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Chairman: Mr. Mohammad MIR KHAN (Pakistan).

AGENDA ITEM 12

**Report of the Economic and Social Council,
chaps. II to V (A/3154, A/3192, A/C.2/L.282
and Corr.1, A/C.2/L.301, A/C.2/L.319) (*con-
tinued*)**

1. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that it was only fair to recognize that the Economic and Social Council had done certain useful work in the period 1955/1956. Nevertheless, it had not given sufficient attention to a whole series of important questions related to the problems of technical assistance and the economic development of underdeveloped countries. In particular, no practical suggestion had emerged from its discussions with regard to industrialization, the development of international trade on a mutually advantageous basis, or the establishment of a Special United Nations Fund for Economic Development. It was also apparent that the co-ordination of the efforts of the United Nations and the specialized agencies to promote international economic co-operation still left much to be desired.

2. The regional economic commissions played an important part and actively participated in the implementation of General Assembly and Council resolutions. Their membership had increased, and they appeared to be showing increasing awareness of current needs. The Economic Commission for Europe (ECE), for example, was studying the possibility of drafting an all-European agreement on economic co-operation. It was also preparing recommendations for the establishment of contacts between business circles in East and West, and was considering the establishment of a regional agency for the utilization of atomic energy for peaceful purposes.¹ The work of the Economic Commission for Latin America (ECLA) and the Economic Commission for Asia and the Far East (ECAFE) was also better directed and more efficient. All the regional commissions were organizing the exchange of technical and scientific information, experts' visits to foreign countries, etc. Those were positive measures which deserved to be noted. Nevertheless an anomalous situation continued to exist in both ECAFE and ECE as a result of the absence of the People's Republic of China and Outer Mongolia from ECAFE and of the German

Democratic Republic from ECE. There was no need to reiterate how much the participation of those important States would contribute to the effectiveness of the commissions' work.

3. As was known, the USSR delegation had submitted a draft resolution (A/C.2/L.282 and Corr.1) proposing the convening of a world economic conference in 1957. Even at the the 1955 commemorative session at San Francisco, Mr. Molotov had put forward the idea of a conference to promote the development of international trade, and Mr. Shepilov had again drawn attention to the importance of such a conference in the General Assembly in November 1956 [589th meeting]. During the general discussion on agenda item 27 in the Second Committee in December 1956, the USSR delegation had outlined the considerations which had prompted it to submit the draft resolution now before the Committee [404th meeting].

4. The time had long been ripe for the convening of an international conference. Governments, peoples, business groups and international organizations were calling for energetic action to normalize international relations, as well as for a prompt solution of the world's very serious economic problems. The USSR delegation believed that the discussions of a broadly representative body such as the proposed conference would do much to promote international economic co-operation. Many examples of such conferences had been cited by earlier speakers; a further example was provided by the 1922 Genoa Conference, the World Economic Conference which had been held in 1927 and that of 1933, which had been convened in the darkest days of the world economic depression and had resulted in the regulation of trade in certain essential commodities and the conclusion of the first international wheat agreement. More recently, the statute of the International Atomic Energy Agency had been drafted at an international conference.

5. It was true that various United Nations bodies were already dealing with international economic questions, but their work was fragmentary and the results they were achieving were therefore of limited scope. The Economic and Social Council dealt with too broad a field to be able to undertake a detailed study, of the kind that could be made by a specially convened conference, of the various problems requiring solution. Moreover, the action that could be taken by the Council was limited.

6. Economic relations were of serious importance to the creation of a climate of confidence between nations with differing social systems and, consequently, to the improvement of political relations between them. No effort should be spared to strengthen economic co-operation on the basis of mutual interest and of respect for the sovereignty and equality of all nations. The development of economic co-operation would promote the expansion of the domestic and foreign markets of all countries and the raising of levels of production,

¹ See E/2868, paras. 292 to 300.

employment and living. By furthering such action, the United Nations would be fulfilling one of the essential purposes assigned to it by the Charter, in particular Article 55, on which the Soviet proposal was based. Nor should it be forgotten that the development of international trade was likely considerably to facilitate the economic advancement of under-developed countries.

