sentence or that the existing sentence be amended to read, "The majority should be familiar with the policies of their respective governments and hence able to expound them". Mr. Loveday explained that the word "however" had been inadvertently omitted after the word "majority".

171. Mr. Lubin (United States of America) suggested that the words "able to expound them" be changed to "shall enjoy the full confidence of their governments". He thought that "able to expound" might be interpreted to mean legal authority to state the government's position. If this were the case the member would have to be a representative of his government. He thought that the members of the Commission should be experts who could offer advice without governmental interference, and they they should be guided primarily by the interests of the world, rather than by the interests of any one country. Furthermore, members could be withdrawn by their governments if they were government representatives, but not if they were appointed as individuals. He suggested that the sentence be altered to read: "The majority should be sufficiently familiar with the policies of the respective governments to be able to expound them".

172. Mr. Mackintosh (Canada) suggested a different compromise: "The majority should be thoroughly familiar with the policies of their respective governments and hence able to expound them".

173. Mr. Morozov (Union of Soviet Socialist Republics) thought that the members should be highly qualified, but should also be nominees of their governments. If they did not represent their governments, they might not have influence or power over the governments' future action.

174. Miss Zafiriou (Greece) thought the members should not be selected as experts since government representatives would be better able to ensure the co-operation of governments in solving economic problems.

175. The paragraph was amended as follows:

"The Commission shall be composed of fifteen highly qualified persons appointed by the Economic and Social Council on the grounds of their personal capacity and not formally bound by government instructions. The majority, however, should be fully familiar with the policies of their respective governments and hence able to expound them. The names of all members should be agreed by their governments before they are appointed by the Economic and Social Council."

(E/EMP/9).

#### Corresponding members

176. In discussing the composition of the Commission, the Nuclear Commission also considered the question of corresponding members.

177. Its proposed statutes and rules of procedure for the Economic and Employment Commission contained the following recommendations for corresponding members (document E/40, Annex B, part IV):

- "(i) The Economic and Social Council will, in addition, appoint from ten to fifteen corresponding members with qualifications similar to those of the full members, but from other countries.
  - "(ii) The corresponding members shall be kept informed of the work of the Commission and shall receive all its documents and the documents of its sub-commissions.
  - "(iii) They shall be entitled to submit memoranda to the Commission.
  - "(iv) They shall be ready to assist the Commission in its studies or inquiries.
  - "(v) The Commission shall be empowered, within the limits of the budgetary provision, to invite to attend to its meetings as a consultant any corresponding member whom it considers able to make real contribution to some special item on its agenda."
178. The Nuclear Commission's report also stated (document E/40, part two, VI):

"It will be noted that we recommend the appointment of ten to fifteen corresponding members, who would be nationals of countries other than those of regular members. In putting forward this recommendation we have been actuated by various considerations. We are anxious to have, in rather a larger number of countries than can be reflected by the membership of the full Commission, individuals actively and personally interested in the work of the Commission and responsible for drawing the attention of their governments and government departments to its activities. Such members, will, in addition, be able to afford a direct help to the Commission by furnishing it with information, submitting comments and memoranda and facilitating any inquiries that the Commission may have occasion to make regarding conditions or policies in their countries. Furthermore, the existence of these corresponding members will, we believe, be of assistance to the Council when it has to make appointments to the Commission either at the end of its term of office or when, for one reason or another, a vacancy occurs.

"We suggest that these corresponding members might be appointed in the same manner as the majority of the members of the full Commission, that is, by the Council selecting one or two persons recommended by the governments of the countries in which corresponding members are desired. While we attach importance to this recommendation regarding corresponding members, it is not one of primary urgency, and we realize that the Economic and Social Council may prefer to put off the appointment of these members until a later meeting this year or until its meeting in the spring of 1947."

179. The report of the first session of the full Economic and Employment Commission to the Council contained the following statement:

"...the Commission recommends to the Economic and Social Council that the Council defer making any decision in regard to the appointment of corresponding members of the Commission until the Commission has had an opportunity to view the question of such appointments in the light of its own experience and its future needs." (document E/255).

#### Substitutes

180. The Nuclear Commission's report contained the following recommendations with regard to substitutes (document E/40, part two, VI):

- "(i) If a member for justifiable reasons is unable to be present at a session of the Commission, he shall, with the consent of his government and the approval of the Chairman of the Commission and the Secretary-General, appoint a substitute to attend for him. Such substitute shall have the same general qualifications as the member himself. He shall have the rights and privileges of a titular member.
- "(ii) Should a member fail to attend two successive sessions, that fact shall be reported to the Economic and Social Council, which shall consider whether a new appointment should be made.

"It will be noted that we recommend that all members of the full Commission should be allowed, subject to certain conditions, to appoint substitutes when they are prevented from attending a meeting. We attach importance to this privilege for two reasons. First, it will enable a member prevented from attending a meeting himself to convey his opinion on the agenda to the Commission. Secondly, we feel that an absent member will, through the oral report of his substitute, be able to obtain a much more lively and realistic knowledge of the proceedings which he has missed than he could from the formal records of the meeting. In this way the continuity of the discussions will be assured."

"At the same time it is important that members should not abuse the privilege and we have, therefore, stipulated that should a member fail to attend two consecutive meetings, that fact should be reported to the Economic and Social Council, which will consider whether a new appointment should be made."

E. SECOND AND THIRD SESSIONS OF THE ECONOMIC AND SOCIAL COUNCIL

1. Final determination of composition of Commission

181. The composition of the Commission was discussed in plenary meeting during the second session of the Council

National representation

182. The representative of Lebanon considered that the less developed countries should be adequately represented and that every effort should be made to ensure as wide a representation of countries as possible. He was not certain that the suggestions contained in the report would ensure this.

183. The representative of Cuba thought that, in addition to nationals of the major importing countries, the Commission should include nationals of countries that were large exporters of primary products; such countries were perhaps the most seriously affected by disturbances in international trade.

Qualifications of members

184. The representative of Czechoslovakia suggested that, although experts in their individual capacity should not be excluded, the type of expertness that was acquired in government service should be taken into consideration, since the Commission would have to rely largely on the initiative and support of governments.

185. The representative of the Union of Soviet Socialist Republics agreed to the proposed number of members of the full Commission, but advocated that they be representatives of their governments and therefore better qualified to develop practical solutions of the problems with which they had to deal.

186. The representative of the United Kingdom stated that the full Commission and its sub-commissions had very heavy programmes; he hoped that every effort would be made to ensure the appointment of highly competent members with practical experience.

Corresponding members

187. The proposals of the Nuclear Commission with regard to corresponding members were also considered by the second session of the Economic and Social Council. Several members endorsed the recommendations. It was considered, however, that since the governments nominate members of the Commission, the corresponding members should be appointed in their individual capacities and the proposal was modified accordingly.

