

**ECONOMIC
AND
SOCIAL COUNCIL**

**CONSEIL
ECONOMIQUE
ET SOCIAL**

E/CN.1/ER.7
25 January 1947

ORIGINAL: ENGLISH

ECONOMIC AND EMPLOYMENT COMMISSION

FIRST SESSION

SUMMARY RECORD OF THE SEVENTH MEETING

Held at Lake Success, New York, on Thursday,
23 January 1947 at 2:30 p.m.

Present:

Chairman:	Mr. R. Frisch	(Norway)
Vice-Chairman:	Mr. R. Wilson	(Australia)
	Mr. A. P. Morozov	(USSR)
Rapporteur:	Mr. I. Lubin	(United States)
	Mr. F. van Langenhove	(Belgium)
	Mr. J. Guimaraes	(Brazil)
	Mr. S. Bates	(Canada)
	Mr. T. Y. Wu	(China)
	Mr. E. P. Cisneros	(Cuba)
	Mr. L. Radinsky	(Czechoslovakia)
	Mr. J. Rueff	(France)
	Mr. R. J. Nehru	(India)
	Mr. O. Lange	(Poland)
	Mr. R. L. Hall	(United Kingdom)
	Mr. J. D. Coppock*	(United States)
Representatives of	Mr. E. J. Riches	(ILO)
Specialized Agencies:	Mr. F. L. McDougall	(FAC)
	Miss J. Maess	(UNESCO)
	Mr. J. H. Ferguson	(International Bank)
	Mr. M. H. Parsons	(International Monetary Fund)
	Mr. A. B. Fisher	(International Monetary Fund)
	Miss M. Camp	(EECE)
Representatives of	Miss C. Day	(WFTU)
Non-Governmental	Mr. W. J. Campbell	(ICA)
Organizations:	Miss T. Sender	(AFL)
Secretariat:	Mr. D. Weintraub	(Commission Secretary)

1. Consideration of Items 14 and 15 of the Agenda

The CHAIRMAN suggested that items 14, "Consideration of Surveys of the Economic Development of Less-Developed Areas" and 15, "Consideration of a

* Mr. Lubin (United States) was not present for the entire meeting. In his absence Mr. Coppock, his Advisor, sat in his chair and participated in

Survey of Raw Materials Resources Needed for the Economic Reconstruction of Devastated Areas", be considered together.

Mr. WEINTRAUB (SECRETARIAT) explained that the document entitled "Surveys of the Economic Development of Less Developed Countries" (document E/CN.1/9) gave the background for the two items. He called attention of the Members of the Commission to that part of the document which stated that surveys are the responsibility of the individual governments, and that the Secretariat and specialized agencies would certainly be ready to give all possible assistance and also to the desirability of having a small unit in the Secretariat charged with developing uniform standards for making surveys.

Mr. WU (CHINA) agreed with the suggestions made by the Secretariat in document E/CN.1/9, but in order not to preclude the possibility that surveys should, at some future time, be carried out by agencies other than the governments, he thought that the words "for the time being" should be inserted in the last paragraph of page 2 of the document, immediately following the words "such surveys should be".

As regards the initiation of surveys, Mr. Wu pointed out that the occasion might arise when the Commission or the Sub-Commission on Economic Development would think it advisable to initiate a survey, and he suggested such action should be possible, provided that the government concerned had given its consent.

Mr. GUTIMARDES (BRAZIL) felt that the most important problem at present was to make the surveys, not in a general way for long-range development, but rather specifically with a view of giving assistance to the devastated areas. It was in that spirit that the proposal to make surveys of raw materials had been made.

Mr. CISNEROS (CUBA) wished to know the exact scope of the activities of the Sub-Commission for Economic Development, for the character of the surveys to be made would be different according to whether the

/Sub-Commission

Sub Commission was directing its attention toward short-term or long-term problems. He also asked what the Secretariat had done in connection with the suggestion made by the representatives of Chile, Colombia, Cuba and Peru that a preliminary survey of the resources of the Latin American Republics should be made as a step toward formulating a policy of economic development.

Mr. WEINTRAUB (SECRETARIAT) said that the Secretariat was attempting to collect all available data on resources and other economic factors in the countries of Latin America. Several members of the Secretariat staff were particularly well qualified to deal with questions relating to Latin America.

Mr. NEHRU (INDIA) wondered whether items 14 and 15 should be considered together. He stressed the factor of time in regard to any survey related to the urgent needs of devastated areas. Time did not permit anything more than a request by the Secretariat that the Member Governments should state what raw materials they had available.

