

**United Nations**  
**ECONOMIC**  
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**Nations Unies**  
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**ECONOMIQUE**  
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UNRESTRICTED

E/CN.3/14.46

9 June 1947

ORIGINAL: ENGLISH

**ECONOMIC AND EMPLOYMENT COMMISSION**  
**SUMMARY RECORD OF THE TWENTY-SIXTH MEETING**  
**SECOND SESSION**

Held at Lake Success, New York, on Wednesday, 4 June 1947, at 2:00 p.m.

**Present:**

Chairman:	Mr. A. P. Morozov	(Union of Soviet Socialist Republics)
	*Mr. E. J. R. Heyward	(Australia)
	*Mr. De Sellier de Moranville	(Belgium)
	Mr. J. Nunes Guimaraes	(Brazil)
	*Mr. L. Kominsky	(Byelorussian Soviet Socialist Republics)
	*Mr. J. F. Parkinson	(Canada)
	*Mr. P. C. Chang***	(China)
	*Mr. C. Blanco	(Cuba)
	*Mr. L. Radimsky	(Czechoslovakia)
	Mr. J. Raef	(France)
	Mr. R. K. Nehru	(India)
	*Mr. P. J. Bjerve	(Norway)
	*Mr. A. Rudzinski	(Poland)
	Mr. R. L. Hall	(United Kingdom)
	**Mr. L. Lorwin	(United States of America)

Specialized Agencies:

Representative: Mr. D. Lusher (FAO)

Non-Governmental Organizations:

Consultants:	Miss L. Spiegel	(WFU)
	Mr. H. P. Bristol	(ICC)
	Mr. M. Woll	(AFL)
	Mrs. H. Fuhrmann	(ICA)

Other Specialized Agencies:

Observers:	Mr. G. de Fleurieu	(International Bank)
Secretariat:	Mr. D. Weintraub	(Commission Secretary)

\* Alternates for the Second Session.

\*\* Observer.

\*\*\* Mr. T. Y. Wu sat in Mr. Chang's chair during the first half of the meeting as observer.

/The CHAIRMAN

The CHAIRMAN opened the meeting. After a brief discussion, it was decided that no meeting would be held on Saturday, 7 June 1947.

Discussion of Item 5 of Agenda

The CHAIRMAN directed the attention of the Commission to Item 5 of the Agenda (document E/CN.1/32/Rev.2), and called on Mr. WEINTRAUB (Secretariat) for any explanatory remarks which he might wish to make in connection with that Item.

Mr. WEINTRAUB (SECRETARIAT) read Section (a) of the Resolution of the Social and Economic Council regarding employment and economic development (document E/403), which was the basis for placing Item 5 on the Agenda.

He explained that the Secretariat had not prepared any specific draft recommendations for the Commission in connection with that Item, because it had been thought that the members of the Commission should have an initial discussion before such draft recommendations were drawn up.

He drew attention to document E/CN.1/33, prepared by the Secretariat, referring specifically to Items "A" and "C", which dealt with the question of economic development.

He further stated that a report was being prepared by the Secretariat bringing together all available information on what the member governments had done to date in this field.

The Secretariat had circulated letters to all members of the Commission, Specialized Agencies, and Non-Governmental Organizations in Category "A", asking them to send to the Secretariat any pertinent material for circulation to members of the Commission in accordance with the Council Resolution. To date, no information or recommendations had been submitted by Members, with the exception of the United States, which had circulated a paper (document E/CN.1/36) which made a reference to economic development.

Mr. WEINTRAUB (Secretariat) then referred to the following documents

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which had been received from the Specialized Agencies, Non-Governmental Organizations in Category "A", and the Preparatory Committee of the United Nations Conference on Trade and Employment, in response to the aforementioned letter:

FAO	Document E/CN.1/W.11	pages 2-3
	" E/CN.1/W.11/Add.1	page 3
ILO	" E/CN.1/W.16	pages 8, 9, 15, 16, 17, 20
ITO Preparatory Committee	" E/CN.1/W.14, Annex I	
WFTU	" E/CN.1/W.10	pages 3, 8, 9
ICC	" E/CN.1/W.12	pages 12-17

In connection with document E/CN.1/W.16, the Secretary drew attention to the fact that it raised questions of overlapping activities of the ILO and the Economic and Social Council.