### Final determination

188. A joint committee of the Economic and Social Committees was established by the Economic and Social Council to consider the composition of the full commissions, including the type of membership, the number of members for each commission and the basis for selection. After some deliberation, the committee drafted a proposal on composition, which, with one amendment, was adopted by the Council. The amended form follows:

- "(a) The Commission shall consist of one representative from each of fifteen Members of the United Nations selected by the Council.
- "(b) With a view to securing a balanced representation in the various fields covered by the Commission, the Secretary-General shall consult with the Governments so selected before the representatives are finally nominated by these Governments and confirmed by the Council.
- "(c) Except for the initial period, the term of office shall be for three years. For the initial period, one-third of the members shall serve for two years, one-third for three years and one-third for four years, the term of each member to be determined by lot.
- "(d) Retiring members shall be eligible for re-election.
- "(e) In the event that a member of the Commission is unable to serve for the full three-year term, the vacancy thus arising shall be filled by a representative designated by the Member Government, subject to the provisions of paragraph (b) above.
- "(f) The Economic and Social Council may, in addition, appoint, in their individual capacity, from ten to fifteen corresponding members from countries not represented on the Commission. Such members shall be appointed with the approval of the Governments concerned."<sup>29/</sup>

### 2. Final determination of composition of sub-commissions

189. The question of the composition of sub-commissions was considered during the third session of the Economic and Social Council.

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<sup>29/</sup> Economic and Social Council, resolution adopted 21 June 1946.

The final terms of reference, composition and membership of the Economic and Employment Commission and its sub-commissions are contained in Annex III of this report.

### First session of the Economic and Social Council

The following provision, referred to above, (paragraph 165), had been adopted at the first session of the Council in its resolution establishing an Economic and Employment Commission:

- "7. Not more than three members, not members of the Commission, may be appointed to a sub-commission without the previous approval of the Council."<sup>30/</sup>

### Nuclear Commission

190. The Nuclear Commission did not develop recommendations with regard to the composition of sub-commissions. However, its recommended statutes for the Commission contained the following provisions (document E/40):

- "1. The Commission is empowered to establish the following sub-commissions composed of its own members and other persons chosen by it...
- "2. Not more than three persons not members of the Commission may be appointed to a sub-commission without the prior approval of the Council...
- "4. Members of sub-commissions shall be appointed by the Commission. The Commission may decide on any occasion to delegate this power to its Chairman."

### Second and Third Sessions of Economic and Social Council

191. The second session of the Economic and Social Council did not deal with sub-commissions in a detailed manner. The provision from the resolution of the first session, quoted above, was repeated in its resolution on the Economic and Employment Commission and sub-commissions (Economic and Social Council, resolution 21 June 1946).

192. At its third session, the Council appointed an ad hoc committee to re-examine the terms of reference and composition of the sub-commissions of the Economic and Employment Commission.

### Ad hoc committee

193. The ad hoc committee considered proposals submitted by the United Kingdom (document E/96) to ensure that the sub-commissions be small working bodies, composed of experts and of representatives of the specialized agencies concerned with the particular work. The delegation

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<sup>30/</sup> Economic and Social Council, resolution 1/6, 16 February 1946.

therefore recommended that the Sub-Commission on Employment and Economic Stability and on Economic Development be composed of a maximum of eight persons, of whom five would be appointed by the Commission and three by the appropriate specialized agency. The Sub-Commission on Balance of Payments would be composed of a maximum of six persons, of whom three would be appointed by the appropriate specialized agency.

194. The Committee also discussed the opinion of the delegation of the Union of Soviet Socialist Republics, that sub-commissions should be appointed on the same principle as commissions (document E/150); as well as amendments proposed by a number of other delegations. The discussion covered the number and qualifications of members, the nature of their representation and their terms of office, the status and participation of inter-governmental and non-governmental agencies and the desirability of consultation among the governments, the Commission and the Secretary-General in selection of members.

#### Expert participation

195. During the discussion in the ad hoc committee, the Chinese delegation emphasized the desirability of appointing competent experts who might not be generally known because their works were not published in English or French; the Committee agreed and thought such representation might be attained by consultation among the Commission, the Secretary-General and the governments.

196. The Committee agreed that the Commission might profitably select a limited number of its own members in their individual capacities to serve as members of sub-commissions.

197. The Committee recognized that the proposal provided for participation by experts named by inter-governmental agencies beyond the stipulations in draft agreements of certain agencies with the United Nations.

198. The ad hoc committee recommended the following provisions:

"B. The composition of the two above-mentioned Sub-Commissions shall be as follows:

"(a) Each Sub-Commission shall be composed of seven persons selected by the Commission in consultation with the Secretary-General and subject to the consent of the Governments of the countries of which the persons are nationals. Not more than one person shall be selected from any single country.

"(b) The term of office of the members shall be three years. Members shall be eligible for re-election. In the event

/of a member

of a member being unable to serve for the full three-year term, a person selected by the Commission subject to the foregoing provisions shall serve in his place for the remainder of the term.

- "(c) The Commissions shall invite experts, named by those inter-governmental agencies which are deemed by the Commission to be particularly concerned with the work of each of the Sub-Commissions, to participate regularly in the work of that Sub-Commission. Experts from other inter-governmental agencies may be invited by each Sub-Commission to participate in the discussion within the scope of their activities.
- "(d) Experts, including experts nominated by non-governmental agencies, may be invited by the Sub-Commissions, with the consent of the Secretary-General to be present for purposes of consultation on matters within their special competence."

#### Action by Council

199. The Economic and Social Council adopted Sections (a) and (b) above, but decided to delete Sections (c) and (d) on the understanding that they should appear in a footnote to the resolution. It was agreed to postpone final decision on Sections (c) and (d) until the fourth session of the Economic and Social Council after the proceedings in the forthcoming second part of the first session of the General Assembly.

200. Number of members. In connexion with Section B, (a), the representative of Lebanon thought that the two sub-commissions were not of the same nature: one dealt with prospects of employment and economic stability; the second studied economic development. He considered that the latter should have more members and therefore proposed the division of sub-section (a) into two parts: the first part would adhere to the original text, except that it would refer to the Sub-Commission on Employment and Economic Stability. The second part would provide for nine members for the Sub-Commission on Economic Development.

#### Plenary discussions

201. Type of representation. The representative of the Union of Soviet Socialist Republics considered that the sub-commissions should consist of government representatives, rather than independent experts; in his opinion, experts were not able to arrive at compromises which were often necessary in case of differences in opinion.

202. The representative of Greece thought that the commissions should consist of government representatives and the sub-commissions of experts who would advise the commissions.

203. Mr. McIntosh, the Chairman of the Nuclear Economic and Employment Commission, who was present during these discussions, pointed out that the governments would appoint representatives and were not prevented from selecting experts.

204. The representatives of Lebanon and the United States thought that experts were able to reach compromises.

205. The representative of the United States was in favour of the proposal, but suggested the possibility of eliminating sub-commissions and creating sub-committees of the commissions, composed of certain of their members and appointed by them.

206. The representative of Czechoslovakia pointed out that only a small number of the recommendations made by sub-commissions of experts had been ratified by the League of Nations; decisions by experts who were not responsible to their governments should be reviewed by commissions.

