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Fourth Session

SUMMARY RECORD OF THE FORTIETH MEETING

Held at Lake Success, New York,
on Thursday, 30 March 1950, at 10.30 a.m.

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<u>Chairman:</u>	Mr. OYEVAAR	Netherlands
<u>Members:</u>	Mr. PLAZA	Chile
	Mr. HSIAO	China
	ABAZA Bey	Egypt
	Mr. GOURSAT	France
	Mr. SUKTHANKAR	India
	Baron van HEEMSTRA	Netherlands
	Mr. FOIEN	Norway
	Mr. CHHATARI*	Pakistan
	Sir Osborn MANCE	United Kingdom of Great Britain and Northern Ireland
	Mr. JOVANOVIĆ	Yugoslavia

* Observer

Also present:

Mr. CHARGUERAUD	Economic Commission for Europe
Mr. CLARKE	Economic Commission for Asia and the Far East

Representatives of specialized agencies:

Mr. EVANS	International Labour Organisation (ILO)
Mr. CARNES	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Mr. MOULTON	International Civil Aviation Organization (ICAO)
Miss WERRING	International Bank for Reconstruction and Development

Representative of a non-governmental organization:

Mr. WILKINSON	International Union of Official Travel Organizations
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Secretariat:

Mr. LUKAC	Director, Division of Transport and Communications, Secretary of the Commission
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CO-ORDINATION OF INLAND TRANSPORT (E/CN.2/69, E/CN.2/69/Corr.1)

1. The CHAIRMAN said the Commission would consider the question of co-ordination of inland transport, for which the relevant documents were E/CN.2/69 and E/CN.2/69/Corr.1.

2. Mr. LUKAC (Secretariat), presenting document E/CN.2/69, said it gave an account of activities and developments since the Commission's third session, when it had decided to seek the views of other competent international organizations interested in the question of co-ordination of inland transport.

3. Little information had been received from the Permanent International Association of Road Congresses, the International Road Transport Union, the Permanent International Association of Navigation Congresses and the International Railway Congress Association, but a full report had been submitted by the International Chamber of Commerce and comments by the International Railway Union. Part II of the document dealt in detail with the activities of the International Labour Organisation, the International Chamber of Commerce, the Economic Commission for Europe, the Economic Commission for Asia and the Far East and the International Railway Union. Part III presented developments relating to co-ordination of inland transport in various countries since the Commission's previous session.

4. In conclusion, he drew attention to the Secretariat's suggestions on pages 13 and 14 of the document.

5. Mr. GOURSAT (France) had been struck by the lack of progress made by the Commission and by Governments in their study of the co-ordination of inland transport. That lack of progress had also been noted by Sir Osborne Mance in his article on the "Co-ordination of Inland Transport" in the Transport and Communications Review, Volume II, No.3 July-September 1949, which had been read with much interest in France. In that article Sir Osborne had indicated that the problem of co-ordination had not so far been solved by any State, and Mr. Goursat drew particular attention to the section entitled "Urgency of the Problem" on page 15 of the Review.

6. Feeling that the lack of progress was perhaps due to the lack of a clear definition of the problem, he had approached various authorities on the subject in his country, but they had been able to provide only contradictory or vague definitions.

7. In an attempt to state the problem clearly, he took as an example the theoretical situation of a state in which all transport was purely internal. Three groups were concerned in the problem of transportation: (1) the users, or those who paid for transport; (2) the transporters, or those who were paid for the transport they provided; and (3) the taxpayers. Sir Osborne Mance had correctly referred to the risk of State intervention when a drop in the total receipts made it impossible to cover expenditure, although in an economically well-developed State prices should cover the cost of services. It might therefore

/be said

be said that co-ordination of transport was achieved when the State or the taxpayers did not help to meet the cost of transport, namely, when the second group mentioned above was not subsidized by the third. Such a definition, however, was not adequate since it might cover absurd situations which would lead to a diminution in transport. It must therefore be supplemented by additional conditions such as those proposed by the International Chamber of Commerce, which were listed on page 16 of document E/CN.2/69, provided that such supplementary conditions were not either too numerous or contradictory to each other.