7. The United Nations had been seeking for many years to set up an international trade organization. However, the only outcome of its efforts to date had been the conclusion of the General Agreement on Tariffs and Trade (GATT), to which only thirty-five Member States out of eighty had so far acceded. There were, of course, the Commission on International Commodity Trade and the Interim Co-ordinating Committee for International Commodity Arrangements, but their scope was limited. The organization for economic co-operation which the Contracting Parties to GATT were proposing to set up would not meet the needs of the development of international economic co-operation. In any case, none of those bodies could be a substitute for a true international trade organization.

8. At the proposed international economic conference, participating States would deal with a whole range of problems of vital interest to the peoples of many countries. They would, in particular, examine existing measures of discrimination. The latter were weapons used in the cold war and their abolition would do much to ensure the peaceful coexistence of States with differing social systems and to strengthen international confidence. Only an international conference could deal with those complex problems and pave the way for their solution.

9. The convening of an international economic conference was both necessary and timely. His delegation realized that the current session of the General Assembly had been somewhat prolonged and that the preparation of a conference would require a good deal of time, and it therefore withdrew its draft resolution and supported the proposal by Poland and Yugoslavia to refer the question to the Economic and Social Council, which would report to the General Assembly at its twelfth session (A/C.2/L.319).

10. Mr. LYCHOWSKI (Poland) said that United Nations activity in the economic field was still fragmentary and did not include general measures for solving world economic problems as a whole. That had not always been so. In the early days of the Organization's existence, the main specialized agencies had been set up and preparatory work had been undertaken for the establishment of an international trade organization. At that time, there had been reason to entertain great hopes. However, ten years had elapsed during which the cold war, in particular, had maintained an atmosphere which was unfavourable to carrying out extensive economic projects under the auspices of the United Nations. That period of measures limited to the solution of urgent difficulties should now be brought to an end, and the United Nations should consider gradually undertaking wider activities, in accordance with Articles 55 and 56 of the Charter.

11. With regard to the draft resolution proposed by Argentina and six other countries (A/C.2/L.301), the Polish delegation's attitude differed from one paragraph to another. It unreservedly approved some of the ideas put forward in the draft, particularly in the second and third paragraphs of the preamble. It could also accept sub-paragraphs (c) and (d) of operative paragraph 1, but was not sure that such appeals could

bring about the desired results. The same applied to the very general recommendation addressed to the Economic and Social Council in operative paragraph 2.

12. With regard to the other parts of the draft, the Polish delegation observed that the beginning of the first paragraph of the preamble, referring to the growth in world production and trade since the Second World War, was inconsistent with the less optimistic comment at the beginning of the third paragraph of the introduction to the *World Economic Survey, 1955* (E/2864). It had already been pointed out during the general debate that the post-war increase in production had lacked balance in the capitalist world. The average rise in industrial and agricultural production between the end of the war and 1954 had been approximately 30 per cent, but although it had amounted to 47 per cent *per capita* in the highly developed countries it had not exceeded 5 per cent *per capita*—partly because of the very high birth rate—in the under-developed countries, and had decreased by approximately 8 per cent *per capita* in the countries of South East Asia during the same period. The situation with regard to international trade was similar. The general index of exports in the capitalist world showed an increase of over 45 per cent between 1938 and 1954, but during the same period the exports of the countries producing primary commodities had increased by barely 24 per cent, while the population of those countries had increased by over 32 per cent. During that period, exports of foodstuffs had decreased by approximately 9 per cent. The optimism expressed in the first paragraph of the preamble was therefore unjustified.