207. The representative of the Ukrainian Soviet Socialist Republic thought that the members should be government representatives; each would contribute the experience of his country.

208. The representative of the United Kingdom thought that League of Nations experience had shown that experts could compromise and could produce good results. If the small commissions were to consist of government representatives, many governments would necessarily remain unrepresented.

### III. ACTIVITIES OF THE ECONOMIC AND EMPLOYMENT COMMISSION

#### A. FIRST SESSION OF THE ECONOMIC AND EMPLOYMENT COMMISSION

209. The first session of the Commission was held from 20 January to 5 February 1947 and its report (document E/255) was considered during February and March 1947 by the fourth session of the Economic and Social Council.

##### Report

210. With respect to the problems of economic development, the report contained:

- (a) Observations of the Commission on activities relating to economic development.
- (b) Recommendations to the Council relating to the "resolution regarding industrial development" submitted to the Council by the Preparatory Committee of the United Nations Conference on Trade and Employment for advice.
- (c) Detailed instructions to the Sub-Commission on Economic Development including topics on which the Commission was to be kept informed, topics on which recommendations were to be formulated and a description of studies to be undertaken.

211. Similarly, with respect to the problems of economic stability and full employment, the Commission (a) indicated its field of interest and (b) developed detailed instructions for the Sub-Commission on Employment and Economic Stability, covering the scope of work of that Sub-Commission and the specific topics on which it was to report to the Commission.

##### Economic development, employment and stability

212. The greater part of the discussion of the Commission's report by the fourth session of the Council centred about the section of the report which dealt with problems of economic development, full employment and economic stability. The Council adopted a resolution [26 (IV)] approving the Commission's instructions to the sub-commission; it requested the Commission to investigate and report on the most appropriate forms of international action in these fields and to initiate regular reports to the Council on world economic conditions and trends. It also requested the Secretariat to provide the services described by the Commission in its report.

/213. The Council

213. The Council adopted a resolution [29 (IV)] on the functions of the International Trade Organization regarding economic development; in general, this followed the Commission's recommendations on the subject.

#### Studies by Secretariat

214. During its first session the Commission also indicated the type of data and analyses which it expected the Secretariat to provide, both for itself and for its sub-commissions in the field of economic development, economic stability and full employment. Among the reports by the Secretariat, the Commission particularly recommended periodic reports on world economic trends. Subsequently, the question of such periodic reports received the special consideration of the Economic and Social Council and of the General Assembly. The first world survey, Economic Report: Salient Features of the World Economic Situation 1945-47, was published by the Secretariat in the beginning of 1948.

#### Technical assistance

215. At this session the Commission also concerned itself with the question of technical assistance to Member Governments. The Commission requested the Sub-Commission on Economic Development to make recommendations on furnishing such assistance and on sending missions; pending such recommendations, the Commission requested the Secretariat to make appropriate arrangements for the provision of technical advice to Member Governments.

216. This problem received further attention at subsequent sessions, of both the Commission and the Economic and Social Council. At its seventh session, the Council adopted a resolution informing countries which require technical assistance in connexion with their development programmes that the Secretary-General may, upon request, arrange for the organization of international teams for the purpose of advising governments in connexion with such programmes. (Economic and Social Council, resolution 139 (VII)).

217. The Council also expressed its view that technical and other assistance should not be used for the purpose of exploitation or of obtaining exclusive political and other advantages for countries rendering such assistance. [Economic and Social Council, resolution 27 (IV)]

#### Composition of sub-commissions

218. The Commission also devoted considerable time to principles and procedures for selecting members for its two sub-commissions; it was agreed /that the

that the actual selection would take place at the second session of the Commission.

#### Balance of Payments

219. After studying the question of the establishment and terms of reference of a Sub-Commission on Balance of Payments, the Commission recommended to the Council that such a sub-commission should not be established at present. The Commission submitted recommendations on the manner in which full and regular reports and analyses of balance of payments should be made available to the Commission and its sub-commissions.

220. The Council noted the recommendations of the Commission regarding balance of payments and arranged for the development of standards of reporting and for reports and analyses of balances of payments [Economic and Social Council resolution 28 (IV)]

#### Regional Commissions

221. Since the Council planned to consider the establishment of regional economic commissions for Europe and for Asia and the Far East at its next, or fourth session, the Commission discussed a detailed formulation of guiding principles for presentation to the Council, in order to assist the Council when it would consider the formulation of the terms of reference of the Economic Commission for Europe.

222. The Commission recommended that the establishment of an Economic Commission for Asia and the Far East await submission of a report being prepared on the reconstruction needs of these regions by the Temporary Sub-Commission on Economic Reconstruction of Devastated Areas. The Commission also recommended that the Council transfer future work on reconstruction needs of devastated areas in Europe from the Temporary Sub-Commission on Economic Reconstruction of Devastated Areas to the Economic Commission for Europe.

223. At its fourth session, the Council established the Economic Commissions for Europe [resolution 36 (IV)], and for Asia and the Far East [resolution 37 (IV)] and made provision, in accordance with the recommendations of the Economic and Employment Commission, for a survey of reconstruction problems of Ethiopia and other devastated areas that were not included in the reports of the Temporary Sub-Commission on Economic Reconstruction of Devastated Areas [resolution 38 (IV)]. The Council then resolved that the work of the Temporary Sub-Commission be terminated since it had been

/allocated to

allocated to the commissions [resolution 39 (IV)],<sup>31/</sup>

### Co-ordination

224. The Commission also studied the question of co-ordinating the work of the Economic and Employment Commission and its sub-commissions with the activities of the specialized agencies. The Commission's report presented several observations on this subject to the Council. The report included a statement that the Commission considered "one of its essential tasks, purposes, and instruments of action is to present to the Council recommendations with reference to economic questions requiring study and/or action by more than one specialized agency or commission of the Council". (document E/255, part IX).

### Directory of Projects

225. In addition, the Commission suggested that the Secretariat consider the establishment of a systematically classified file of information of substantive work in the economic and statistical fields presently under way, or planned, by the Commission, sub-commission, specialized agencies and non-governmental organizations. In accordance with this recommendation, the Secretariat published the Directory of Economic and Statistical Projects in January 1948.

226. The Economic and Social Council adopted the suggestion of the Commission and expanded it by requesting the Secretary-General to submit to the Council from time to time a descriptive account of studies and investigations being performed by the United Nations and the specialized agencies in the social as well as in the economic field. [Economic and Social Council resolution 128 (VI)]

### Rules of procedure

227. At its first session, the Commission considered provisional rules of procedure, which were revised and adopted at its second session. These rules, together with recommendations from other Commissions, served as a basis for the Council's Rules of Procedure of Functional Commissions (document E/565 and E/33/Rev.4).

<sup>31/</sup> Summaries of the discussion of the report of the Economic and Employment Commission in plenary and committee meetings of the Economic and Social Council are contained in the following documents: E/329, 346, 359, 361, 395; E/AC/6, 6/Corr.1, 7, 12, 13; E/AC.19/7.