8. Mr. Goursat pointed out that the same kind of difficulty was evident in other economic problems, such as the balance of exchange between two countries or the problem of full employment. Like the problem of inland transport, such problems required as a fundamental condition of their solution a clear definition supplemented by the statement of certain necessary conditions.

9. Thus, if the Commission intended to call the attention of regional economic commissions and states to the problem of co-ordination of inland transport, it should point out to them the utility of an accurate definition of the theoretical situation in which co-ordination had been achieved, and request regional commissions and states to give their consideration to the conditions necessary to supplement such a definition.

10. Mr. CHHATARI (Pakistan) said that the item under discussion was one of the most important on the Commission's agenda. He therefore proposed to recall the background and to give a clear statement of his Government's views on what it could and could not do in the matter.

11. The Commission had sought the views of the Permanent International Association of Road Congresses, the International Road Transport Union, the Permanent International Association of Navigation Congresses and the International Railway Congress Association, but had so far received no comments from them. The International Chamber of Commerce had, however, submitted its views. Its idea was to examine the advisability and practicability of a formal survey with the collaboration of Governments and to determine the form which such a survey should take. Eight principles for the co-ordination of inland transport had been suggested by the ICC, and were listed in document E/CN.2/69. Those principles were the conclusions drawn from discussions between both users and providers of different forms of transport.

/12. The International

12. The International Labour Organisation had expressed the view that the success of one form of transport as against another was due to a large extent to differences in conditions of employment, which indicated the need for achieving comparability in employment conditions in the various forms of transport.
13. The Ad Hoc Working Committee appointed by the Economic Commission for Europe was studying the problem on the basis of certain essential factors, such as: class of transport, difficulties due to the intervention of public authorities, extent of expenditure borne by public authorities, rate structure, national regulations and basic principles adopted in fixing rates, needs of users and conditions of employment. The Ad Hoc Working Committee had recommended that, in view of the possibility of conflicting means being adopted by different Governments for co-ordination of transport on a national level, Governments should as far as possible give consideration to international transport in drawing up their national co-ordination plans. Consideration was also being given to the regulation of international transport in the light of passenger requirements, and the establishment of an International Road Transport Board had been proposed.
14. The Economic Commission for Europe had emphasized the difference in character of co-ordination problems in countries with highly-developed transport systems and in under-developed countries. While the principle involved, the economic division of functions between various forms of transport, was the same in both cases, the circumstances of its application were different. In the former case no economic competition should exist. In the latter, the problem was generally not one of competition, but of developing an integrated transport system in which the various forms of transport were developed in accordance with needs and with the suitability of the geography and economy of the area. A meeting of inland transport experts had recommended that attention should be concentrated only on short-term plans and on those long-term plans having a bearing on short-term plans.
15. The Secretary-General of the United Nations did not at the present stage recommend an enquiry to Governments on a world-wide basis, but preferred to continue the existing system until the fifth session of the Commission had reviewed the situation on the basis of information received from specialized international transport bodies in the various fields of inland transport. It therefore appeared that the subject was not likely to arouse controversy in the immediate future.

16. From the point of view of Pakistan there was no objection to continuing the enquiry along the lines suggested, but Pakistan would not find it possible to allow users unrestricted freedom in choice of the means of transport, the reason being that the railway, which was a national undertaking, would be deprived of revenue-gaining commodities. Pakistan would therefore find it necessary to provide some sort of protection for the railways. In Pakistan co-ordination of transport was limited to co-ordination of road and rail transport. There was no problem in Eastern Pakistan, which depended to a great extent on river transport, but difficulties might arise in Western Pakistan. It had therefore been proposed to set up a transport board consisting of representatives of the central and provincial governments, and Mr. Chhatari outlined the principles by which it had been suggested that the board should regulate nationalized transport services.