Mr. NEHRU asked whether, in giving assistance to countries making surveys, the Secretariat was prepared to send a representative to the country concerned to assist in making a survey or whether it would merely collate information in the Secretariat for the benefit of that country.

The CHAIRMAN explained that items 14 and 15 were being considered together solely because they both dealt with the question of surveys.

Mr. HALL (UNITED KINGDOM) agreed with Mr. Nehru and added that the needs of the devastated areas had already been thoroughly studied; there was not therefore much to be done in connection with item 15.

In regard to surveys related to the economic development of less developed areas (item 14), the Secretariat and specialized agencies were already prepared to give assistance when a country wished it.

In reply to the point raised by Mr. Nehru, Mr. WEINTRAUB (SECRETARIAT) said that he could not predict what kind of assistance the Secretariat would give countries making surveys until more experience had been gained.

/Mr. MOROZOV

Mr. MOROZOV (USSR) thought that surveys of raw materials should include a study of conditions of their availability to devastated areas. Any future survey should cover that practical problem.

Mr. van LANGENHOVE (BELGIUM) thought that no recommendations could be made until there was a clear distinction between surveys of a purely documentary character and consisting of collection and analysis of available data or "on-the-spot" surveys and inquiries which should be carried out by the countries themselves or with their express consent.

Mr. NEHRU (INDIA) thought that the Commission's terms of reference had been settled and that this Commission should make specific recommendations to the Secretariat. The Secretariat should be asked with respect to relief problems to collect and analyze all available material and to transmit it to the appropriate agencies dealing with the problem. He further suggested that it was the duty of the Secretariat to keep the entire world economic situation under continuous review and to obtain information if countries are making surveys on economic development. The Secretariat should also bring to the attention of this Commission the instances where economic development is neglected. Such a course would not interfere with the sovereign rights of the countries. The Secretariat should also be able to furnish expert advice to Member Governments in regard to carrying out surveys, make suggestions as to the methods and even be prepared to train experts sent by Member Governments for that purpose.

The CHAIRMAN thought that the Commission should consider the suggestion made by the USSR representative on the practical problem of how to make available raw materials to devastated areas.

Mr. LUDIN (UNITED STATES) supported by the Chairman and Mr. van Langenhove (Belgium) felt that items 14, 15 and 17 of the provisional agenda, in so far as they deal with the objectives and not the techniques, should all be considered together as part of the question of economic development (item 11).

/Mr. LUDIN

Mr. IUBIN pointed out that surveys of resources required engineering as well as economic knowledge, and that the Sub-Commission on Economic Development would have to build up methods through experience and consultation with many experts. The present Commission should not therefore try to determine techniques.

Mr. BATES (CANADA) thought that any consideration of the problems of devastated areas should distinguish between areas almost wholly devastated and those in which much equipment was still intact and where relatively small efforts would yield large results.

Mr. KENNER (INDIA) asked the Chairman whether or not it was necessary for the Commission to make recommendation to the Economic and Social Council before proceeding with its work. He felt that the terms of reference gave the Commission sufficient authority to take action.

The CHAIRMAN said that the answer depended upon the scope and volume of the work. The Commission could certainly direct the Secretariat to make investigations within reasonable limits.

Mr. WEINTRAUB (SECRETARIAT) observed that the Commission might make a statement to the effect that it had taken note of what the Secretariat was doing and approve these activities.

Mr. KENNER (INDIA) supported by Mr. WILSON (AUSTRALIA) agreed that a statement of fact was appropriate but he did not think it was necessary to make a recommendation to the Council on this point.

Mr. GUIMARAES (BRAZIL) emphasized the need for action and believed the Commission should indicate what steps should be taken.

The CHAIRMAN said that if the Commission wished to go into the substance of the question it would need data, and he asked if the Secretariat could furnish the necessary material within a few days.

Mr. RUEFF (FRANCE) thought that it would be very valuable to see what practical conclusions could be reached on the basis of information now available.

/Mr. WEINTRAUB

Mr. WEINTRAUB (SECRETARIAT) was afraid that the information which the Secretariat could prepare on short notice within the next two or three days would be inadequate.

Mr. WILSON (AUSTRALIA) observed that the problem was more within the competence of the Sub-Commission than of the present Commission.

Mr. van LANGENHOVE (BELGIUM) noted that the Commission's role was to advise the Council on whether or not the present and the projected activities of the Secretariat meet the proposals of several governments under items 14 and 15 of the agenda.