B. SECOND SESSION OF THE ECONOMIC AND EMPLOYMENT COMMISSION

230. The Economic and Employment Commission held its second session during June 1947.

Selection of sub-commission members

231. The fourth session of the Economic and Social Council had stressed the importance of appointing members of two sub-commissions: on employment and economic stability; and on economic development.

232. The first session of the Economic and Employment Commission considered that it was not yet in a position to name persons for these important sub-commissions. Each member of the Commission was therefore asked to submit a list of experts, from all over the world, who might be competent members of these sub-commissions because of their ability in their respective fields.

233. Seven members were elected from this list to the Sub-Commission on Employment and Economic Stability. The members were from Australia, France, Norway, Poland, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America.

234. The seven members who were appointed to the Sub-Commission on Economic Development had attained distinction in fields covered by the Commission. They came from areas in which economic development is a major concern, although they were not selected on that basis; the Commission was primarily interested in selecting experts because of their ability. The members of this Sub-Commission were appointed from Brazil, China, Czechoslovakia, India, Mexico, the Union of Soviet Socialist Republics and the United States of America.

Economic development

235. After selecting sub-commission members, the Commission discussed Economic and Social Council resolution 26 (IV) on employment and economic development.

236. Part of the resolution deals with international action in the field of economic development, but the Commission decided to await receipt from the Sub-Commission on Economic Development of its analysis of the type of international collaboration it considers essential to implement development policy.

237. It was generally agreed that draft resolutions to be submitted to the Council should be adapted to particular rather than general or academic problems. It was decided that recommendations would be made for

/definite situations

definite situations that arose, and that it would be the Commission's policy, if possible, to outline to the Council specific policies for action on particular cases. The Commission expected the Sub-Commission on Economic Development to submit these cases when dealing with the items that come to its attention.

238. The Commission requested the Secretariat to undertake a comparative analysis of the patterns of industrialization in both well developed and less developed areas.

#### Employment and economic stability

239. The Commission thought that the problem of economic stability and full employment should be divided into short-term and long-term situations. It was considered somewhat futile to recommend long-term policies and practices at this stage. The economies that had been disrupted by the war should first be rehabilitated, at least to the point where the countries produced for their own needs and for sufficient export surpluses to enable them to earn foreign exchange for purchases abroad. Consequently, discussion centred on the needs of the devastated areas, because of the importance in the attainment of long-term economic stability.

240. The Commission submitted to the Council two draft resolutions dealing with problems of reconstruction, which the Commission considered must precede the attainment of economic stability, full employment and high standards of living throughout the world. The Commission referred the study of certain long-range problems to the Sub-Commission on Employment and Economic Stability.

#### Reports by Secretariat

241. The Commission also requested the Secretariat to undertake reports on general tendencies and trends in the economic activity of the world, including the status of employment, production and prices and related information. In anticipation of these needs, the Secretariat submitted to the Commission a restricted document, the beginning of an economic survey of the world, which indicated activities and trends in many of the important countries of the world.

#### Action by the Council

242. The fifth session of the Economic and Social Council considered the report of the second session of the Economic and Employment Commission (document E/455) in four plenary meetings and did not refer it to the

/Economic Committee

Economic Committee of the Council.<sup>32/</sup>

243. The majority of the members of the Council commended the Commission on the report as a whole, but two representatives felt that it was too general. In its resolution on the report, the Council expressed its appreciation of the work and plans of the Commission.

244. The discussion in the Economic and Social Council centred largely about the two draft resolutions proposed by the Commission, referred to above. Members of the Council differed about the drafts; some of the representatives considered them satisfactory but others thought they were based on insufficient study.

245. The Council decided not to take formal action on either draft resolution. The following resolution [61 (V)] was adopted on the report of the Economic and Employment Commission:

"The Economic and Social Council,

Takes note of the report of the second session of the Economic and Employment Commission,

Expresses appreciation of the work of the Commission and of its future plans, and

Draws to the attention of the Commission the views expressed concerning the report by the members of the Economic and Social Council."

#### C. THIRD SESSION OF THE ECONOMIC AND EMPLOYMENT COMMISSION

246. The third session of the Economic and Employment Commission took place from 19 April to 6 May 1948.

247. The report of the Commission to the Council (document E/790) describes in some detail the work of the third session of the Commission and the work of its two sub-commissions: the Sub-Commission on Economic Development and the Sub-Commission on Employment and Economic Stability.

248. The Sub-Commission on Economic Development met from 17 November to 16 December 1947 and its report to the Commission (document E/CN.11/47) was the basis of the Commission's consideration of problems in the field of economic development.

249. The Sub-Commission on Economic Development also met from 14 June to 30 June 1948. In accordance with the request of the Commission, its major item of business was the question of international aid for the mobilizing

<sup>32/</sup> For summary of the discussion see documents E/SR.90, 90/Corr.1, 91, 92, 93, 93/Corr.1, and 93/Corr.2.

the national resources of under-developed countries in order to promote their economic development. The report of this second session of the Sub-Commission (document E/CN.1/61) has not yet been considered by the Commission.

250. The Sub-Commission on Employment and Economic Stability met twice: from 17 November to 9 December 1947 and from 22 March to 7 April 1948. Its report to the Commission (document E/CN.1/55) served as a basis of the Commission's deliberations in the field of employment and economic stability.

251. Problems of economic development and of economic stability, especially of inflation, were the major topics which the Commission considered during its third session. Among the other topics covered by the Commission's report, the question of the future organization and terms of reference of the Commission and of its two sub-commissions received most of the Commission's attention. These topics were also emphasized by the Council when it considered the Commission's report at its seventh session.

#### 1. Economic development

##### Expert assistance

252. On the recommendation of the Economic and Employment Commission, the Council at its seventh session adopted a resolution drafted by the Commission which was designed to inform "those countries which require expert assistance in connexion with their economic development programmes, that the Secretary-General of the United Nations may, upon request, arrange for the organization of international teams consisting of experts provided for or through the United Nations and the specialized agencies for the purpose of advising them in connexion with their economic development programmes."<sup>33/</sup>

253. This resolution also instructs the Secretary-General to make the resolution formally known to the member countries and to transmit with it such other documents as will "help those Governments to know what kind of expert assistance may be available to them from or through the United Nations and its specialized agencies and the terms under which it may be available to them". It further "draws attention to the expert assistance which the United Nations Educational, Scientific and Cultural Organization and the International Labour Organization, in so far as they are severally concerned, may be able to make available with respect to

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<sup>33/</sup> Economic and Social Council, resolution 139 (VII) part B.

the institution and expansion of elementary and technical education, vocational training, and the dissemination of technical literature".