17. He again emphasized that his Government's attitude was one of co-operation in the studies the United Nations might wish to undertake on the subject, but Pakistan, being a new country, had certain problems of its own to face and it had therefore thought it best to place its views clearly before the Commission, stating what it would have difficulty in accepting.

18. ABAZA Bey (Egypt) said that it was difficult to admit unrestricted competition, especially where railways were, as was the case in Egypt, government-owned. The unrestricted competition of transport led to an undue diminution in the amount of transport available and indirectly to an increase in the cost of living. The Commission should therefore consider means of establishing equilibrium between the various forms of transport.

19. During consideration of the question of the establishment of an economic commission for the Middle East, it had been felt that the latter should co-operate closely with the Economic Commission for Europe. Although the two regions were separated by certain factors, they were united by others, and the co-ordination which had been achieved between the two in the matter of telecommunications would be equally beneficial if applied in the field of inland transport.

/He therefore

He therefore suggested that in the case of two adjacent regions such as the Middle East and Europe, there should be inter-governmental meetings of bodies concerned with transport and communications problems.

20. Sir Osborne MANCE (United Kingdom) was glad that his article had been received with such interest in France.

21. He agreed with the remark made by the member from Pakistan, that the basic principles of co-ordination in under-developed and developed countries were the same, and that differences arose only with regard to their application. He pointed out that in the United Kingdom the total charge for transport was less than the total cost, a serious situation which was contrary to the provisions of the United Kingdom Transport Act that transport should not be a public charge. An important question of principle was involved in that problem: whether each branch of transport should be considered as a separate financial entity, or whether the different forms of transport should be regarded as a whole from the point of view of national finances. That did not necessarily mean nationalization, but simply that Government subsidies could either be given to each branch separately, or allocated to transport as a whole. Two considerations arose in that connexion: first, it was of the greatest importance to develop, further than had hitherto been the case, the technique of cost accounting; and, secondly, the differences in the obligations imposed on different means of transport. In so far as these obligations led to greater cost, that cost should be shared by the users of all forms of transport. Considerations such as these led to the idea of ^{pooling} of track costs which he had suggested.

22. In order to secure a more thorough study of those matters, Sir Osborne proposed that the Commission, instead of merely recommending an investigation of the matter by the European Inland Transport Committee, should ask the Secretariat to send to Governments a questionnaire of the nature he had circulated to the Commission, dealing with various problems related to the co-ordination of inland transport. The Government replies to the questionnaire could then be examined by the Secretariat -- in co-operation with a few experts -- which could present a more complete analysis of the situation to the Commission at its following session. Care should be taken, however, not to reproduce in the

/questionnaire

questionnaire detailed questions which had been put to Governments previously, as otherwise they would fail to give the questionnaire the necessary attention. The questionnaire drafted by him met that requirement. By following that procedure, he thought, the Commission would achieve greater progress than by any other means. Sir Osborne further stressed that co-ordination of transport was a universal problem, and should consequently be approached on a world-wide basis and not only on a regional basis.

23. Mr. BAKER (United States of America) asked for further amplification of Sir Osborne's last statement.

24. Sir Osborne MANCE (United Kingdom) explained that the question had two aspects; first, the co-ordination of inland transport was a problem of a world-wide character in so far as it existed in most countries and therefore it was advisable to assemble the knowledge and experience of the various countries in order to find the best solution. Secondly, the co-ordination of measures adopted in various countries had international repercussions. On the latter point he referred to his article in the Review. Those international implications included, among others, the need for the same type of rate structure being adopted by competing countries. That aspect was sometimes as much a world-wide as a regional one, in the case where countries had to compete on world markets for the same commodity.

25. Mr. BAKER (United States of America) wondered to what extent United Nations bodies should go into internal problems of co-ordination of inland transport as the situation was different from country to country according to whether transport was nationalized or not. It might perhaps be better for the Commission to confine itself to the international problem of co-ordination of transport services across borders.

26. Sir Osborne MANCE (United Kingdom) noted, in reply, that the problem had been put before the Commission at the initiative of international organizations -- the International Labour Organisation and the International Chamber of Commerce.