13. The statement in the first paragraph of the preamble that progress had been made in the reduction or removal of obstacles to international trade and in the promotion of its expansion on a multilateral basis was equally dubious. All the restrictions on trade between capitalist and socialist countries were still in force, although the latter group comprised over one-third of the world's population. Moreover, the constant surplus in the balance of payments of the United States could certainly not promote the expansion of international trade on a multilateral basis. Poland, for its part, was dedicated to the free and unfettered development of economic relations with all the countries of the world and was shaping its foreign trade policy accordingly.

14. The fourth paragraph of the preamble deserved special attention. It was obviously directed against the proposals to set up a new international trade organization. Whatever the arguments against such an organization might be, the Polish delegation considered that opposition to its establishment could not be based on a defence of the activity of existing international organizations. For example, it was no secret to anyone that the effective credits granted by the International Bank for Reconstruction and Development between 1947 and 30 September 1956 amounted to barely \$1,400 million, \$264 million of which had already been paid back by the debtors. That figure was rather meagre in comparison with the minimum sum of \$3,500 million which, according to estimates made by Professors Millikan and Rostow, would be needed by the economically under-developed countries each year for several consecutive years. With regard to the activities of the International Monetary Fund, it should be borne in mind that between 1947 and the end of August 1956, all its operations had barely amounted to \$1,305 million, half of which related to 1947 and 1948. He was therefore

puzzled by the statement in the fourth paragraph of the preamble to the draft resolution that the existing organizations were "doing valuable work" in the field of international trade, and he wondered whether a discussion of their activities and of the possible need to alter their statutes or to set up new organizations would really lead to duplication with a consequent waste of resources and a weakening of all the organizations in the field of international trade.

15. With regard to the Organization for Trade Co-operation proposed in operative paragraph 3, it was well known that only a few countries would become members. The agreement establishing the Organization did not even provide for the possibility of admitting countries with a socialist monopoly of foreign trade, as had been the case, for example, with the first draft proposal prepared by the United States for setting up an international trade organization. It was therefore difficult for the Polish delegation and, probably, for a number of others, to express a favourable opinion on the proposed Organization for Trade Co-operation, and it was an exaggeration to say that the General Assembly looked forward with interest to its establishment.

16. The Polish delegation accordingly could not support the seven-Power draft, as it did not express the universal opinion of the United Nations but merely that of a few Member States.

17. Turning to the Polish and Yugoslav draft resolution, he pointed out that it was very brief and merely requested the Economic and Social Council to consider the question of convening a world economic conference. It in no way opposed the seven-Power draft resolution, and many delegations would easily be able to vote for both proposals. Nevertheless, the two drafts differed appreciably in scope and in spirit. Whereas the seven-Power draft was obviously of interest only to some members of the Committee, the Polish-Yugoslav draft was of interest to them all. The former gave the impression that everything was for the best in the best of all possible worlds with regard to the international exchange of goods, services and capital. The latter did not express such optimism, but stressed the need at least to make an attempt at further international action to remedy the unsatisfactory state of world economic development over the past ten years.

18. That explanation should serve to refute the charges brought against supporters of an international economic conference to the effect that the proposal was a political action aimed at aggravating the existing economic and political division of the world. The purpose of the Polish-Yugoslav draft resolution was, on the contrary, to promote consideration in the Economic and Social Council of all methods which could give rise to joint action for co-operation among all countries, irrespective of the level of their economic development, their social system or their political régime. The international economic conference would be a serious undertaking dedicated to combating the increasingly evident splitting of the world into developed and under-developed countries, into socialist and capitalist countries, and into economic blocs that were often artificial structures adapted to the political and military combinations of the moment.

19. It had also been said that such a conference would have no subjects to discuss and that, so long as political tensions continued, it could not hold out any hopeful prospects. Yet in the course of discussions such as that devoted to the establishment of a Special United

Nations Fund for Economic Development, the error of making all international economic action dependent on the relaxation of international tensions had become evident. The process of such a relaxation would of its nature be a lengthy one, and would comprise various phases and suffer many vicissitudes. It was precisely in the course of such a process that international action taken on the economic, and not on the political, level might very appreciably hasten the general *détente*.