#### Requirements for economic development

254. The Economic and Employment Commission had also submitted for the Council's consideration a resolution dealing with the supplies, equipment and finances required for economic development. This resolution was not accepted by the Council, which instead adopted a resolution [139 (VII) part C] which considers that the Commission's draft resolution represents "a useful interim formulation of certain of the principles which should guide the Commission in its consideration of the problems of under-developed areas". The Council also requested the Commission to give further consideration to the problems with which it sought to deal in its draft resolution, and "to make recommendations which bear more explicitly on the problems of economic development faced by the Members of the United Nations".

255. The Council suggested that in making its studies "the Commission should make use of available studies, reports and analyses, prepared by the appropriate specialized agencies, the Secretariat of the United Nations and by the regional economic commissions, which will assist the Commission to define the central problems of economic development and to make detailed recommendations for dealing with those problems".

#### 2. Employment and economic stability

256. During its sixth session, the Economic and Social Council adopted a resolution that grew out of a resolution that had been adopted unanimously by the United Nations Conference on Trade and Employment. This resolution endorsed the opinion of the Conference to the effect that "the studies which have been initiated dealing with the achievement and maintenance of full and productive employment should be advanced as rapidly as possible, and that attention should be given now to methods of ensuring that high levels of employment and economic activity shall be maintained even when special factors of temporary duration now prevailing in many countries have ceased to operate". [Economic and Social Council resolution 104 (VI)]. This resolution also requests the Economic and Employment Commission to expedite the studies mentioned in the section of the resolution that was adopted during the Council's fourth session [resolution 26 (IV)], relating to appropriate forms of international action to maintain full employment and economic stability.

257. During its seventh session, the Economic and Social Council did not take specific action regarding employment and economic stability. Its

/discussion

discussion in that field was based on part of the report of the Economic and Employment Commission, which dealt with this problem but made no recommendations requiring the Council's action. The Commission's report, in turn, was based on the report of the first two sessions of its Sub-Commission on Employment and Economic Stability. This report had been devoted chiefly to the subject of inflation; the Commission noted that, in view of the economic conditions prevailing in a number of countries, "it was not inappropriate for the Sub-Commission to devote most of its first report to the subject of inflation".

### 3. Organization and terms of reference

258. At its fifth session the Council adopted a resolution requesting the Economic and Employment Commission "to examine and report to the Council upon the general questions involved in the creation of regional economic commissions as a means for the promotion of the aims and objectives of the United Nations" [resolution 72 (V)]. At its sixth session, the Council added that it desired examination of these questions to be made at a stage when the Commission "would have at its disposal more experience than at present of the activities of the regional commissions to guide its deliberations" [resolution 108 (VI)].

259. These requests were before the Commission at its third session. Although consideration of these questions was postponed to a later session, their existence, in conjunction with the Commission's discussions of the reports of its sub-commission, its own future work and the future work of its sub-commission, led the Commission to decide that consideration of future activities required a review of the Commission's experience under the existing terms of reference, its own organizational structure and its relationship to other commissions of the Council. The Commission therefore established a Committee on Organization, consisting of the members of the Commission from Brazil, the Byelorussian Soviet Socialist Republic, Canada, China, France, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America.

260. This Committee on Organization was requested to report to the fourth session of the Commission any suggestions concerning the future organization and terms of reference of the Commission and its two sub-commissions. The Commission's Committee on Organization met once during the third session of the Commission. In order to avoid additional expenditure for the United Nations, it was instructed to carry on its work between the third and fourth sessions of the Commission by correspondence. The members of the Commission who were not on the Committee were urged to

/communicate

communicate their views to the Secretariat, in order that they might be circulated to members of the Committee.

261. The Council, at its seventh session, noted these arrangements and "recognizing the interest of all members in this problem, and the urgency of ensuring that the purposes for which the Economic and Employment Commission was established are effectively fulfilled" resolved 139 (VII) part D that "the question of the most effective way to fulfill the purposes for which the Economic and Employment Commission was established, including the future and the terms of reference of the Commission and its sub-commissions, be considered by the Council at a future session", and invited "all Members of the United Nations to communicate to the Secretary-General any views which they may wish to express on this question, for circulation to members of the Council and to the Committee on Organization of the Economic and Employment Commission, for consideration before the ninth session of the Council".

ANNEX I

ECONOMIC AND EMPLOYMENT COMMISSION

Memorandum Submitted by Mr. Isador Lubin

POSSIBLE TOPICS FOR AGENDA OF ECONOMIC AND EMPLOYMENT COMMISSION

In view of the terms of reference agreed upon for the Economic and Employment Commission I feel it very important that action be taken at the forthcoming meeting along two lines:

1. Pass definite resolutions advising the Economic and Social Council relative to certain specific items and policies and
2. Arrange for certain studies on the basis of which recommendations can be made to the Council at a later date.

Insofar as certain studies may require personnel which are not available at the moment to United Nations it should be possible to have similar investigations made by affiliated agencies such as the ILO and by individual governments. In addition personnel should be borrowed from governments wherever possible.

The items of interest to the Commission can be classified as

- (a) short term and immediate and
- (b) long run.

RELIEF

One of the most vital of the short term, immediate problems is that of relief. The Government of the United States has publicly announced that it will not make any additional funds available to UNRRA after 1 January 1947. This raises the question as to whether relief activities will be necessary after 1 January. I think that it would be the unanimous opinion of the Commission that the answer will be in the affirmative. Accordingly I think it is within the competence of the Commission to make definite recommendations immediately as to the type of provision that should be made for relief after the end of this year.

INTERNATIONAL ALLOCATION OF COMMODITIES

A second immediate problem is the international allocation of commodities that are in short supply. There is an international Board, independent of United Nations, that now covers this item. However, in view of evidence to the effect that the shortage of certain commodities will in all probability continue for a considerable time in the future, consideration should be given to any further arrangements that might make more efficient and equitable the international allocation of commodities in short supply.

/ECONOMIC

## ECONOMIC STABILITY AND FULL EMPLOYMENT

It is obvious that the most vital of the long term problems of concern to the Commission is that of economic stability and full employment.

Considerable work has already been done in this field by the League of Nations. Their studies may be taken as the point of departure.

I feel that our Commission should recommend that work be undertaken immediately in this field. Some of the issues that should be given consideration should be:

- (a) What are the earmarks of a developing, widespread depression?
- (b) What measures should individual governments undertake or oppose in order to secure and maintain economic stability and full employment?
- (c) What employment-stimulating measures should be avoided by individual countries because of their adverse effects on the economies of other countries? This would involve a consideration of the rate of industrial development and growth in different areas.
- (d) What action should be taken by United Nations itself in order to avoid foreseeable unemployment?
- (e) What part should be played by the various international economic organizations and what policies should they adopt toward maintaining economic stability and full employment?

## INTERNATIONAL INVESTMENT AND ECONOMIC DEVELOPMENT

Tied up with this general problem of economic stability is the question of international investment and economic development. I think that the Commission should undertake investigations which will be directly related to the development of resources of the various countries. It might even have associated with it a technical engineering staff whose purpose would be to aid in the general improvement of production techniques and production patterns. Irrespective of the locus of such technicians within the framework of United Nations I feel that the Commission might even play a part in sponsoring their use in making surveys of the industrial and agricultural capacities of various countries. It should seek co-ordinated development of different areas so as to avoid over-development in certain countries and under-development in others. In this connexion the Commission should have close relationship with the International Bank.