27. The CHAIRMAN, after reviewing the opinions expressed by various members of the Commission, wished to make a few remarks as the member from the Netherlands.

28. The main problem before the Commission, he thought, was not so much the co-ordination of inland transport as the general co-ordination of national co-ordination policies relating to inland transport. Before that problem could be taken up, however, the national co-ordination policies to be laid down by the countries concerned must be examined. National policies for the co-ordination of inland transport are primarily based on the principle of the most economic use to be made of the various means of transport. Most countries had not solved this problem satisfactorily yet, which was perhaps all to the good because they could, in examining the solution of this problem internally take cognizance of what was happening elsewhere. Developments nationally and internationally could thus influence each other.

29. Disagreeing with the member from the United Kingdom, he maintained that the co-ordination of national co-ordination policies must be solved on a regional, and not on a world-wide basis as was the case in general for inland transport problems. Inland transport is basically not a world-wide problem in contradistinction with transport by sea and air. He was using the word "regional" in the wide sense given to it by the member from Egypt, which could include a number of adjacent regions of inter-locking transport.

30. In conclusion, he offered the following definition of co-ordination of inland transport on an international level: harmonization on a regional basis of national co-ordination measures of various countries.

31 Mr. SUKTHANKAR (India) noted that Sir Osborne's article had aroused great interest in his country. He agreed with Sir Osborne's conclusion that the matter required further study, as well as with the Secretariat's view that there was no need at present for a world-wide inquiry and that the necessary information could be collected from regional bodies, specialized international transport bodies in the various fields of inland transport and other published sources, including national laws and decrees. The latter procedure might, however, be combined with Sir Osborne's proposal for sending a questionnaire to Governments.

32. He did not believe that inter-governmental conferences at that stage would serve a useful purpose in view of the fact that so far only a very small number of international organizations -- the International Railway Union and the International Chamber of Commerce -- had sent in comments on the question submitted to them by the United Nations Secretariat.

/33. He stated,

33. He stated, in that connexion, his agreement with most of the eight principles laid down by the International Chamber of Commerce, reserving his position only with regard to the third and the sixth principles. The third principle, which stated that the user should enjoy unrestricted freedom of choice among the means of transport, left some doubt as to whether the same freedom might not also apply to unrestricted competition among the various branches of transport. While his country could accept the principle itself, as laid down by the ICC, it could not agree to such an implication, as it felt that the sphere of activity of the different services should be regulated.

34. With regard to the sixth principle, dealing with competition between the various forms of transport, he noted that inland transport could not be placed on a competitive basis in his country. Under India's current regulations the charges for the transport of certain commodities such as fertilizer and food grains were less than the actual cost of the service, and an increase in the charges -- which would be inevitable if the principle advocated by the ICC were adopted -- would lead to the disruption of the country's economy.

35. Concerning the views expressed by the International Railway Union, he appreciated that the problem of railroad co-ordination varied from country to country and that consequently it could not be solved on a world-wide plane. For India, which was still concerned with the problem of developing its transport on a national basis, the question of international co-ordination of transport was somewhat unreal. He agreed, however, that the policies in all countries could be directed to the same ends -- for example, the elimination of wasteful duplication of transport -- and that in the development of domestic transport the possible effects of national measures for co-ordination of international transport should not be overlooked. Barring those reservations, he agreed with the Secretariat's conclusions.

36. Mr. EVANS (International Labour Organisation) recalled the circumstances under which, at the initiative of the Inland Transport Committee of the ILO, the question of the co-ordination of inland transport had been placed on the agenda of the Transport and Communications Commission. The question had been brought to the attention of the Commission by letter of 15 October 1947(E/CN.2/24).

