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*President: Mr. Hernán SANTA CRUZ (Chile).*

*Present:* Representatives of the following countries:

Belgium, Canada, Chile, China, Czechoslovakia, France, India, Iran, Mexico, Pakistan, Peru, Philippines, Poland, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

Representatives of the following specialized agencies:

International Labour Organisation, Food and Agriculture Organization of the United Nations, Interim Commission of the International Trade Organization, United Nations Educational, Scientific and Cultural Organization.

### Restrictive business practices (E/2030) (*concluded*)

1. Mr. GARCIA (Philippines) endorsed the United States representative's view that restrictive business practices had an important bearing on the expansion of trade, the economic development of under-developed countries and standards of living, and submitted that the proposed *ad hoc* committee on restrictive business practices should not only study methods to be adopted for implementing the recommendations in paragraph 1 of the United States draft resolution (E/L.270), but should also consider and report upon all the ramifications of the problem. Even then, the work involved would not be too heavy, since it would be largely a matter of collecting and collating the substantial material already available on the subject and of formulating conclusions. Consequently, his delegation suggested for the consideration of the United States delegation that the words "a report on the ramifications of the problem including" be inserted after the words "sixteenth session" in paragraph 3 of the United States draft resolution.

2. As to the composition of the proposed *ad hoc* committee, he would like to see the representation of under-developed countries strengthened by the inclusion of Mexico. Cartels had a definite effect on the economic

development of under-developed countries, and the views of the latter would be more clearly brought out by a broadening of their representation on that committee.

3. Mr. SAKSIN (Union of Soviet Socialist Republics) said that the United States draft resolution was nothing more than a cloak to cover the real objective of United States monopolists, which was to remove all obstacles encountered by them in their current operations and in their struggle for the control of markets. The Schuman Plan was a means not of strengthening economic relations, but of increasing the military potential of Western Germany and of building up the military power of the countries of Western Europe in the interests of United States monopolists, who were preparing for a new war. His delegation would thus naturally oppose the United States draft resolution (E/L.270) and would be unable to support the amendments to it.

4. Mr. ISMAIL (Pakistan) appreciated the explanations of the United States Government's views concerning the points he had made in the course of the debate. It would be agreed, however, that they were not entirely satisfactory. He was not sure whether the *ad hoc* committee would not in any case have to go into the whole question and determine first which practices could be regarded as harmful; he doubted whether it could confine itself merely to the methods to be adopted for implementing the recommendation in paragraph 1 of the United States draft resolution. He thought it would be preferable for governments not to enter into commitments until the committee had completed a comprehensive study of the whole subject. In that connexion, he supported the substance of the Philippines representative's suggestion, but submitted for the latter's consideration that, rather than the addition suggested by him, the words "a comprehensive study on business practices which may have harmful effects on the expansion of production or trade, on the economic development of under-developed areas and betterment of

living standards and methods for the elimination of such business practices" should be substituted for the phrase "proposals on methods to be adopted by international agreement for implementing the recommendation in paragraph 1 above".

5. As already indicated, his delegation opposed the creation of cartels and monopolies and considered that they had a harmful effect on the economic development of under-developed countries and impeded the improvement of standards of living. In that connexion, the Iranian representative had described the experiences in his country, and the Pakistani delegation earnestly hoped that it would be possible to reach an agreement on the oil question that would be satisfactory to both Iran and the United Kingdom.

6. Mr. EDWARDS (United States of America) considered that the United States draft resolution already covered the point raised by the Philippines representative with regard to paragraph 3. Under the latter, the *ad hoc* committee was to prepare proposals and, under the Swedish amendment (E/L.273), which his delegation accepted, it was also to obtain and to analyse information on cartels and other restrictive business practices and also on governmental action for the repression of such practices. If, however, the Council considered that that would not provide the committee with sufficient data on which to base proposals, his delegation would have no objection to the adoption of the Philippines representative's suggestion.

7. He looked with less favour on the Pakistani representative's suggestion concerning paragraph 3, for not only did that paragraph, as amended by the Swedish proposal, already provide for the study envisaged by the Pakistani representative, but the adoption of that representative's suggestion would entail deletion of the provision whereby the *ad hoc* committee was called upon to submit proposals for the Council to accept, modify or reject.

8. In the light of the discussion, he agreed that it was desirable to strengthen the representation of under-developed countries on the *ad hoc* committee, and so accepted the Philippines representative's suggestion that Mexico be added to its members.

9. Mr. ITURRIAGA (Mexico) thanked the Philippines representative for his proposal that Mexico be appointed a member of the *ad hoc* committee; despite the reservations which he had felt compelled to make in regard to the substance of the draft resolution, Mexico would be willing to take part in the committee's work.

10. The PRESIDENT explained that membership of a committee did not necessarily imply a favourable attitude towards the subject being considered by the committee.

11. Mr. BERNSTEIN (Chile) proposed that Pakistan be added to the list of States participating in the *ad hoc* committee, for the reasons he had previously given when referring to its composition.

12. Mr. STERNER (Sweden) said he did not agree with the Pakistani representative that, under the terms of the draft resolution, governments were committing them-

selves to any particular set of recommendations which might be put forward by the proposed *ad hoc* committee. The latter would report on the facts, submit an analysis of them and make recommendations, but all governments reserved their position with regard to the fate of such recommendations. If that were not so, he would not be able to support the draft resolution. Again, while all were agreed that the problem was of particular importance for under-developed countries, it was also a matter of concern for developed countries. He could not subscribe, therefore, to the Pakistani representative's suggestion, which seemed to restrict the scope of the study.