## SURPLUS COMMODITIES

Some time within the not distant future the world may be faced once more with the problem of "Surplus Commodities". This item should also come

within our competence and we should initiate studies which could lead to our giving advice in the field of "burdensome world surpluses". In this connexion the Commission should work co-operatively with the International Trade Organization.

#### RECONSTRUCTION

Intermediate, between the short and the long term problems, is the problem of reconstruction. Certain aspects of this matter are definitely immediate and short run.

I feel that the Commission should concern itself at the earliest possible moment with this field. Immediately there is the problem of the manufacture and purchase of certain key production and consumption goods. There are also the problems of stabilization of currency and public finances. To be sure the various national governments have their own reconstruction plans. In too many instances however these plans and the actual operations of these governments do not take into account the possible international repercussions of their individual plans.

Ultimately if we are to have economic stability and full employment the various national economies must be integrated into a world economic system. The extent and the rate at which this will be accomplished will be determined by how far present national undertakings take into consideration international relationships and other national requirements.

I feel that the Commission should recommend the establishment of a sub-commission on reconstruction. This sub-commission should get to work immediately so that it can make recommendations at the earliest possible moment. Otherwise the change in conditions that will have taken place by the end of the next twelve months will have created entirely new and more difficult problems.

I shall probably have a few other suggestions for you very shortly. I trust that these will be sufficient to make a start with.

## ANNEX II

## ECONOMIC AND EMPLOYMENT COMMISSION

SUGGESTIONS CONCERNING THE SCOPE OF THE ECONOMIC  
AND EMPLOYMENT COMMISSION

Submitted by Miss R. Zafiriou

It is impossible to reach a decision on the composition and terms of reference of the Economic and Employment Commission as it should be definitively constituted without having a clear and exact view of the scope of the activities and of the functions which it will be called upon to perform. This in turn largely depends on the scope and functions of the Economic Council itself. In view of the fact that the Economic Council is not likely to meet more than three times a year in sessions of three to four weeks at most it is obvious that while it will have to make the final decisions on major issues of policy, it will have to rely on its Economic Commission for the task of keeping the world economic problems under constant and continuous examination, formulating common policies and ensuring co-ordinated action.

If this conception of the Economic Commission as the main instrument of the Economic Council in economic matters is correct, it is clear that in order to define the scope of its activities we must examine the tasks which have been entrusted to the Economic Council itself. It is also clear that according to this conception, the Economic Commission should not merely be a body of experts making studies and recommendations, but an effective organ for common action and policies.

In this respect it is useful to recall that a great part of the discussions at the first session of the Economic and Social Council were concerned precisely with this problem of defining the scope and functions of the Council. Two points of view were formulated and while no final decision was reached, it was generally recognized that both points of view were based on very strong arguments and represented alternative, but equally valid, conceptions of the tasks of the Council.

One point of view on which to a large extent is based the report of the Preparatory Commission envisages the functions of the Economic and Social Council as follows:

- (a) the specific fields in which international economic and social co-operation is required will in the first place fall within the responsibility of specialized agencies;
- (b) the Council will provide the necessary machinery for

/international

- international economic collaboration on those matters for which no specialized agencies will have been created; and
- (c) the Council will ensure that the activities of the various specialized agencies will be adequately co-ordinated in order to avoid inconsistencies and overlapping.

It was, however, pointed out that this conception of the tasks of the Council may prove too narrow and may fall short of the requirements of the complex economic situation which we have to face. It was pointed out that our task today is not merely to find solutions to a number of specific problems within an established framework of international economic relations, but to make an entirely fresh start in these relations create entirely new conditions and face entirely new problems.

It was suggested that only a central organ such as the Economic and Social Council can take the necessary initiative in devising these new policies and facing these new problems and only such a central organ can provide the necessary integration and co-ordination in the solutions that will be adopted. Finally, it was suggested that it would be dangerous and unfair to the specialized agencies to tax them with responsibilities which in the nature of things, they will be unable to discharge.

It was also clearly explained that the broader view of the functions of the Council did not imply any dictation or interference with the work of the specialized agencies on the part of the Council. These agencies had been constituted by special agreements and had had their functions, activities and organs clearly defined. The broader conception implied that the Economic Council would not act as a mere co-ordinator of the activities of these agencies with a view to avoiding inconsistencies; it would take the initiative in formulating policies and the general framework within which these agencies would have to operate.

No clear-cut decision was taken at the first session of the Council on this fundamental issue, and it is very likely that the debate will continue at the second session of the Council. It is therefore essential that this Commission express an opinion on this issue and on the merits of the two points of view mentioned above, since this is an issue which directly affects the work of the Commission itself. It is also probable that the recommendations which this Commission will make regarding its composition and terms of reference will influence the Council in reaching a final decision, since it is only if we provide for a machinery adequate to meet the formidable tasks of an overall integration of world economic

/policy that

policy that the Council will be inclined to accept the broader interpretation of its functions and assume the corresponding heavy responsibilities.

Even, however, if the narrower view prevails, the task of ensuring effective international collaboration in the fields not covered by specialized agencies as well as the co-ordination of the policies of these agencies is formidable enough to require not merely the establishment of a group of experts, but the creation of an instrument of policy and of a machinery for common action that will be equal to the tasks the Council must fulfill.

ANNEX III

ECONOMIC AND EMPLOYMENT COMMISSION

TERMS OF REFERENCE AND COMPOSITION OF THE ECONOMIC  
AND EMPLOYMENT COMMISSION AND ITS SUB-COMMISSIONS

(Prepared by the Secretariat)

I. ECONOMIC AND EMPLOYMENT COMMISSION

1. Terms of Reference

At its Second Session, the Economic and Social Council set out the following terms of reference for the Commission:

"(a) The Commission shall advise the Economic and Social Council on economic questions in order to promote higher standards of living.

"(b) It shall examine such questions as may be submitted to it by the Council and shall on its own initiative report to the Council on problems which, in its opinion, require urgent attention.

"(c) It shall make recommendations to the Council with reference to economic questions involving concerted study and/or action by more than one specialized agency or commission of the Council and in particular shall draw the attention of the Council to the probable influence of the policies and activities of other commissions of the Council, the specialized agencies or other international organizations on the issues mentioned in paragraph (d) below.

"(d) In particular, it shall be the function of the Commission to advise the Council on:

"(i) The prevention of wide fluctuations in economic activity and the promotion of full employment by the co-ordination of national full employment policies and by international action;

"(ii) Problems of the reconstruction of devastated areas and other urgent problems arising from the war, with a view to developing means of giving real help, which is so necessary to various Members of the United Nations whose territories have been devastated by the enemy as a result of occupation and war activities.

"(iii) The Promotion of economic development and progress with special regard to the problems of less developed areas.