Mr. HALL (UNITED KINGDOM) urged that the Secretariat should not be asked to perform such a tremendous task as preparing within a few days all available data on the problems of devastated areas. The work would necessarily be incomplete and would therefore not serve its purpose.

Mr. RUEFF (FRANCE) explained that he had hoped that the Secretariat data would be sufficient to point the way to possible action.

Mr. McDOUGALL (FAO) stated that the FAO collected and published periodically information on food, agricultural raw materials, and the world timber situation.

Mr. WEINTRAUB (SECRETARIAT) stated that the information immediately available in the Secretariat would not be adequate for the purpose indicated in the discussion and it was the consensus that the Secretariat should not be expected to present such data at this Session.

Mr. CAMPBELL (ICA) wished to draw the attention of the Commission to the part co-operatives could play in the reconstruction of devastated areas and the development of under-developed areas. Stressing the benefits to be derived from co-operative methods in attempts to ensure economic stabilization, he stated that the International Co-operative Alliance would place at the disposal of the United Nations the services of its Co-operative Societies which included 85,000,000 members in thirty-nine countries of the United Nations. He further suggested that the Commission consider the use

/of co-operative

of co-operative methods where they were not yet developed.

The CHAIRMAN thanked the representative of the International Co-operative Alliance for his offer. He then observed that contact should be established between him and the Chairman of the Social Commission before item 16, "Consideration of Activities of the Economic and Employment Commission in the Field of Housing", could be discussed.

2. Item 16 of the Agenda, "Consideration of a Proposal to Establish an International Code Relating to Foreign Investments"

Mr. WEINTRAUB (SECRETARIAT) stated that the background of the question now proposed for the consideration of the Commission was treated in document E/CN.1/11. Many agencies outside the Commission were interested in the establishment of an international code for foreign investments. He suggested that a small sub-committee, say two members, be appointed to keep in touch with the other agencies concerned and report back to the Commission at the next session.

Mr. COPPOCK (UNITED STATES) speaking in the absence of Mr. Rubin, recalled that item 16 arose out of the proposal made by the representative of China in the Economic and Social Council. He stressed the interest of the United States in this matter, and thought it would be useful to ask the representative of China to present the views of his delegation on the subject so as to throw light on the motives that had prompted the insertion of this item. He thought that a course of action could be outlined before the matter was referred to the Sub-Committee on Economic Development and suggested that some of the Secretariat staff be enlisted to examine the best course of action to be followed and to present their views at the next meeting.

Mr. RULFF (FRANCE) recalled that many countries had attempted to protect national savings by various methods which often lacked coherence. The Chinese proposal therefore met with the sympathy of the French delegation. To establish an efficient method of investments abroad was one of the

/prerequisites

prerequisites for the restoration of trade exchange throughout the world, and hence for reconstruction in general. He suggested that the matter be referred to the Sub-Commission on Economic Development.

Mr. HALL (UNITED KINGDOM) supported the proposal of the representatives of France and the United States to refer the question to the Sub-Commission on Economic Development and to ask the Secretariat to give assistance by preparing the necessary data.

Mr. NEHRU (INDIA) wished to have the views of the representatives of the International Bank and of the International Monetary Fund. He expressed the interest of India in the question both as an investing country, which had invested funds not only in the neighbouring regions of Burma but also in London, and as a country that might need foreign loans. He voiced India's concern with methods of investment that might cause harmful and monopolistic control by foreign investors.

Mr. RUEFF (FRANCE) thought the Sub-Commission on Economic Development could be left to determine these points and moved that the question be left in its hands for the time being.

Mr. COPPOCK (UNITED STATES) recalled the negotiations recently completed by the United States in the field of treaties of friendship and navigation - in which such points were involved - stressed the skill required in elaborating provisions dealing with investments. Some questions that would be asked were: Upon what terms could a foreign corporation be formed? Upon what terms would it be taxed? Under what circumstances could dividends be transferred from the outside country to its home country? There is need to examine the terms of compensation for the nationalization of industries; the percentage of local labour to be employed by foreign enterprises as well as requests to use local materials or maintain certain labour standards.

Mr. van LANGENHOVE (BELGIUM) thought it would be premature to refer the matter to a Sub-Commission. He suggested that two Rapporteurs be appointed to collate the preliminary data on the question in collaboration

/with

with the Sub-Commission for Economic Development and with the specialized agencies. Mr. van Langenhove proposed the representatives of China and France as suitable candidates to act as Rapporteurs.

Mr. FERGUSON (INTERNATIONAL BANK) declared that the International Bank would be interested in joining a group set up to study a code for foreign investments. He emphasized that one of the Bank's main purposes was the encouragement of investments.