13. Mr. ISMAIL (Pakistan) said that, in putting forward his suggestion, he had not intended that the *ad hoc* committee's study of restrictive business practices should be limited to practices which might have harmful effects on the betterment of standards of living in under-developed countries only.

14. Mr. ABELIN (France) wished briefly to explain the reasons for the first of the two amendments (E/L.276) which his delegation had submitted to the Swedish amendment (E/L.273).

15. The proposed *ad hoc* committee would have to work quickly, since it was asked to submit its findings to the Council at its sixteenth session, at the latest. It was therefore important that it should not be over-burdened, and the French delegation accordingly proposed that it be requested to study ways and means of implementing the recommendations in the draft resolution, but that the not inconsiderable task of collecting and analysing the information be left to the Secretariat, which was in a much better position to fulfil that task.

16. His delegation did not wish to see the Council adopt an ineffective resolution on such an important question. If the Council were to take positive action, and not merely make pious gestures, it was essential that the work be divided, as the French delegation proposed.

17. Mr. LUBIN (United States of America) sympathized with the comments of the French representative, but pointed out, first, that, even though the draft resolution called for a report at the earliest possible date, it allowed the *ad hoc* committee one full year for its completion and that there could therefore be no real question of the committee being pressed for time. Secondly, it was important that the committee should itself decide what material it required, the manner of its presentation, and the order in which the items would be discussed. In the last analysis, the Secretariat could and would perform a large part of the task, but what it did should be subject to the decisions of the committee itself.

18. Mr. ABELIN (France) replied that the *ad hoc* committee would be able to select what was of use to it from the material gathered by the Secretary-General. The French delegation, however, did not think that the committee was in a good position to collect the material itself; his delegation believed that the question was not one of policy, but of procedure.

19. The PRESIDENT declared the debate closed, and said that as the Philippines and Pakistani representatives' suggestions with regard to paragraph 3 of the United States draft resolution were not formal amendments and had not been accepted by the United States representative, it only remained to put to the vote the first French amendment (E/L.276) to the Swedish amendment (E/L.273), to the effect that the word "Secretariat" be substituted for the word "Committee" after the words "Determines, further, that the".

*The amendment was rejected by 9 votes to 7, with 1 abstention.*

20. Mr. OWEN (Assistant Secretary-General in charge of the Department of Economic Affairs) said that it appeared from the debate that the *ad hoc* committee was expected to submit its report early in 1953 and that, since the Council might be holding three sessions a year, it would be preferable to substitute the words, "March 1953" for the words, "the sixteenth session" in paragraph 3 of the draft resolution. On the basis of the statements made in the course of the discussion, he anticipated that the Secretariat's task would be considerable. The field was new and one which the Secretariat had always regarded as falling within the purview of the Havana Charter and the future international trade organization, so that the Secretariat had not undertaken any work of that nature. Although the Department of Economic Affairs had no available staff, expert in such problems, he proposed to entrust the task of servicing the *ad hoc* committee to that section of the department which dealt with international finance and commercial relations. It would, however, be necessary to provide on a temporary basis at least two senior economists with appropriate qualifications, as well as additional secretarial assistance. The assistance of the Legal Department would also be required. Even then, the assumption of such a task would mean the temporary deferment of the department's work on multilateral settlements.

21. The cost of the necessary temporary staff would be in the region of 30,000 dollars for 1952. Taking into account the deferment of the long-term balance-of-payments study under paragraphs 11 and 13 of Council resolution 290 (XI), the proposed budget for the Department of Economic Affairs would be less in 1952 than in 1951. Nevertheless, the Council would no doubt wish that the task under consideration should be covered by the normal 1952 budget. That, indeed, would be his own view, and he believed that, if the Secretary-General's budgetary proposals were approved in full by the General Assembly, the cost of the extra work involved if the draft resolution were adopted could be carried by the normal budget.

22. Mr. LUBIN (United States of America) accepted the suggestion that the words, "March 1953" be substituted for the words "the sixteenth session" in paragraph 3 of the draft resolution. He thanked the Assistant Secretary-General for his statement, and commended the Secretariat on its readiness to co-operate effectively, and at the same time to exercise economy. He also accepted the Chilean representative's proposal.

23. The PRESIDENT put to the vote the United States draft resolution (E/L.270), as amended to read:

*"The Economic and Social Council,*

*"Recognizing that restrictive business practices on the part of private or public commercial enterprises which, in international trade, restrain competition, limit access to markets and to the means of production necessary for economic development or foster monopolistic control, may have harmful effects on the expansion of production or trade, on the economic development of under-developed areas, on standards of living and on the other aims and objectives listed in chapter I of the Havana Charter,*

*"Recognizing that national and co-operative international action is needed in order to deal effectively with such practices, and*

*"Noting that various governments and international bodies have taken, or are considering, individual or collective action in this field, but that the Council has not dealt directly with the problem of restrictive business practices,*

*"1. Recommends to States Members of the United Nations that they take appropriate measures, and co-operate with each other, to prevent, on the part of private or public commercial enterprises, business practices affecting international trade which restrain competition, limit access to markets, or foster monopolistic control, whenever such practices have harmful effects on the expansion of production or trade, on the economic development of under-developed areas, or on standards of living;*

*"2. Recommends that the measures adopted in the cases and for the purposes stated in the preceding paragraph shall be based on the principles set forth in chapter V of the Havana Charter, concerning restrictive business practices;*

*"3. Establishes an ad hoc committee on restrictive business practices consisting of the following member States: Belgium, Canada, France, India, Mexico, Pakistan, Sweden, United Kingdom, United States of America, Uruguay;*