"In carrying out the functions set forth above, the Commission shall take account of the close relationship between the short-term problems and the long-term objectives of an expanding and integrated world economy."

## 2. Composition

At its Third Session, the Economic and Social Council decided, regarding the composition of the Commission as follows:

"(a) The Economic and Employment Commission shall consist of one representative from each of fifteen Members of the United Nations selected by the Council.

"(b) With a view to securing a balanced representation in the various fields covered by the Commission, the Secretary-General shall consult with the governments so selected before the representatives are finally nominated by these governments and confirmed by the Council.

"(c) Except for the initial period, the term of office shall be for three years. For the initial period, one-third of the members shall serve for two years, one-third for three years and one-third for four years, the term of each member to be determined by lot.

"(d) Retiring members shall be eligible for re-election.

"(e) In the event that a member of the Commission is unable to serve for the full three-year term, the vacancy thus arising shall be filled by a representative designated by the member government, subject to the provisions of paragraph (b) above.

"(f) The Economic and Social Council may, in addition, appoint, in their individual capacity, from ten to fifteen corresponding members from countries not represented on the Commission. Such members shall be appointed with the approval of the governments concerned."

The following member nations were selected by the Economic and Social Council to designate the initial members of the Commission:

### For two years: <sup>1/</sup>

1. Belgium
2. Brazil
3. France
4. Poland
5. United Kingdom

### For three years:

6. Canada
7. China
8. Czechoslovakia
9. India
10. Norway

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<sup>1/</sup> All these member nations were re-elected for a three-year term during the seventh session of the Council.

For four years:

11. Australia
12. Byelorussian S.S.R.
13. Cuba
14. USSR
15. United States

The representatives on the Economic and Employment Commission are:

Australia	-	Roland Wilson
Belgium	-	Fernand Van Langenhove <sup>2/</sup>
Byelorussian Soviet Socialist Republic	-	S. N. Malinine
Brazil	-	Jose Nunes Guimaraes <sup>2/</sup>
Canada	-	John Deutsch
China	-	Franklin L. Ho
Cuba	-	Nicasio Silverio
Czechoslovakia	-	Rudolf Bystricky
France	-	Jacques Rueff <sup>3/</sup>
India	-	R. K. Nehru
Norway	-	Gunnar Boe <sup>2/</sup>
Poland	-	Jacek Rudzinski
Union of Soviet Socialist Republics	-	Alexander P. Morozov
United Kingdom	-	Robert L. Hall <sup>3/</sup>
United States of America	-	Isador Lubin

## II. SUB-COMMISSIONS OF THE ECONOMIC AND EMPLOYMENT COMMISSION

At its Third Session, the Economic and Social Council directed the Commission to establish a Sub-Commission on Employment and Economic Stability and a Sub-Commission on Economic Development, and at its Second Session the Council established a Temporary Sub-Commission on Economic Reconstruction of Devastated Areas. The terms of reference and composition of these Sub-Commissions are as follows:

### A. Sub-Commission on Employment and Economic Stability

#### "a." Terms of Reference:

- "(i) to study national and international full employment policies and fluctuations in economic activity;
- "(ii) to analyse the causes of these fluctuations; and
- "(iii) to advise the Commission on the most appropriate methods of promoting full employment and economic stability.

<sup>2/</sup> Nominations have not yet been received from Belgium, Brazil and Norway, but are expected prior to the eighth session of the Economic and Social Council.

<sup>3/</sup> Nominations have been submitted by France and the United Kingdom and are subject to confirmation by the eighth session of the Economic and Social Council.

"b. Composition:"

"(i) The Sub-Commission shall be composed of seven persons selected by the Commission in consultation with the Secretary-General and subject to the consent of the governments of the countries of which the persons are nationals. Not more than one person shall be selected from any single country.

"(ii) The terms of office of the members shall be three years. Members shall be eligible for re-election. In the event that a member is unable to serve for the full three-year term a person selected by the Commission subject to the foregoing provisions should serve in his place for the remainder of the term."

The present members of the Sub-Commission on Employment and Economic Stability are:

J. Belin (France)

Alexander Danilov (Union of Soviet Socialist Republics)

Ragnar Frisch (Norway)

R. F. Harrod (United Kingdom)

Oscar Lange (Poland)

Leslie G. Melville (Australia)

Winfield Riefler (United States of America)

The Draft resolution submitted by the Ad Hoc Committee on the terms of reference of the sub-commissions of the Economic and Employment Commission contained the following two provisions:

"(c) The Commission shall invite experts, named by those inter-governmental agencies which are deemed by the Commission to be particularly concerned with the work of each of the Sub-Commissions, to participate regularly in the work of that Sub-Commission. Experts from other inter-governmental agencies may be invited by each Sub-Commission to participate in the discussion within the scope of their activities.

"(d) Experts, including experts nominated by non-governmental agencies may be invited by the Sub-Commissions with the consent of the Secretary-General to be present for purposes of consultation on matters within their special competence."

The Council decided to delete these two paragraphs on the understanding that they be put in a footnote to the Resolution.

It was agreed to postpone final decision of this issue until the Fourth Session of the Economic and Social Council after the proceedings in the forthcoming Second Part of the First Session of the General Assembly.

B. Sub-Commission on Economic Development

"a. Terms of Reference:

"To study and advise the Commission on the principles and problems of long-term economic development with particular attention to the inadequately developed parts of the world having the objectives of:

- "(i) promoting the fullest and most effective utilization of natural resources, labour and capital;
- "(ii) raising the level of consumption; and
- "(iii) studying the effects of industrialization and changes of a technological order upon the world economic situation.

"b. Composition:\*

"(i) The Sub-Commission shall be composed of seven persons selected by the Commission in consultation with the Secretary-General and subject to the consent of the governments of the countries of which the persons are nationals. Not more than one person shall be selected from any single country.

"(ii) The terms of office of the members shall be three years. Members shall be eligible for re-election. In the event that a member is unable to serve for the full three-year term, a person selected by the Commission subject to the foregoing provisions should serve in his place for the remainder of the term."

The present members of the Sub-Commission on Economic Development are:

Manuel Bravo Jimenez (Mexico)

Jose Nunes Guimaraes (Brazil)

D. K. Hieu (China)

Alexander P. Morozov (Union of Soviet Socialist Republics)

V. K. R. V. Rao (India)

Beardsley Ruml (United States of America)

Emanuel Slechta (Czechoslovakia)

\* See footnote on preceding page

ANNEX IV

MEMORANDUM SUBMITTED BY THE CHINESE DELEGATION  
TO THE UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL

THE TERMS OF REFERENCE OF THE SUB-COMMISSION  
ON ECONOMIC DEVELOPMENT

(For consideration by the Council in connection with the  
"Terms of Reference of the Sub-Commissions of the  
Economic and Employment Commission," now listed as  
Item 18 of the Provisional Draft Agenda, Third Session.)