In connection with document E/CN.1/W.14, he recalled that during the First Session of the Commission an extensive discussion had taken place on whether the ITO would engage in economic development activities. The Commission had included in its report to the Council (document E/255) certain recommendations in this connection. The Council, after consideration of the Commission's recommendations, had adopted a resolution concerning this question (document E/403).

The CHAIRMAN noted that the resolution of the Economic and Social Council on economic development (document E/403) was an expression of the views held by the Commission at its last Session, with one important addition concerning technical and other assistance to under-developed countries. The principle that such assistance should not be used for the purpose of exploitation should be constantly borne in mind by the Commission during its discussions.

Mr. NEHRU (India) wondered whether the Commission should draft a resolution on economic development at this Session, to be submitted to the next Session of the Economic and Social Council, or whether the Sub-Commission on Economic Development should be instructed to draft a detailed report to be

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submitted to the next Session of the Commission. Although the latter course might involve some delay, he thought the Sub-Commission on Economic Development should be given time to study the question in great detail, and he suggested that the Commission might confine its debate to a general review of important factors.

In his opinion, there were three aspects to which the Commission should direct its attention: (1) objectives, as laid out in Section "A" of the Resolution of the Economic and Social Council (document E/403); (2) to the extent to which the better utilization of world resources could aid in the realization of those objectives; and (3) the most appropriate form of international action to maintain full employment and economic stability.

Regarding (1), the general objective should be to attain a higher standard of living throughout the world, but stress should be laid on the disparities existing between standards of living in different countries. Section "A" of the Resolution of the Council seemed to assume equal standards for all member States. He recognized that separate reference had been made in Section "A" of the Resolution to undeveloped and under-developed countries. Nevertheless, he thought that the Commission, in its instructions to the Sub-Commission on Economic Development, should aim at narrowing the gaps in standards of living in various parts of the world, recognizing that those gaps were a serious menace to progress and peace.

He stated that the Charter of the United Nations bound all Members to promote not only higher standards of living, but also full employment and conditions of economic and social progress. These seemed to him all interrelated parts of a single objective. He thought it would be quite wrong to expect all Members, irrespective of their stages of development to bind themselves to just one phase of that threefold objective.

India gave her fullest support to any measure designed to raise general standards of living. But even more important was the necessity for the creation of conditions which would enable rapid progress to be achieved on

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the economic and social fronts. While some improvements under existing economic structures might lead to a rise in standards of living, the aim should be to change the structure itself and to create a more balanced economic structure, in order to promote the three-fold objectives.

The Charter laid stress not only on these three objectives, but also on the right of self-determination and equal rights of peoples. What were the implications of this in relation to the economic problems being considered by the Commission?

The entire problem of development was being seriously considered in Asia. The conclusion arrived at during the recent Asian Relations Conference, in which thirty-two countries had taken part, was to keep in view the facilitating of the transition from the status of a dependent or colonial economy to that of a national economy.

In studying the question of international aid for the development of resources, Mr. NEHRU further pointed out that it should not be forgotten that the objective was not merely to raise living standards but to help each country to function as an autonomous unit in the economic sphere, and to free itself from the domination of foreign political and other influences, without in any way prejudicing the growth of international economic co-operation. The objectives set out in the Resolution of the Council must, it seemed to him, therefore, be broadly and liberally interpreted. While the main objective must be the raising of standards of living, the creation of a balanced economic structure and freedom from foreign control and domination were integral parts of the objective.

Turning to the second aspect, namely, to what extent better utilization of world resources could aid in the achievement of these objectives, Mr. NEHRU thought that before an answer could be found, it would be necessary to clarify certain points. First, what was the object of directing attention to world resources as a whole? It seemed to him that the problem should have been posed in terms of the development of natural

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and other resources of each Member State. That, in his opinion, was the implication in the Resolution, and any action recommended must aim at the better utilization of the separate resources of each country by its own nationals, with due respect to the principles of international economic co-operation.

What, he asked, did the term "better utilization" mean? The Sub-Commission on Economic Development had been asked by the Commission, at its First Session, to recommend measures for promoting the fullest and most effective utilization of resources. It seemed to him that the term "better utilization" had a more limited scope. He did not believe that the Sub-Commission's terms of reference should be modified. He felt that the correct course would be to include all measures of full and effective development and exploitation of each nation's resources by its own nationals for each country's good, within the scope of the inquiry.