*"4. Determines that the committee shall prepare and submit to the Council as soon as possible, and in any case not later than March 1953, proposals on methods to be adopted by international agreement for implementing the recommendation in paragraph 1 above including, inter alia, provision for continuing consideration of problems of restrictive business practices. In preparing its proposals the committee may consult with interested governments, specialized agencies, inter-governmental organizations and non-governmental organizations;*

*"5. Determines, further, that the committee shall:*

*"(a) Obtain information from governments, specialized agencies and from other sources of information, on restrictive business practices, whether based on cartel agreements or not, that effect international trade and international economic co-operation generally, and on legislation adopted and measures taken by individual Member States in connexion with*

restrictive business practices and with the object of restoring freedom of competition;

"(b) Present to the Economic and Social Council analyses of this information together with the proposals mentioned in paragraph 3; and

"6. *Instructs* the Secretary-General to seek from any appropriate inter-governmental bodies or agencies their views as to the organization which could most appropriately implement these proposals and, in the light of these views, to make a report and recommendation at a later session of the Council."

24. Mr. KRISHNAMACHARI (India) requested that a vote be taken separately on the first paragraph of the preamble and on paragraph 2 of the revised draft resolution.

25. Mr. GARCIA (Philippines) requested that a separate vote be taken on paragraph 4 of the revised draft resolution.

26. The PRESIDENT put to the vote the first paragraph of the preamble to the revised draft resolution.

*That paragraph was adopted by 12 votes to 5.*

*Paragraph 2 was adopted by 9 votes to 5, with 3 abstentions.*

*Paragraph 4 was adopted by 10 votes to 3, with 4 abstentions.*

27. The PRESIDENT put to the vote the remaining paragraphs of the revised draft resolution.

*The remaining paragraphs were adopted by 12 votes to 3, with 2 abstentions.*

28. The PRESIDENT put to the vote the revised draft resolution as a whole.

*The resolution was adopted by 12 votes to 3, with 2 abstentions.*

29. Mr. SAKSIN (Union of Soviet Socialist Republics) said, in explanation of his vote that, having already explained his delegation's attitude towards the United States proposal, he would confine himself to a brief explanation of its attitude to the amendments that had been submitted. The delegations proposing such amendments, and particularly the representatives of the under-developed countries, had, he felt, been animated by a sincere desire to combat restrictive business practices. His delegation had, however, been compelled to vote against their proposals, since they were amendments to a resolution which was intended to conceal the real intentions of United States monopolists and deceive the whole world for their benefit.

30. Mr. STERNER (Sweden) said that, in voting for paragraph 2 of the resolution, he had interpreted it as not settling any question of procedure, which, he submitted, was a matter for the *ad hoc* committee itself to decide.

31. Mr. KRISHNAMACHARI (India) explained that his delegation had voted against the first paragraph of the preamble and paragraph 2 of the resolution because

of the references therein to the Havana Charter, which had not been accepted by important Members of the United Nations. His delegation objected to a text which implied approval of that charter in the absence of a firm intention to accept the spirit of it.

32. Mr. ISMAIL (Pakistan) said that he had voted for the resolution on the understanding, first, that action by a government in accordance with any general or special laws was excluded from the scope of any action that the Council might recommend; secondly, that governments were not committed at that stage to acceptance of such recommendations as the *ad hoc* committee might make and, finally, that the question of commodity agreements would be kept separate.

33. Mr. BIRECKI (Poland) observed that the United States representative's second statement had been a panegyric to the glory of United States monopolies, which were ruthlessly exploiting the peoples of many countries under their control. That second statement had made it abundantly clear that the submission of the United States draft resolution was nothing but a manoeuvre; that was why the Polish delegation had voted against it.

34. Mr. REISMAN (Canada) expressed his delegation's appreciation of the readiness and ability of the Secretariat to undertake the further heavy load that would be imposed upon it by the establishment of the *ad hoc* committee, without additional budgetary appropriations. The statement of the Assistant Secretary-General showed that the existing staff would be employed in a most efficient and economic manner.

35. Mr. CHA (China) said that, while he had voted for the resolution, his delegation had had misgivings with regard to the references to the Havana Charter. It had voted in favour of the first paragraph of the preamble, since it was not an operative clause. His delegation, however, considered it premature to ask States to accept the principles of chapter V of the Havana Charter, which laid emphasis on participation within the framework of the international trade organization, the role of which had not yet been decided. It had therefore abstained from voting on paragraph 2.

**Report by the Secretary-General under Council resolution 296 (XI) on procedures for inter-governmental consultations on problems of primary commodities (E/2039): report of the Economic Committee (E/2116)**

36. The PRESIDENT drew attention to the report of the Economic Committee (E/2116), and particularly to the draft resolution set out therein and which the Committee had approved by 11 votes to none, with 6 abstentions.

37. Mr. KRISHNAMACHARI (India) said that the draft resolution contained in the Economic Committee's report was substantially the same as one submitted to the Committee by the United Kingdom delegation. The Pakistani representative had moved an amendment to the effect that the Council should decide to postpone consideration of the report by the Secretary-General under Council resolution 296 (XI) until a later session,

and the Indian delegation had submitted an amendment, which the United Kingdom delegation had accepted with the exception of the proposal for the deletion of paragraph 2 of the draft resolution as finally approved by the Committee. In the Economic Committee, his delegation had supported the draft resolution now before the Council with the exception of paragraph 2 thereof, its objection being that it referred to chapter VI of the Havana Charter. Although a similar reference had appeared in Council resolution 296 (XI), his delegation had felt that, at the time when that resolution was adopted, acceptance of the Havana Charter was still possible; that was now out of the question. Thus such a reference in the draft resolution now under consideration had neither purpose nor meaning, and would only tie the hands of the Council. His delegation therefore maintained its opposition to paragraph 2.