Explanatory Note

1. One of the major causes of international conflict and instability is the existence of great divergencies in the degree of economic development among different regions of the world. Most of the economically less developed areas of the world are capable of considerable development by virtue of their natural resources and reserves of man-power. The urge towards industrialization in such areas is widespread and strong. At the same time, there is the ever-present possibility that the economically more developed countries may regard these less developed regions as fields of economic and political exploitation, thereby making the latter focal points of international contention.

The promotion of economic progress in the under-industrialized countries will benefit world economic development in general and will influence the increase of investment opportunities, the prevention of secular stagnation or cyclical decrease in employment and the concurrent as well as consequential expansion of world trade. It is obvious that the creation of appropriate conditions of international co-operation is of equal, if not greater, importance to the economically more developed countries as to the economically less developed.

2. Three major aspects of international activity in regard to the under-industrialized countries are called for:

- (a) an assessment of the economic conditions of these countries with respect to their industrialization,
- (b) the improvement of conditions of international capital investment and
- (c) the promotion of technical and industrial skill.

The Economic and Social Council, should explore the possibilities of taking action in these three fields. In the first instance, this function

/can be

can be performed through the Sub-Commission on Economic Development of the Economic and Employment Commission.

1. As a fundamental requirement, the Sub-Commission on Economic Development should make a general survey of the economic conditions of the under-industrialized countries with particular attention to the natural resources of these countries, their manpower and the ways of industrial recruitment and training, their structures of production of capital and consumers' goods, the degree of their domestic capital accumulation and the sources of foreign capital, the conditions of their market mechanisms in the domestic as well as international field, the legislative and administrative provisions related to their economic development, and the patterns of their industrialization. Whereas this general survey may have to be undertaken in separate stages and probably on a regional basis, this should not prevent the immediate assumption of this task by the Sub-Commission on Economic Development.

2. Capital investment for the economic development of the under-industrialized countries can take the forms of governmental loans, loans from an international body such as the International Bank for Reconstruction and Development, and private credit arrangements and direct investment. Under the present world conditions, it is possible that governmental and international loans will be quantitatively more important than private direct investment and loans. But the latter are not to be overlooked. The creation of conditions under which the possible abuses of international investment can be avoided and its benefits reaped is, therefore, a primary concern of the Sub-Commission on Economic Development.

An international code relating to foreign investments should include various conditions and standards of practice relating to international loans and other forms of international investment. The two-fold purpose of such a code is to encourage foreign investment on the one hand and to eliminate its possible abuses on the other.

3. In order to further the economic development of the under-industrialized regions, it is, moreover, necessary that the most up-to-date knowledge and technical skill now available in the world can be drawn upon. This means that technical assistance in the widest sense should be available to the under-industrialized countries so as to assure the fullest use of capital invested and to promote the improvement and dissemination of technical knowledge and skill

/in these

in these countries. This also means that there must be a thorough study of the possibilities of concrete programmes of technical and industrial training in the less developed areas and the creation of an international panel of experts ready to render their service whenever requested by the authorities of the under-industrialized countries. These activities should constitute another function of the Sub-Commission on Economic Development.

#### Resolution

In the light of the points raised above, the Chinese delegation would like to submit the following resolution:

The Economic and Social Council resolves that the terms of reference of the Sub-Commission on Economic Development of the Economic and Employment Commission shall be as follows:

The Sub-Commission on Economic Development shall

1. Study the methods of increasing production, productivity and levels of consumption with special attention to the less-developed regions of the world, and, in particular, it shall

(a) undertake periodic surveys of the economic factors, involved in the industrialization of the less developed countries;

(b) in conjunction with the International Bank of Reconstruction and Development, draft a code of international investment; and

(c) formulate programmes of technical and industrial training applicable to the under-industrialized countries, and prepare a panel of experts ready to render assistance in this respect whenever requested to do so by any member government of the United Nations.

2. Examine the effects of industrialization and technological change on world economic conditions and the adjustments required.

ANNEX V

MEMORANDUM SUBMITTED BY THE CHINESE DELEGATION  
REGARDING THE TERMS OF REFERENCE OF THE SUB-COMMISSION  
ON ECONOMIC DEVELOPMENT (E/107-REVISED)

1. Most of the economically less developed areas of the world are capable of considerable development by virtue of their natural resources and reserves of man-power. The urge towards industrialization in such areas is widespread and strong. At the same time, there is the ever present possibility that the economically more developed countries may regard these less developed regions as fields of economic and political exploitation.

The promotion of economic progress in the under-industrialized countries will benefit world economic development in general and will influence the increase of investment opportunities, the prevention of secular stagnation or cyclical decrease in employment and the concurrent as well as consequential expansion of world trade. It is obvious that the creation of appropriate conditions of international co-operation is of equal, if not greater, importance to the economically more developed countries as to the economically less developed.

2. Three major aspects of international activity in regard to the under-industrialized countries are called for:

- (a) an assessment of the economic conditions of these countries with respect to their industrialization,
- (b) the improvement of conditions of international capital investment and
- (c) the promotion of technical and industrial skill.

The Economic and Social Council should explore the possibilities of taking action in these three fields. In the first instance the following activities and functions should be promoted by the Sub-Commission on Economic Development of the Economic and Employment Commission:

- (a) As a fundamental requirement, a general survey of the economic conditions of the under-industrialized countries should be made with particular attention to the natural resources of these countries, their man-power and the ways of industrial recruitment and training, their structures of production of capital and consumers' goods, the degree of their domestic capital accumulation and the sources of foreign capital, the conditions of their market mechanisms in the domestic as well as international field, the legislative and administrative

/provisions

provisions related to their economic development, and the patterns of their industrialization. Whereas this general survey may have to be undertaken in separate stages and probably on a regional basis, this should not prevent the immediate assumption of this task by the Secretary-General in consultation with the Sub-Commission on Economic Development.

- (b) Capital investment for the economic development of the under-industrialized countries can take the forms of governmental loans, loans from an international body such as the International Bank for Reconstruction and Development, and private credit arrangements and direct investment. Under the present world conditions, it is possible that governmental and international loans will be quantitatively more important than private direct investment and loans. But the latter are not to be overlooked. The creation of conditions under which the possible abuses of international investment can be avoided and its benefits reaped is, therefore, a primary concern of the Sub-Commission on Economic Development.

The establishment of an international code relating to foreign investments should, therefore, be considered. This code should include various conditions and standards of practice relating to international loans and other forms of international investment.

The two-fold purpose of such a code is to encourage foreign investment on the one hand and to eliminate its possible abuses on the other.

- (c) In order to further the economic development of the under-industrialized regions, it is, moreover, necessary that the most up-to-date knowledge and technical skill now available in the world can be drawn upon. This means that technical assistance in the widest sense should be available to the under-industrialized countries so as to assure the fullest use of capital investment and to promote the improvement and dissemination of technical knowledge and skill in these countries. This also means that there must be a thorough study of the possibilities of concrete programmes of technical and industrial training in the less developed areas and the creation of an international panel of experts ready to render their service whenever requested by the authorities of the under-industrialized countries. These activities should constitute another function to be promoted by the Sub-Commission on Economic Development.