Mr. FISHER (INTERNATIONAL MONETARY FUND) stated that the Fund would be happy to collaborate.

The CHAIRMAN, speaking as a representative of Norway, shared the view of the representative of France and supported the proposal to appoint two Rapporteurs on the question. He expressed some doubts as to the interpretation which the representative of the United States had given to the elaboration of an international code for foreign investments, since any attempt to induce governments to disclose their intended economic policy would appear to be an infringement of established practice and go far beyond the original sense of the suggestion.

Mr. COPPOCK (UNITED STATES) failed to see the advantages of a code if it was not to bring about a change in the present day practices.

Mr. MOROZOV (USSR) recalled that the Council had decided to refer the Chinese proposal to the Sub-Commission on Economic Development. He did not see the need to change that decision:

1. The relations which would exist between the Rapporteurs as suggested by Mr. van Langenhove (Belgium) and the Commission on Economic Development had not been made clear.
2. Some aspect of this question would also concern the Fiscal Commission; therefore the representative of the USSR preferred to see the matter referred to the Sub-Commission Economic Development.

Mr. NEHRU (INDIA) supported this proposal. He was against the appointment of two rapporteurs since the conclusions at which they might arrive might not be approved by other interested countries in spite of

liaison between the Commission and the agencies concerned and collect data.

Mr. CISNEROS (CUBA) considered a Committee of two totally inadequate. He favoured setting up a special sub-committee which would maintain contact with the specialized agencies concerned.

Mr. RUEFF (FRANCE) reminded Members that the Economic and Employment Commission was an important commission of the Council whose duty was to centralize the work done in various fields. He therefore proposed that the Economic and Social Council be informed that the Commission proposed to deal itself with the grouping of information necessary for a study of an international code for investment and a definition of the policy to be followed.

Mr. COPPOCK (UNITED STATES) stressed the point that the Chinese proposal relating to item 18 of the Agenda had been referred by the Economic and Social Council to the Commission to be acted on by the Sub-Commission on Economic Development. He therefore reiterated that the problem presented in item 18 be referred to the Sub-Commission on Economic Development for consideration.

Mr. WU (CHINA) and Mr. NEHRU (INDIA) seconded the United States proposal, the latter with the reservation that the Sub-Commission on Economic Development should not examine tentative proposals but confine its activities to the study of the problem.

Mr. CISNEROS (CUBA) proposed that the Fiscal Commission and the specialized agencies be represented on the Sub-Commission on Economic Development. Mr. NEHRU (INDIA) agreed.

It was agreed that the problem proposed in item 18 be referred to the Sub-Commission on Economic Development for consideration.

3. Item 19 of the Agenda, "The Problem of International Controls and Allocations of Commodities in Short Supply and the Problem of Surplus Commodities in Prospect (document E/CN.1/13)"

Mr. COPPOCK (UNITED STATES) informed the Commission that the legislative powers under which priorities had been allocated for export by the

United States Government would no longer be in force after 1 March 1947. The Export Control Act would not be in force after 30 June, and the question of knowing to what extent those powers would be renewed was a matter of speculation. Therefore the United States could not at this time support any recommendation to the Council implying that priority allocation be given to goods in short supply.

Mr. McDOUGALL (FAO) thought that it might be useful to have the views of staff and representatives of the Emergency Food Council when item 19 would be discussed at greater length by the Commission.

It was agreed by the Members to extend an invitation to such specialists to present their views when the question would next be discussed.

4. Item 20 of the Agenda, "Consideration of the Question of Corresponding Members of the Commission"

Mr. WEINTRAUB (SECRETARIAT) suggested that the views of members of the nuclear Commission present be invited.

Mr. van LANGENHOVE (BELGIUM) explained that the appointment of corresponding members had been envisaged as a means of widening contacts.

The CHAIRMAN suggested that outgoing members of the Commission might become corresponding members. Mr. van LANGENHOVE observed that this system had been adopted in the Financial and Economic Committee of the League of Nations with good result. Mr. RUEFF (FRANCE) wished to make reservations with regard to the Financial and Economic Committee of the League, inasmuch as its members were practically permanent which he thought accounted for the strength of that Committee.

5. Item 21 of the Agenda, "Representation on the Population Commission"

Mr. WEINTRAUB (SECRETARIAT) explained that in accordance with the terms of reference of the Population Commission, one member of this Commission should serve on the Population Commission in order to keep contact and be informed of its progress. It was agreed to postpone this item until a later meeting.

The meeting rose at 5.55 p.m.