38. Mr. CHARLONE (Uruguay) reminded the Council that, when item 6 of the agenda had been discussed in the Economic Committee, several delegations had expressed the wish that the conclusions in the Secretary-General's report (E/2039) should be considered at a later session of the Council so as to give their governments time to define their position on that important subject. The Economic Committee had considered, on the initiative of the Uruguayan delegation, that the question was an urgent one, and ought to be dealt with at one of the Council's sessions in the following year.

39. On the basis of the preparatory work done at the first and second sessions of the Preparatory Committee of the United Nations Conference on Trade and Employment, a permanent system of inter-governmental commodity agreements had been drawn up at Havana. It had been urged on a number of occasions that it was necessary to fill the gap caused by the fact that the Havana Charter had not been ratified, although the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA) had stated in paragraph 65 of its report (E/1907) that experience had shown "that the principles and procedures laid down in the Havana Charter provide a fair and satisfactory basis".

40. He referred to the harmful effect of fluctuations in the prices of primary commodities. In its last review, ICCICA had also referred to the fact that commodity agreements should be concluded before it was too late for effective action.

41. His delegation believed that only a clear policy, involving specific legal obligations for governments and not simply recommendations, could free the world economy from the fear of periodic depressions, a fear which was responsible for the anti-trade cycle policies which frequently ran counter to the general interest. The experience of Uruguay had shown that the country's economic stability had been endangered by periodic depressions affecting primary commodities, so that it seemed essential to build up large reserves in foreign currencies against slump periods.

42. Apart from the gold reserves backing her currency, Uruguay possessed in 1951 a currency reserve fund amounting to 42 dollars *per capita*. The existence of permanent regulations concerning primary commodities

would enable Uruguay to release those reserves, which could then very profitably be used to import capital goods, machine tools and raw materials.

43. At the present juncture, regulations of that kind seemed essential. Collective security required that rearmament should be accompanied by an increase of civilian production, and the Uruguayan Government would spare no pains to increase its contribution towards the efforts of the nations of the free world. Such an increase was basically dependent on the economic security of production. The fear of future depressions undoubtedly produced a climate unfavourable to increased production. Consequently, commodity agreements were the best method of international co-operation for countries in the course of development; regional studies proved that point.

44. For instance, a study submitted in 1950 to the Inter-American Economic and Social Council on economic conditions and problems of development in Latin America showed how the fall in the value of raw materials in relation to the prices of imported manufactured goods largely explained the decrease in the value of *per capita*, exports which for eight countries in the region amounted to 19 dollars in 1944 to 1945 as compared with 1911 to 1915.

45. A conclusion drawn in the Secretary-General's report (E/2047) was that fluctuations in the volume of foreign exchange receipts placed insuperable difficulties in the way of economic development. Contrary to what might be expected, however, lower prices coincided with a drop in exports.

46. That was why Uruguay, like many other countries, had warmly welcomed the Havana Charter. That charter, it would appear, would not, after all, be put into force, and the delegation of Uruguay therefore urged the Council to consider replacing it by another system capable of achieving permanent and effective results. While waiting for the Council to take basic decisions at one of its sessions in the following year, it would be as well to consider whether, as suggested in the Economic Committee's report (E/2116), the provisions of chapter VI of the Havana Charter could be put into force by means of recommendations, or whether it would not be preferable to provide for an international convention. Article 62 of the United Nations Charter gave the Council a choice between those two solutions.

47. The fact should not be lost sight of that the Havana Charter envisaged the establishment of a permanent system supported by international agreements based on specific legal principles. In the opinion of the Uruguayan delegation, it would be necessary to replace those provisions by an international convention under which the responsibilities of States would be specifically stated, instead of relying on recommendations, the effectiveness of which would not be commensurate with the importance of the question to the world economy.

48. Mr. ABELIN (France) deplored the Council's inability to record more satisfactory progress in the vital problem of primary commodities at its present session. Certain delegations seemed to fear ill-considered decisions, the implementation of which might be beset with practical difficulties.

49. In his delegation's opinion, the question was not only one of immediate urgency, but had an importance for the future which made it the Council's duty to deal with it.

50. As the Uruguayan representative had recently remarked, it was in periods of shortage that a system ensuring a certain stability of prices of primary commodities would benefit the producer countries; that stability was as advantageous to the economy of producer countries as to that of industrialized countries.

51. At the Tin Conference held in October and November 1950 under the auspices of the United Nations, his delegation had proposed provisions applicable both in cases of over-production and in cases of under-production. Quite recently, the International Federation of Agricultural Producers (IFAP) had also formulated proposals of the same kind.

52. His delegation recognized that, as things were at present, the Council was not perhaps well placed to take action. As far as the future was concerned, however, his delegation urged that the problem be reviewed on a wider basis at one of the sessions in 1952.

53. In conclusion, he wished to ask a legal question of the Indian delegation. A study of article 57 of the Havana Charter, paragraph (f) of which was designed to "assure the equitable distribution of a primary commodity in short supply", and of article 70, paragraph 2, regarding exceptions to chapter VI, raised the question whether the Indian amendment (E/L.255) to the original United Kingdom draft resolution (E/L.243), an amendment which had been adopted by the Economic Committee and which was reproduced in the last paragraph of the draft resolution (E/2116), did not exclude from further studies examination of procedures regarding primary commodities in short supply. He hoped not, for his delegation considered that the problem should be examined as a whole, with a view to avoiding violent fluctuations in either direction. For that reason, it was essential to deal with both surpluses and shortages.