20. There would not, moreover, be any lack of important subjects for discussion at the conference. It was generally recognized that the basic economic problem at the present time was the growing discrepancy between the *per capita* levels of production in the developed countries and in the under-developed countries. In the latter, which comprised more than half the world's population and where the average *per capita* national income in 1953 had been \$98, there must be a considerable and rapid increase in production. That was the only means of increasing capital accumulation and thus stimulating economic progress. The type of production to be favoured in those countries must be considered for each country individually, for only in that way would it be possible to determine the part to be played by foreign economic assistance and the branches of the economy in which such assistance should primarily be given, and only when that had been done would it be possible to determine the function of bilateral or multilateral aid within the framework of foreign assistance.

21. The under-developed countries were also finding it difficult to export their foodstuffs and raw materials, but to overcome that difficulty it was not enough to follow the course proposed in the seven-Power draft resolution and to call upon countries in general to conduct their trade policies with due regard to their possible harmful effects on the economies of other countries, especially those which were dependent on exports of relatively few commodities. The need was for serious and well-considered international action, and such action should be discussed by an international economic conference.

22. Another problem with which the conference would have to deal was that of the international bodies directly or indirectly concerned with the international exchange of goods, services and capital. Whatever opinion might be held on the activities of those bodies, it should be borne in mind that they had been established ten or twelve years previously at a time when the future course of world economic relations had been envisaged in quite a different light than at present. There could be no doubt, moreover, that the objectives of those organizations were rather limited.

23. The conference would also have to deal with relations between countries with different systems of foreign trade as well as different social and economic structures. The existence for more than ten years of a large group of socialist countries gave weight to a request for jointly considering, under United Nations auspices, the nature and form of the economic co-operation which might be established between countries with different systems. That seemed all the more true since such co-operation was developing constantly, even though too slowly and not without hindrances. There was also the unsolved question of the uneven flow of international payments, which obliged certain countries to protect their balance of payments and thus created additional difficulties for international trade. After twenty-five years of currency and trade

restrictions throughout the world, it was high time to attack the problem on the international level.

24. Many other fundamental economic problems likewise appropriate for discussion at a future international economic conference could also be mentioned. In their draft resolution, the Polish and Yugoslav delegations proposed that the Economic and Social Council should trace the broad outlines of a general work programme and should be given the task of adopting preparatory measures to raise the level of living of hundreds of millions of human beings and to help safeguard mankind's greatest treasure, which was and always would be peace.

25. Mr. RAJAPATHIRANA (Ceylon) was alive to the importance of developing economic co-operation between all countries and promoting international trade, and therefore proposed to go into the two draft resolutions on the subject point by point.

26. He approved of the first three paragraphs of the preamble to the seven-Power draft resolution, but considered the fourth paragraph unacceptable because there seemed to be some contradiction between the statement in that paragraph to the effect that it was necessary to avoid proliferation of international bodies and agreements and the substance of operative paragraph 3, which looked forward to the establishment of a new organization for trade co-operation. It was also illogical to imply in the fourth paragraph of the preamble that the situation was quite satisfactory and then to press in operative paragraph 3 for the establishment of a new body. Furthermore, the fourth paragraph of the preamble was not clear enough. What was meant by the words "existing international bodies and agreements"? Was the reference to regional organizations and agreements or to the International Bank for Reconstruction and Development and the International Monetary Fund? Furthermore, to say that existing international bodies and agreements provided "an adequate framework" for the consideration of trade problems and were doing "valuable work" was expressing a purely subjective view. Anyone who had participated in the work, say of the Bank or the International Monetary Fund knew perfectly well that the operation of those bodies was not entirely satisfactory. Shortcomings existed, and much still remained to be done. They were, of course, doing everything that their articles of agreement allowed, but that was the most that could be said. As he saw it, the situation should be judged objectively, without indulging in over-optimism. It might be objected by some that nothing more than a paragraph of the preamble was at issue, but he personally considered it important to eliminate any contradiction between the preamble and the operative section if the latter was to carry real weight. He therefore hoped that the sponsors would agree to delete the fourth paragraph of the preamble.