/37. It might

37. It might be wondered why the International Labour Organisation and its Inland Transport Committee had taken such a keen interest in the matter. The industrial committees of the ILO, including the Inland Transport Committee, had been set up in the hope that it would be possible for representatives of Governments, employers and workers to review problems arising within a particular industry or group of industries which were of interest to all parties. For that reason some of the committees had gone beyond discussion of matters which related solely to conditions of employment. From a general point of view the International Labour Organisation was interested in what ought to be the final result of an efficient co-ordination of transport: the achievement, by "the fuller and broader utilization of the world's productive resources", of the objective set forth in the Declaration of Philadelphia, which had since been incorporated in the ILO Constitution. By raising that question, the ILO had merely acted in conformity with its solemn obligation to further among the nations of the world programmes which will achieve full employment and the raising of standards of living. Proper co-ordination or planning of the various branches of transport, by promoting the best use of all factors of production and providing efficient transport, could contribute to that purpose. He recalled, in that connexion, a resolution which had been adopted by the Inland Transport Committee of the ILO. The mover of ~~that~~ resolution had referred specifically to the necessity of co-ordinating the various needs of transport in the development of the younger countries.

38. In a wider sense, improvement of transport contributed to economic development by making available to consumers elsewhere the products of parts of the world hitherto inaccessible for physical or economic reasons. Much hardship and even famine had been prevented in that manner.

39. The ILO was even more directly concerned with the conditions of, and opportunities for, employment of transport workers. Any sudden change from one form of transport to another, which might easily lead to inconsiderate rate-cutting or keen competition between various branches of transport, was likely to prejudice stability of employment and the standards of living achieved by workers, and to cause them considerable hardship. Trade unions had frequently expressed their concern at the effect of co-ordination on the position of workers. In almost every country public authorities had been forced to intervene to prevent or mitigate abuses.

40. Where co-ordination was being carried out through measures involving amalgamation, importance should be attached to the steps which might be taken to compensate, at least in part, any workers who became unemployed as a result of such measures. The consequences of such a change might be mitigated by general measures of social security and by special measures designed to assist the workers more particularly concerned.

41. For those reasons, the ILO had brought the matter of the co-ordination of inland transport to the attention of the United Nations and, in particular, to the Transport and Communications Commission.

42. The Economic Commission for Europe had considered the problem of the co-ordination of inland transport and this had brought up the question of the relative labour costs in various branches of transport. That Commission had invited the ILO to carry out certain studies in connexion with this latter point.

43. The Governing Body of the ILO, at its 111th session, had authorized the International Labour Office, in response to a suggestion made by ECE, to carry out studies on (1) wages, allowances and other benefits; (2) social charges, including pensions, borne by the transport undertakings; and (3) hours of work, ^{the} weekly rest period and holidays with pay. An effort would be made to complete the last two studies and to make at least a preliminary study of the subjects covered by the first heading in time for the fourth session of the Inland Transport Committee of ILO, which would probably be held early in 1951. The Committee would examine those studies before they were transmitted to the United Nations. As the Governing Body had placed the question of "labour problems affecting co-ordination of transport" on the agenda of the fourth session of the Inland Transport Committee, it would be most useful for that Committee to have a brief study by the United Nations on the other aspects of the problem involved in the co-ordination of inland transport. He hoped, therefore, that it would be possible for the Secretariat to forward to the ILO, in time for the fourth session of the Inland Transport Committee, such background material as might be considered necessary for a proper consideration of the question on its agenda. In doing so, the Secretariat would be going some way towards giving effect to a resolution which had been unanimously adopted by the representatives of Governments, employers and workers of twenty-three countries, including representatives of ten Governments which had been invited to nominate members to the Transport and Communications Commission.

44. Mr. GOURSAT (France) agreed with Mr. Oyevaar that the co-ordination of inland transport in each country should be carried out by the ^{country} concerned. If /he had

he had understood correctly, the Commission would deal solely with the co-ordination of the various policies followed by Governments in connexion with inland transport and study the evolution of the situation, leaving to the regional Commissions the task of handling the question of co-ordination of inland transport in the various regions for which they were responsible. Although he thought that was a wise method to follow, he wondered whether it would not restrict the activities of the Transport and Communications Commission in the co-ordination of inland transport.