54. Mr. ISMAIL (Pakistan) said that his delegation had asked for postponement of the discussion on the item at present before the Council, since it had not received the Secretary-General's report (E/2039) before arriving in Geneva and, consequently, the Government of Pakistan had not had sufficient time to study it fully. He would therefore abstain from voting on the Economic Committee's draft resolution, and would reserve his Government's position on the question.

55. Mr. CABADA (Peru) said that, as had already been pointed out, the problem had been considered at several international conferences, including a conference of the foreign ministers of American countries and a conference of representatives of American central banks. On those occasions, the importance of stable supplies of primary commodities had been heavily stressed. If that problem were not settled, the economic position of Latin American countries might deteriorate, and they might fail in their earnest endeavour to achieve economic progress by such means as technical assistance and economic co-operation,

the promotion of which was laid down in the Charter as one of the basic tasks of the Council. In view of those facts and also because of the great difficulties experienced by Latin American countries since the end of the Second World War, the Government of Peru attached great importance to the solution of primary commodity problems.

56. Mr. BERNSTEIN (Chile) said that, when the draft resolution before the Council had been put to the vote in the Economic Committee, the Chilean delegation had abstained because it had not received instructions from its Government. Those instructions had since arrived and, as a consequence, he would be able to vote in favour of the draft resolution at the present meeting. He hoped that the Interim Co-ordinating Committee for International Commodity Arrangements mentioned in the draft resolution would include representatives, not only of purchasing countries but also of producing countries. With regard to paragraph 2, in which chapter VI of the Havana Charter was mentioned, and the recently adopted resolution on restrictive business practices which contained references to chapters I and V, he would express the hope that, at its next session, the Council would have an opportunity of discussing ways of implementing other parts of the Havana Charter, in particular article 32 on the liquidation of non-commercial stocks.

57. Mr. KRISHNAMACHARI (India), referring to the French representative's comments on the changes made at the instance of the Indian delegation to the last paragraph of the draft resolution and his comments on matters relating to articles 57 and 70 of the Havana Charter, said that he hoped he could dispel the French representative's fears by pointing out that there was nothing in the draft resolution which was inconsistent with the Council's discussing at a later session the question of procedure in regard to the problems of commodities in short supply. He was confident that the adoption of the draft resolution would not preclude discussion of such problems.

58. Mr. ABELIN (France) concluded from the Indian representative's remarks that the Council, at future sessions, could consider the problem as a whole, at least so far as procedural matters were concerned.

59. Mr. SAKSIN (Union of Soviet Socialist Republics), said that he would not make a lengthy statement, since the views of his delegation on primary commodity problems had been fully explained during the Economic Committee's discussion of the Secretary-General's report (E/2039) and the Council's discussion of item 9 of the agenda. The reason why commodity problems, which greatly affected the raw-material-producing countries of Asia, Africa and Latin America were so acute was not due to the requirements of civilian industries and civilian consumption, but to the aggressive war preparations of the United States of America and the countries under United States control, parties to the North Atlantic Treaty. Those preparations had increased the demand for raw materials, especially raw materials of strategic importance. The needs of civilian industries were subordinated

to those of war industries; indeed, supplies of raw materials destined for civilian industries had been diverted to war production. Immediately after the end of the Second World War, the United States of America had begun building up gigantic stocks of strategic materials in preparation for a third world war. On 23 July 1946, scarcely one year after the defeat of the Nazis, the United States Congress had taken measures to ensure the conservation of stocks of strategic raw materials. Those facts proved the falsity of the United States Government's assertions that it had begun building up stocks of strategic raw materials only after the outbreak of the Korean conflict. The United States strategic stockpiling programme extended to more than seventy commodities, covering almost all raw materials needed for industry. It was based on expectations of a five-years war. The stocks of some commodities which the United States of America was building up amounted to two or three years' total world production of the commodity concerned. To carry out the programme, United States monopolies were using all the means they could to obtain raw materials. The United States of America was obtaining raw materials from the Marshallized countries by forcing them to grant United States monopolies the same rights on their markets as those granted to domestic firms. United States monopolies were seeking new concessions, with a view to increasing production of diamonds, cobalt, lead, tin and other raw materials. For example, the Rand Company had obtained a concession for exploiting silver, zinc and molybdenum resources in Greece, and had for that purpose been allocated 8 million dollars from the funds which it had been agreed Greece should receive as foreign assistance. Another United States monopoly had obtained a concession for exploiting bauxite resources in Non-Self-Governing Territories under United Kingdom administration. The United States of America was buying up supplies of strategic raw materials in all countries, especially under-developed countries where, according to the United States International Development Advisory Board, 70 per cent of the raw material resources of the world were to be found.

60. In pursuance of its war preparations and of its attempt to cut off the People's Democracies from world supplies of raw materials, the United States of America had arranged for the establishment of the International Materials Conference outside the framework of the United Nations and in flagrant violation of Articles 1, 55 and 56 of the United Nations Charter. Such action was also completely contrary to the principles laid down in the Havana Charter for the purpose of governing international trading relations.

61. That conference was also in contradiction to Council resolution 296 (XI) regarding the convening of commodity conferences. Since only six of the members of the Economic Commission for Europe (ECE) had been invited to take part in the work of the conference and only three of those six members belonged to its central organ, it was clear that it was intended that the world distribution of raw materials should be fixed, without the majority of European countries being consulted. The *News Chronicle* had recently published

an article stating that the great Powers, in their efforts to obtain raw materials for armaments, might forget the needs of the smaller countries. The purpose of the conference was to further the war preparations of the United States of America and to use monopolies to prevent trade between the People's Democracies and other countries.