Methods of attaining this had been discussed at the Asian Relations Conference, and the following means had been suggested: Maximum development of each country's resources; better balance between industry and agriculture; better preparation for defense. Great emphasis had been laid on this last point. Even greater emphasis had been placed on an additional point, that correct social policies should be adopted to insure equitable distribution of national wealth.

In framing plans for future development, the general opinion seemed to be that comparative efficiencies and costs of production should be the determining factors. Mr. NEHRU could not agree with this view. He felt that this principle could not be applied in initial stages of development. His own views were in accord with the conclusions reached at the Asian Relations Conference, namely, that having regard to the special character of the problems which faced the growing populations of the countries of Asia, agricultural production and reconstruction should have the highest priority

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and some measure of self-sufficiency in food should be attained. There should be intensive industrial development, with special emphasis on basic and key industries designed to strengthen economic structure, and also on defense industries, in which the countries of Asia were particularly deficient. Development should be related to internal resources and opportunities, as far as possible.

Another point on which great emphasis had been laid at the Asian Relations Conference was that in order to improve terms of trade between agricultural and non-agricultural countries, development should take place in the sphere of transport and other facilities, for which under-developed countries were at the present time completely reliant upon other countries.

Referring to the question of the most appropriate form of international action in the field of economic development, Mr. NEHRU stated that this had been fully discussed by the Preparatory Committee of the United Nations Conference on Trade and Employment at its First Session, and in Part II of that Committee's Report certain proposals and suggestions had been made which had been considered by the Economic and Employment Commission at its First Session. The Working Group on Asia and the Far East also had something to say on the subject.

The question of which forms were appropriate and which were not appropriate seemed to Mr. NEHRU hardly a relevant question. The important thing was to get on to the job of extending international aid to countries in need of it.

Mr. NEHRU quoted Section "C" of Part II of the report of the Preparatory Committee.

He did not know what investigations the Sub-Commission was expected to carry out in that field but so far as exact methods of extending aid were concerned, he thought the Sub-Commission on Economic Development should be instructed to suggest methods of enabling international organizations and agencies to give effect to the various proposals which had been made from time to time for aid to undeveloped and under-developed countries.

/Mr. RADIMSKY

Mr. RADIMSKY (Czechoslovakia) said that his country was deeply interested in the problem of development. Due to its highly developed manufacturing and agricultural industries, Czechoslovakia required large imports of raw materials. For this reason it had welcomed the Resolution of the United States Delegation at the last session of the Economic and Social Council regarding conservation of natural resources. The wholesale prices in many countries were still increasing as well as food prices and these high export prices were retarding progress in Czechoslovakia. Part of these price increases might be explained by economic reasons and part might not. He wanted opinions from the other members of the Commission regarding export prices.

Mr. RUEFF (France) referred to Mr. Nehru's (India) statement and thought it would be of great value to the work of the Commission if Mr. Nehru summarized his views as to what international action should be taken. Such a summary would provide the Commission with a very solid basis for its work.

Mr. NEHRU (India) referred Mr. Rueff (France) to Chapter 2 of the Report of the Preparatory Committee (ITO), Sections C to G, and stated that the question now was how these principles should be implemented.

Mr. HALL (United Kingdom) stated that this matter had been discussed at great length during the last session of the Commission and its views had been given as to how the Sub-Commission on Economic Development might interpret its terms of reference. He agreed that the problem should be referred to this Sub-Commission. Some detailed and expert work was needed from the Secretariat and the Sub-Commission and he was encouraged by the preliminary reports on Economic Development and Current Economic Trends that the Secretariat had already prepared. As to methods of development, he held the view that experience with particular cases was needed. When countries needing assistance actually made application to the United Nations or the Specialized Agencies, then the form of assistance that international

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organizations could offer, and the manner in which the work should be divided up could be determined. He pointed out that international investment was vitally important to development. The International Bank had already begun work on loans. He referred to the ILO study in which reference was made to the timing of international loans, which was a very important matter. He felt that the two Sub-Commissions should keep in close touch with one another in this field. He stressed the point that a high level of employment in industrialized countries and the interest of under-developed countries could both be aided at the same time by proper timing of loans.