45. The CHAIRMAN reminded the members of the Commission that the problem of the co-ordination of inland transport was also being dealt with on a regional basis by the Inland Transport Committee of the Economic Commission for Europe. He requested Mr. Chargueraud to give some information on the progress of the work of that Committee.

46. Mr. CHARGUERAUD (Economic Commission for Europe) said that, in dealing with the question of the co-ordination of inland transport, the Inland Transport Committee of ECE had been faced with two somewhat conflicting problems -- the need for governments to co-ordinate their inland transport and the need to avoid the adoption of any national policy which might make international co-ordination impossible. The Committee had attempted to reconcile those points of view by requesting States to study the problem from the national point of view and to avoid taking any measure which might later prevent co-ordination on the international level. The ECE was only at the preliminary stage of its study. The problem was so complicated that European Governments considered that they should proceed with great caution. Those Governments had, however, been requested to submit comments by 1 May 1950 on the suggestions made by the Ad Hoc Working Party of the Inland Transport Committee. The replies received would be examined by the Ad Hoc Working Party, which would then suggest to ECE what methods should be used to solve the problem of the co-ordination of inland transport.

47. Referring to the draft questionnaire drawn up by Sir Osborne Mance, he said that many of the questions mentioned therein were also considered by ECE as essential to the study of the problem.

48. The Inland Transport Committee of ECE hoped to reach a solution of the problem of the co-ordination of inland transport in order to ensure the utilization of the most rational and economic transport routes, but some time might elapse before such a solution was reached.

49. Mr. FOIEN (Norway) said that a new sub-division had been set up in the Norwegian Ministry of Transport to deal with the various types of transport. He agreed with the Chairman that inland transport should be co-ordinated on a regional basis, and pointed out that the three Scandinavian countries had decided to take such action.

50. Mr. BAKER (United States of America) suggested that the Commission should note the work being carried on by the regional commissions regarding the co-ordination of inland transport and should recommend that such work should be continued.

51. Sir Osborne MANCE (United Kingdom) asked whether the Commission intended to entrust the regional Commissions with the whole question of the co-ordination of inland transport, or whether it was proposed that the Secretariat should continue its studies. He did not see why regions outside Europe should be excluded from the general study of the problem.

52. The Secretariat should continue its studies on co-ordination and should be permitted to approach Government for their points of view. On previous occasions Governments had not wished to disclose the plans under consideration for the co-ordination of their inland transport, but now they were more disposed to answer enquiries. The United Kingdom Government considered, however, that the studies being carried out by the E.C.E. were too ambitious and might make Governments less inclined to co-operate.

53. Mr. BAKER (United States of America) explained that he had intended his motion to cover all the regional commissions. He felt it would be unwise for the Secretariat to duplicate the work being carried out by those commissions.

54. The CHAIRMAN considered that information as to any progress achieved by ECE in co-ordination of inland transport should be made available to ECAFE and ECLA.

55. He suggested that the following draft resolution should be adopted by the Commission:

"THE TRANSPORT AND COMMUNICATIONS COMMISSION

"TAKES NOTE of the Secretariat's report on the co-ordination of inland transport, and

"REQUESTS the Secretariat to continue to study the problem and to follow the situation with respect to its treatment on the international and national levels on the basis, inter alia of

- (1) information from specialized international transport bodies in various fields in inland transport;
- (2) information from regional economic commissions and other regional bodies;
- (3) information from other published sources, including national laws and decrees; and to report to the fifth session of the Transport and Communications Commission concerning developments, and to recommend to the Commission whether, and in what form, consultation with Governments should take place concerning this problem, and

"FURTHER RECOMMENDS to the Economic and Social Council that the regional economic commissions of the Council should study the question of co-ordination of inland transport in their regions and that they make their work available to each other."

56. Replying to questions by Mr. CHHATARI (Pakistan) and Mr. SUKTHANKAR (India), the CHAIRMAN said that the various regional Commissions had the authority to contact Governments in their regions if they wished to do so.

57. The Transport and Communications Commission would decide at its fifth session whether it should also contact Governments on the basis of information received in the meantime.

The meeting rose at 12.35 p.m.