62. The Council would be acting contrary to Articles 1, 55 and 56 of the Charter if it did not take positive action to deal with the substance of the world's primary commodity problems. He deprecated the fact that the discussions at the present session showed that the Council was following the aggressive policy of the United States of America. In his opinion, the Council should carefully study means of ensuring that the industries engaged on peaceful production in all Member States of the United Nations received, without exception, the supplies of raw materials they required.

63. The Soviet Union delegation was strongly opposed to the inclusion in a Council resolution of a paragraph such as paragraph 2 of the Economic Committee's draft resolution, recommending the acceptance of principles laid down in the Havana Charter. If the paragraph were adopted, the United Nations would be placed in a subordinate position vis-à-vis the proposed international trade organization. The paragraph recommended that all Members of the United Nations accept certain principles in the Havana Charter, although several members of the United Nations had not participated in its drafting. Moreover, that charter, which many governments considered unsatisfactory, had never entered into force because it had not been ratified by a sufficient number of countries. He was firmly opposed to introducing principles laid down in the Havana Charter surreptitiously, as would be the case if the paragraph were adopted. Did the President consider that the Council would be taking both legally and procedurally correct action if it adopted the paragraph or even discussed it?

64. The PRESIDENT said that it was not for him to state whether the paragraph in question was satisfactory or not. Since the Economic Committee had proposed its adoption, it was open for discussion by the Council.

65. Mr. LUBIN (United States of America) said that, to state the true facts with regard to the International Materials Conference, he would merely point out that it was composed of the major consumers and producers of raw materials in the free world; that its central organ was composed of representatives of the United States of America, the United Kingdom, France, Canada, Italy, India, Australia, Brazil and the Organization of European Economic Co-operation (OEEC) and the Organization of American States; that twenty-seven countries were represented on its committees, the decisions of which took into account the needs of free non-member countries as well as of member countries, and ensured that each of those countries obtained a fair share of world supplies. The representative of the Union of Soviet Socialist Republics had referred to Articles 55 and 56 of the Charter; in view of the fact that those articles laid on all States Members of the United Nations an obligation

to promote economic well-being throughout the world and to solve the world's economic problems, and that that was what the International Materials Conference was doing, surely it was clear that the countries of Eastern Europe were the ones which were not complying with Articles 55 and 56 of the Charter. Council resolution 296 (XI) applied only to conferences convened by the Secretary-General. And that resolution in no way reserved the right to convene international commodity conferences to the Secretary-General alone.

66. The PRESIDENT put to the vote paragraph 2 of the draft resolution contained in the Economic Committee's report (E/2416).

*Paragraph 2 was adopted by 10 votes to 5, with 3 abstentions.*

*The remaining paragraphs of the draft resolution were adopted by 13 votes to 3, with 2 abstentions.*

*The resolution as a whole was adopted by 13 votes to 3, with 2 abstentions.*

**Production and distribution of newsprint and printing paper: consideration of the resolution adopted by the General Conference of the United Nations Educational, Scientific and Cultural Organization at its sixth session (E/2052, E/2052/Add.1 and Corr.1)**

67. The PRESIDENT, recalling that item 58 had been placed on the agenda as the result of a proposal by the United Nations Educational, Scientific and Cultural Organization (UNESCO), said that the representative of UNESCO had informed him that he did not wish at the present stage to add anything to the documents submitted on the subject (E/2052, E/2052/Add.1 and Corr.1) or to the remarks made by the Director-General of UNESCO at the 517th and 518th meetings, when the Council had considered UNESCO's annual report (E/2048). The representative of UNESCO was at the Council's disposal for any questions which representatives might wish to put to him.

68. Mr. BLONDEEL (Belgium), introducing the draft resolution (E/L.271), submitted jointly by the delegations of Belgium and France, said that the French and Belgian delegations had endeavoured to comply with the appeal for efficiency made by the President in his inaugural address at the opening meeting of the present session, by submitting a concrete draft resolution on the very important matter of production and distribution of newsprint.

69. If the Council were to come down for a moment from the heights and, instead of considering principles, listen to the man in the street, it would find that the way to give freedom of information reality throughout the world was to make newspapers cheap enough to enable a man of modest means to buy several papers a day, and thus enjoy the benefit of the diversity of opinion which was the pride of the Press in free countries.

70. As a matter of fact, the increased prices for single copies and subscriptions as well as for advertising which the

newspaper companies had been obliged to charge only partly made up for the higher cost of paper; so that the newspapers had to envisage economies such as reducing the quantity, or even lowering the quality, of news, as well as curtailing the circulation of newspapers abroad.

71. Again, the scarcity and high cost of paper were obstacles to the dissemination of the ideals of the United Nations, particularly as set forth in the Universal Declaration of Human Rights, as well as to the development of the fundamental education programme, which aimed at reaching over 1,000 million illiterate persons throughout the world. The shortage of paper also hampered the development of education at various stages, there being a shortage of text-books in certain countries.

72. The French and Belgian delegations had felt that it was important to seek ways and means of overcoming those obstacles. Their joint draft resolution had in the main been well received, and they were prepared to accept most of the amendments (E/L.278) put forward.

73. The draft resolution aimed both at immediate results and at long-term action; the authors had tried to confine it to such provisions as were likely to command agreement.

74. The Council's powers were limited. It had no means, on its own authority, of reducing rates and prices, or of using its influence to ensure that, in bilateral trade negotiations, paper requirements were not overlooked. But what it could do was to draw the attention of governments to a lamentable situation, and to back up the action already undertaken by some of the specialized agencies, especially UNESCO and the Food and Agriculture Organization (FAO).