27. There were also certain difficulties with regard to operative paragraph 3, for it was not known whether the idea of establishing an organization for trade co-operation would have the backing of every country. In that connexion, he recalled that a number of countries had not accepted the Havana Charter and GATT. Furthermore, the Polish representative had pointed out that the agreement establishing the proposed organization actually precluded the admission of socialist countries. Those restrictions were such as to cause his delegation great concern, for Ceylon, which had already benefited greatly from multilateral trade, looked upon international co-operation as an essential condition for

economic development. While it was possible to conceive of a world divided into political or ideological blocs, the existence of economic blocs was out of the question. He therefore felt that the fourth paragraph of the preamble and perhaps operative paragraph 3 were unsatisfactory as they stood, and he would like to have various points concerning them cleared up.

28. On the question of convening a world economic conference, as proposed in the draft resolution submitted by Poland and Yugoslavia, he believed that international economic co-operation would be promoted thereby. Experience had shown that the holding of world economic or finance conferences—the Brussels Conference in 1920, the London International Monetary and Economic Conference in 1933 et cetera—usually produced significant results. The draft resolution, furthermore, was moderately worded, since it merely requested the Economic and Social Council, at its twenty-fourth session, to consider the possibility of convening such a conference. The Council was undoubtedly qualified to determine the agenda and date of the conference, and the question could be usefully referred to it even though its own agenda was heavy.

29. He therefore approved the Polish and Yugoslav draft resolution on first sight, but reserved the right to revert to it after other Committee members had expressed their views. He also reserved the right to make further comments on the seven-Power draft resolution after hearing the explanations he had requested on operative paragraph 3.

30. Mr. KAUFMANN (Netherlands) said that the Netherlands traditionally took a deep interest in international economic co-operation and would like to see international trade increased as much as possible. The Danish representative had referred at the 438th meeting to the numerous steps taken by States to foster such co-operation, and he would therefore not labour the point. He would, however, like to stress that the Netherlands was participating in those efforts not only in Europe but also in other parts of the world, where they were active partners in the work of ECLA and ECAFE. Those two Commissions were doing valuable work, particular praise being due to the former for its economic integration plan for Central America, which had not received all the publicity it deserved.

31. Several members of the Committee, including the USSR and Polish representatives, had drawn attention to the numerous defects of the existing world economic structure. The Netherlands delegation was among the first to admit their existence, but wondered whether they could really be remedied by an international economic conference of the kind the USSR delegation wished to have convened. In its view, the solution of the many economic problems arising called for continuing action not sustainable by a conference which was impermanent by definition. Before the Second World War there had been a whole series of individual conferences which had no doubt resulted in the conclusion of agreements in particular fields, but they had never succeeded in bringing a permanent solution to general problems. Much progress had been made since the Second World War thanks to the establishment of the United Nations, which provided the very framework necessary for continuous action.

32. He went on to analyse the various problems which the USSR delegation proposed for inclusion in the conference agenda. The conference would first be asked to study questions relating to the development of international trade. He noted, on that point, that the

necessary machinery existed and that the main thing was to strengthen it; the best way to do so would be for Governments to respond to the appeal made to them in Economic and Social Council resolution 614A (XXII). The Netherlands, for its part, was eagerly awaiting the establishment of the Organization for Trade Co-operation within the framework of GATT; and he would point out that the Organization, under article 2 of the agreement, would be open not only to the Contracting Parties to GATT but also to Governments which were not, or had ceased to be, Contracting Parties, but which it invited to participate in its activities. He then read aloud the provisions of article 3 of the agreement describing the new organization's functions, from which it emerged that it would have a very wide field of activity and generally meet the purposes of sub-paragraph (a) of operative paragraph 1 of the USSR draft resolution.