Mr. LORWIN (United States of America) felt that the previous statements of Mr. Nehru (India) and others could give guidance to the Sub-Commission on Development. If put in the form of questions, they could form the basis for a discussion and report. He then drew attention to the complexity of the problem at hand. He agreed with Mr. Nehru that the formulation of objectives was of great importance and agreed that disparities in the standards of living in the present world situation was one of the big difficulties. Did this mean however that some countries should stop making progress to allow other countries to catch up or did it mean that countries should progress at different rates? Then, too, each standard of living was composed of different variable elements such as food consumption and housing. Terms were being used in a general sense and one problem of the Sub-Commission was to clarify these broad concepts of objectives. Another question was how to reconcile a rapid rate of industrial development and higher standards of living with better conditions of labour and other social conditions when different rates of progress for each were involved. Periods of very rapid industrial development had not usually been periods of social advance. Was it desirable to accentuate and accelerate the tempo of industrial development considering the price to be paid in social conditions?

The Sub-Commission could begin its report by clarifying the concepts which underlay economic development. Even economic development was hard to define. Did it find expression in an increase of gross national output or in per capita output increase? Mr. Lorwin drew attention to the Resolution proposed by the United States at the last meeting of the Economic and Social Council on conservation of resources, with the idea of confining it to scientific techniques for conserving resources. The development of resources still unutilized might be carried out so as to conserve them rather than use them up rapidly. Some countries might be anxious to promote rapid development but he agreed with Mr. Hall (United Kingdom) that a study of specific cases was necessary to find a suitable method. Under-developed countries had special problems. Under-development itself assumed different forms. This needed clarification as well as the concept of a "balanced economy". These problems should be included in the report of the Sub-Commission.

Mr. LORWIN made reference to the fact that there was not necessarily a conflict between the interests of developed and under-developed countries. He referred to the United States paper (document E/CN.1/36) which in Section 5, page 3, posed this problem. In regard to Question (a) of Section 5, an integrated programme was necessary to harmonize the interests of the different countries. In Question (b), the field of theory and practical application was involved. A programme of continuous development within the limits of a particular country was needed, which would aid the stabilization policies of other countries and economic stabilization policies could be adopted by developed countries which would aid development of under-developed countries.

A further problem, outlined by Mr. Lorwin, concerned types of economic development that could be furthered by national means and those by international means. International action was not enough. Some resources could be more adequately developed by local capital and labour. Training

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programmes for labour should be handled by national action. The Sub-Commission should investigate the line that lay between national and international action.

Another question was the type of enterprises most suitable for the utilization of resources. One country might imitate another country but it was not always the wise thing to do. Because one country had developed a successful steel industry did not mean it should be transferred to another country. The Sub-Commission should analyze conditions in different countries to find out the enterprises that were most adaptable to a particular country. He raised the question as to the best method for supplying capital equipment to a country. The work of the Secretariat lay here, in investigating managerial organization, labour conditions and capital borrowing in relation to local capital.

Mr. RUEFF (France) associated himself with the views expressed by Mr. Lorwin (United States of America). The very concept of economic development was difficult to define. Many countries, seeking assistance in promoting economic development, paralyzed it within their own country. In France an attainment of a "balanced economy" was the problem. While maintaining a certain proportion of agricultural activity she had put obstacles in the way of creation of industry. He agreed that security measures sometimes competed with aims of economic development. He thought the Sub-Commission on Economic Development should define the concept of economic development and study the ways in which its principles affected labour and military factors. He believed that education was necessary to promote conditions favourable to economic development. There were, too geographic limitations to economic development. National autonomy was applied to small countries without many natural resources. Customs tariffs applied to a small country and to a large country did not have the same effect. The extent of the territory to which a tariff was applied was important. Mr. RUEFF stated that the most positive thing the Commission could do was to realize the complexity of the problem. Economic development should be defined before solutions could be found.

/The CHAIRMAN

The CHAIRMAN stated that the majority of the Commission seemed to agree that the Resolution of the Economic and Social Council could not be carried out at this Session and that the Sub-Commission should consider this matter.