75. Belgium was not directly affected by the shortage of newsprint, though the shortage was disturbing, as the key factor in a constant rise in the price of paper. That rise was calculated in the long run to lead to official restrictions on consumption. Such restrictions were surely incompatible with freedom of the Press and freedom of trade, two principles safeguarded in Belgium by law and custom alike.

76. With regard to the price of paper, the various successive increases were making it difficult for newspapers and periodicals to carry on, and some of them might be forced to cease publication. Yet the Belgian delegation considered that one of the essential conditions for the existence of a democratic Press was that it should be within reach of even the most modest purse, and, if the price of paper was high, newspapers were bound to be dear. Hence every effort must be made to bring about a reduction in prices, for example, by eliminating or reducing export duties and by pursuing a reasonable policy in the matter of the sale and purchase of paper pulp.

77. The Belgian representative on the Pulp and Paper Committee of OEEC had already protested against the charges imposed by exporting countries and had proposed that governments should be requested to take the matter up both with the buyers and sellers of paper with a view to ensuring greater stability on the market. The Belgian delegation to the Pulp and Paper Group of the International Materials Conference would defend that point of view. Thus, although the question of the

price of paper was not mentioned in the draft resolution, that vital problem had not escaped the notice of the Belgian Government.

78. He hoped that the Council would give the draft resolution a favourable reception, as the danger was one which threatened the whole of civilization and must therefore be forestalled.

79. Replying to a question put by Mr. REISMAN (Canada), Mr. KAYSER (France) said that the authors of the draft resolution were prepared to accept most of the amendments (E/L.278) submitted to it. They felt obliged, however, to make a reservation on amendment 5, recommending action by FAO, and amendment 10, requesting the Secretary-General to keep the problem under continuous review. But those reservations were concerned only with the question of approach.

80. Mr. REISMAN (Canada) said that the Canadian delegation was most interested in the item, since Canada was the world's most important producer and exporter of newsprint. The Canadian Government was greatly concerned about the newsprint shortages affecting many countries and, as its action showed, Canada was taking both short and long-term measures to help overcome those shortages. It had approached the problem in the most practical way possible. It believed that the problem was essentially one of increasing output, which would require new production facilities, not only in countries like Canada and other traditional pulp and paper producers, but also the establishment of newsprint industries in countries which had adequate raw materials, but had thus far not been able to put their forest resources to full use. Canada, for its part, had greatly increased its newsprint production in recent years. In the period 1947 to 1951, annual output had risen from 4.8 to 5.3 million short tons; and in addition to that marked increase, production capacity was being steadily improved, by expanding existing mills and by establishing new ones. Vast timber tracts, which had previously been economically inaccessible, were being brought into production and new production techniques made it possible to use certain grades of timber which were formerly not used at all. Thus expansion was taking place in the traditional production areas, and in other parts of Canada as well, especially in British Columbia and Newfoundland. The difficulties of equipping new mills, supplying them with hydro-electric power required for their operation and assuring them an adequate supply of raw materials, such as sulphur, of which there was a world shortage, presented a great challenge, but it was being overcome as rapidly as circumstances permitted. The full results of current Canadian efforts to increase output would not be evident for, perhaps, several years, but further increases in the Canadian output of newsprint could be expected in 1951 and 1952.

81. As far as the present emergency was concerned, it was the policy of the Canadian Government to co-operate in international efforts to achieve a more equitable distribution of newsprint supplies throughout the world. It took part in the work of the Pulp and Paper Committee of the International Materials Conference, and the chairman of the Newsprint Sub-Committee of that

committee was a Canadian. The conference had already taken practical measures to improve the distribution of newsprint, and had arranged the despatch of newsprint from North-American sources to France, Greece, India, Malaya, Pakistan, the Philippines and Yugoslavia. In addition, it had made a comprehensive study of newsprint requirements and supplies for the entire free world.

82. The part that the Council should play in efforts to solve the problem should be to make its existence better known and also to encourage existing agencies of the United Nations to play their full role in solving it. The United Nations should not set up new machinery to duplicate the efficient and practical work being done by the International Materials Conference. The Canadian Government warmly approved the action UNESCO had taken in drawing attention to the problem. That was entirely appropriate, since it was closely connected with UNESCO's functions of promoting education, culture and freedom of information. FAO had already made some practical contributions in that field and, as the draft resolution indicated, there was scope for further action by FAO and also by the International Bank for Reconstruction and Development.

83. His delegation had carefully studied the joint draft resolution and, after consulting its Government and other delegations, had decided that, while in general the problem was approached in the right way in the draft resolution, the latter required some amendments. The Canadian delegation had therefore submitted appropriate proposals (E/L.278) jointly with the delegations of India, Sweden and the United Kingdom. Some of those amendments were substantive; but he did not think it necessary for him to explain them all, because the representative of France had already indicated that the authors of the draft resolution were prepared to accept them unreservedly, except for amendments 5 and 10.

84. For its part, the Canadian delegation could agree to the changes which the French representative had suggested should be made to amendment 5 to render it acceptable to the French delegation.