33. The USSR delegation also wanted the world economic conference to study questions relating to international economic co-operation to facilitate the establishment of an independent national economy in under-developed countries: that, in fact, was one of the purposes set forth in the Charter of the United Nations, and all Member States, in subscribing to the Charter, had undertaken to promote it. International action in that field had already been organized under the auspices of the United Nations, and it was only necessary to intensify it.

34. The third set of questions, concerning international credit and finance problems, came within the purview of two existing bodies—the Bank and the International Monetary Fund—which, despite certain shortcomings, were doing excellent work, and it was entirely up to the Governments concerned to seek their aid more often. Incidentally, the work of the Bank and the International Monetary Fund was closely followed by the Economic and Social Council, which received a detailed annual report at its Spring session from the Directors of those organizations.

35. However, the Netherlands delegation's main objection to the proposal to convene a conference was that a single conference was insufficient in itself to resolve such a host of complex problems. In those circumstances, it would vote against the Polish and Yugoslav draft resolution requesting the Economic and Social Council to consider the question of convening a world economic conference. The Council was free to determine its agenda as it wished, and it was not the Committee's place to request it to stage a procedural debate on the advisability of convening such a conference.

36. The Netherlands delegation would vote for the seven-Power draft resolution.

37. Mr. ALFONZO RAVARD (Venezuela) thought that the seven-Power draft resolution was a balanced document containing some extremely useful recommendations. He pointed out that the ideas it set forth had already earned the approval of a majority of the members of the Economic and Social Council at its last session, and said that he would vote for it.

38. Sub-paragraphs (b) and (c) of operative paragraph 1 contained recommendations of particular im-

portance. It was interesting to note that they were being made by developed countries; that concern on the part of those countries for the development of under-developed areas was especially praiseworthy. It was gratifying to see that the more fortunate countries, whose economic policies directly affected the situation of the under-developed countries, recognized that the economies of the two groups were interdependent, and were increasingly aware of their responsibilities in that field.

39. If a separate vote was taken on operative paragraph 3 of the draft resolution his delegation would abstain from voting, as Venezuela was not a member of GATT.

40. Turning to the draft resolution submitted by Poland and Yugoslavia, he pointed out that the question of convening a world economic conference must be examined realistically. While certain political problems were due to the existence of economic problems and consequently could be settled only if the economic problems which caused them were dealt with, there were also some economic problems which were due to political problems, and in their case it was the political problems which must be tackled first.

41. There were two main reasons why the Soviet Union was in favour of convening a world economic conference. The first was that a conference with a very wide membership would enable countries like the People's Republic of China or the Mongolian People's Republic, which were not members of any regional economic commission, to participate in the proposed discussions. It was not for the Venezuelan delegation to go into the considerations which prevented those countries from participating in the work of the United Nations, but it was reasonable to suppose that they were not purely economic.

42. The second reason was that the agenda of the conference might include certain items to which the USSR attached special importance. The USSR representative had made the point that, for political reasons, some countries were still applying discriminatory economic measures, and had expressed the hope that through the conference such practices might be eliminated. In his own opinion, discussions of an economic nature would do nothing to settle such problems. It was the political causes of the problems which must be attacked, and as the conference would not be competent to deal with questions of that nature its efforts would be doomed to failure.

43. Nevertheless he was grateful to the Soviet Union representative for his attempt to solve the problem and he hoped that the USSR would also endeavour, on the political plane, to find the true solution.

44. His delegation thought that, as the agenda of the Economic and Social Council was very heavy, there was no point in requesting the Council to consider a procedural question which would take up a great deal of its time.

45. For all those reasons, the Venezuelan delegation would vote against the draft resolution submitted by Poland and Yugoslavia.

The meeting rose at 1 p.m.