Mr. CHANG (China) said that he understood that suggestions were to be made to the Sub-Commission on Economic Development as guiding posts for its work. He believed that two things were needed: (1) analytical understanding regarding the problems of industrialization and (2) practical action, both national and international. These two things were correlated and influenced each other. With regard to analytical understanding, there were three aspects to be taken into account. First, there was an eagerness for industrialization in different parts of the world. The different methods used in various countries should be discussed as a comparative study. He mentioned the development of small scale industries such as simple manufacture of a lower grade steel in Chile, and road building in China and Brazil. He indicated that he would like to see an exchange of such information among under-developed areas. A code for foreign investment should be also considered. Secondly, a study of the patterns of industrialization was important, such as the English pattern and the North American pattern. These patterns should be kept in view and should not be imitated immediately. They require study. The patterns of industrialization in Germany and Japan should be studied for lessons they could teach us. These patterns should also be studied comparatively. Thirdly, the historical perspective was important. It was not a matter of western as distinct from eastern culture, it was a matter of more industrial development, conditioned by certain factors. The under-developed countries had contributed hundreds of years ago to world economic development through their handicraft and other small industries, the products of which had been exported to the so-called Western world. A larger and wider historical perspective was needed, taking into

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consideration such things as handicrafts and the use of various materials in different parts of the world. Mr. Chang stated that he was not against the emphasis made by certain representatives concerning the need for an understanding of what was meant by development. This could be done by critical study by those who understood industrialized areas in the world, bearing in mind the knowledge of patterns of industrialization and the ways of handling productive processes.

With regard to (2) practical action, there were two things to be borne in mind. First, human interest or "enlightened self-interest" was needed to raise the standards of living for all. Secondly, there was the question of "power shifts". Let us not influence our analytical understanding by this "power shift" consciousness, but rather vice versa. We should let our own analytical interests and human interests influence this consciousness of "power shifts".

Mr. HEYWARD (Australia) pointed out that since the real task of the Commission was to assist in the work that the Sub-Commission on Economic Development would be doing and since the latter would be meeting only once a year, preparation and practical assistance were necessary. He wanted to know whether it would be possible for the Secretariat to do further work with regard to the preliminary reports it had already prepared on Economic Development and Current Economic Trends. He noted that the Economic and Social Council took into account the work of the Specialized Agencies and the Non-Governmental Organizations and he thought more co-operation might be necessary between these organs and the Secretariat. He wondered whether this could be achieved in the immediate future. With regard to analytical understanding as mentioned by Mr. Chang (China), a study had been made for the League of Nations by Professor Haberler, entitled "Prosperity and Depression." He asked whether such a study might not be made on economic development by a co-operative effort of the United Nations and Specialized Agencies.

Agencies. He also inquired whether it would be practicable for the Secretary-General to arrange such a study.

Mr. HEYWARD also asked whether any action was contemplated to synthesize and analyze studies already in existence, such as official studies by Specialized Agencies and the League of Nations, and studies by individual persons and universities.

Mr. WEINTRAUB (Secretariat) said that reference had already been made to the draft report of the Secretariat dealing with development activities in various countries. He called attention to budgetary limitations but said it was expected that the Staff would be enlarged somewhat. He stated that certain aspects of technology were already under study. One problem was the dissemination of technological information to various countries. Technology was often evolved for highly developed countries and industries and this could not always be transferred to under-developed countries. He drew attention to two needs: (1) Industrial research on the latest technical advances, taking the primitive aspects of countries into account, and (2) An analytical understanding necessary through an analysis of the things currently being undertaken. This had already begun. The knowledge of Specialized Agencies, such as the FAO, WHO, UNESCO, the International Bank and the International Monetary Fund, was being used. Informal meetings with the representatives of these organizations were held in which matters in their respective fields concerning development questions, were discussed. The letters and questionnaires sent out by the Secretary-General were drafted and modified in consultation with these agencies.

With reference to the question of outside experts, Mr. WEINTRAUB stated that although the Secretariat was aware of these outside talents not much use had been made of them, since the structure of the Secretariat itself was not yet sufficiently fixed to make effective use of these people. In addition, the Secretariat hesitated to consult these people until the

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problems were more clearly defined, for fear of misusing them. Through clarification of the problems it could take advantage of outside talent.

The CHAIRMAN stated that since some members of the Commission wanted to discuss and think over these matters further, this discussion would not now be closed but would be deferred until a later meeting.

The meeting rose at 5:15 p.m.

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