85. Amendment 10 constituted a new version of the final paragraph of the draft resolution. In the first place, the amended paragraph made it clear that the Secretary-General's co-ordination efforts should be confined to the United Nations and the specialized agencies. Secondly, it provided that the Secretary-General should submit to "a session of the Council in 1952" a report on the progress made pursuant to the resolution, whereas the original version provided that the Secretary-General should submit a report on the problem to the sixth session of the General Assembly, and also that the problem should be discussed at "each session of the Economic and Social Council". The Canadian delegation agreed that the problem might usefully be discussed at some future time by the General Assembly, which was attended by representatives of many more countries than was the Council; but it thought that a discussion of the problem at the sixth session would be premature. The Canadian delegation was also opposed to the provision that the problem of newsprint should be automatically included on the agenda of each session of the Council. It was opposed in principle to items being placed permanently on the

Council's agenda, although, in a few important cases which were certain to remain continuing problems, such as full employment and the economic development of under-developed countries, it had agreed to a departure from that principle.

86. It was far from certain that the newsprint shortage would continue indefinitely. As recently as 1949, Canada had found it difficult to dispose of all its output. At that time, representatives of Canadian pulp and paper mills had travelled to the far corners of the world to urge traditional customers to maintain their trade connexions with Canadian suppliers in order to enable Canadian producers to make plans and to ensure continuity and stability of supplies. Their efforts, however, had met with little success. Some countries had cancelled contracts and, as a result, Canadian production capacity had not been fully utilized. There was no doubt that such cancellations had made Canadian producers hesitant to implement expansion programmes. Consequently, Canadian newsprint firms had sought new outlets and concluded long-term contracts with United States buyers. The fact that, less than two years ago, the apparent situation confronting Canadian producers was one of surplus rather than of shortage, suggested that it would be unwise to plan the Council's agenda on the assumption that the present situation would continue indefinitely. It seemed quite possible that there would be further changes in the world newsprint situation which would make it unnecessary for the Council to

examine the problem at every session. The authors of the amendment, however, agreed that the problem was likely to remain a serious one for some time to come. Accordingly, the revised final paragraph provided for a review by the Council in 1952 of the measures taken to overcome the present shortages. Should the problem remain a serious one after 1952, it would certainly be open to any delegation to propose that the Council consider further action.

87. The Belgian representative had emphasized the problem of the price of newsprint, which was not mentioned in UNESCO's resolution or in the joint draft resolution. The Canadian Government regretted the inflationary rise in the price of newsprint as well as of many other commodities, but he would point out that that rise had not been nearly so steep as the rise in the prices of certain other commodities, including raw materials used in the production of newsprint. That was certainly true as far as the price for Canadian newsprint was concerned. Canadian newsprint was being sold at 116 Canadian dollars a short ton under long-term contracts, and at 135 Canadian dollars under short-term contracts. A very small part of supplies of Canadian newsprint, not covered by contracts, was being sold at a higher price; but the average price at which Canada was selling newsprint on the world market was lower than that of any other country.

The meeting rose at 1 p.m.

UNITED NATIONS  
ECONOMIC AND  
SOCIAL COUNCIL  
OFFICIAL RECORDS



THIRTEENTH SESSION, **550th**  
MEETING

THURSDAY, 13 SEPTEMBER 1951, at 3 p.m.

PALAIS DES NATIONS, GENEVA

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*President:* Mr. Hernán SANTA CRUZ (Chile).

*Present:* Representatives of the following countries:

Belgium, Canada, Chile, China, Czechoslovakia, France, India, Iran, Mexico, Pakistan, Peru, Philippines, Poland, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

Representatives of the following specialized agencies:

International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization.

**Production and distribution of newsprint and printing paper: consideration of the resolution adopted by the General Conference of the United Nations Educational, Scientific and Cultural Organization at its sixth session (E/2052, E/2052/Add.1 and Corr.1) (*concluded*)**

1. The PRESIDENT drew attention to the fact that the joint draft resolution submitted by the Belgian and French delegations (E/L.271) had been re-issued as document E/L.271/Rev.1, incorporating the amendments (E/L.278) jointly submitted by Canada, India, Sweden and the United Kingdom. There were two errors in the text of document E/L.271/Rev.1: the phrase "and uses of forestry resources", in section B, paragraph 1, should be inserted after the words "in forestry development" instead of after the words "for increasing the production,"; also, the introductory words of section C should read: "*With a view to keeping the problem under continuous review*" instead of "*The Economic and Social Council*".

2. Mr. REYES (Philippines) said that the action of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in proposing the inclusion on the Council's agenda of the problem of the shortage of

newsprint and printing paper was highly commendable, and it was right that the Council should have adopted the proposal. He recalled that resolution 33 in annex C to the Final Act of the United Nations Conference on Freedom of Information, held in 1948, had taken cognizance of UNESCO's research work in connexion with newsprint and had drawn the attention of the Economic and Social Council to the dangers which the shortage of newsprint and the inequitable distribution of available supplies involved for the freedom of information. At its ninth session, the Council had taken note of UNESCO's activity in bringing the serious shortage of newsprint to the attention of the United Nations. At its fourth session, the Sub-Commission on the Freedom of Information and the Press had likewise drawn attention to the threat to freedom of information constituted by the shortage of newsprint, in opening the way for governments to control the Press by newsprint allocations.

3. In a wider field, it was clear that any inadequacy in the volume and quality of information material hampered progress in education and culture and impaired international understanding. The experience of his own country amply illustrated that point. Although in the Philippines elementary education was free, the high cost of printing and paper made it impossible for the Government to supply advanced text-books and supplementary educational material, free of charge in the high schools, and the high retail price of such material was prohibitive to many students. Since 1939, the Philippines Government had been endeavouring to promote the development of the national language: the re-printing of the classics in inexpensive editions was an important part of that programme, the progress of which had been impeded by the shortage and high cost of newsprint and paper.

4. Turning to the draft resolution before the Council, his delegation would have preferred the retention of paragraph 1 (a) of section B of the original draft resolu-