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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, International Monetary Fund, International Civil Aviation Organization, World Meteorological Organization.

Report of the International Civil Aviation Organization (E/2033 and Add.1 to 3)

1. The PRESIDENT requested the President of the Council of the International Civil Aviation Organization (ICAO) to introduce ICAO's annual report (E/2033 and Add.1 to 3).

2. Mr. WARNER (International Civil Aviation Organization) explained that the report consisted of three parts, the basic report on ICAO's activities in 1950 (E/2033/Add.1), the budget estimates for 1952 including a summary work programme (E/2033/Add.2) and a supplement describing its activities during the first five months of 1951 (E/2033/Add.3). The basic report contained a summary both of events within the organization and of events with which ICAO was directly concerned (E/2033/Add.1, chapter I). That summary showed the increasing dependence of the world on civil aviation for passenger and goods transport. During the period 1947 to 1950, passenger traffic by air had increased by almost 40 per cent and goods traffic by air by approximately

150 per cent. As a result, the general economic position of air transport enterprises had improved; many of them which had been run at a loss in the past had begun to make profits; and many which in the past had been dependent on government subsidies were becoming economically viable.

3. In the period under discussion there had been two developments of particular significance in the history of ICAO—namely, the completion of the fourteen annexes which had originally been contemplated as additions to the Convention on International Civil Aviation, and the completion of the survey of regional plans for improving air services. Although many of the recommendations resulting from regional meetings had not been implemented, in only a very small number of cases had the failure to implement been of a critical nature. But the completion of those two tasks did not mean that ICAO's work on the subjects concerned was at an end. If advantages were to be continuously derived from the annexes to the Convention on International Civil Aviation, they must be kept up to date; indeed, five of them had already been substantially amended. The regional plans must also be kept up to date; ICAO had a continuing responsibility in respect of air navigation services and for establishing standards for air operations.

4. ICAO was engaged in three different kinds of work—namely, technical, economic and legal work; it believed that all three types should proceed together. It had not made as much progress on its economic problems as on technical and legal matters, but that was because their solution was to a very large extent dependent on the position of Member Governments. Thus, for example, the time had not yet come for a multilateral agreement on commercial rights in international air transport. But on one of its economic problems, namely the facilitation

of the crossing of international frontiers by civil aircraft, which was closely connected with technical problems, it hoped to make considerable progress at the conference which was to be held in November 1951.

5. The other most important development concerning ICAO during the period under discussion was its participation in the Expanded Programme of Technical Assistance, which was to be discussed by the Council at a later stage of the session. So far, ICAO had spent under that programme only the 1 per cent allocation it received, and an additional sum of 300,000 dollars which had been made available by the United Nations; but even that was sufficient to reveal the need and the demand for technical assistance from ICAO. Such assistance not only improved air facilities and helped to enhance the economic position of air enterprises and make air services safer, but it also stimulated the interest of youth in aviation and thereby was a useful long-term means of promoting civil aviation. ICAO hoped to make civil aviation a matter of direct interest to a far greater proportion of the world's population, and it therefore looked forward with satisfaction to continuing to play a part in implementing the Expanded Programme of Technical Assistance.

6. ICAO had co-operated closely with other organizations and had participated in the work of the Administrative Committee on Co-ordination. Its collaboration with the International Telecommunication Union (ITU) and the World Meteorological Organization (WMO) had been particularly fruitful. ICAO and WMO were at present engaged in a joint study with a view to further improving the machinery of their collaboration.

7. Mr. ROGERS (Canada) said that it was worth noting that the annual report of ICAO which was at present before the Council had met with no criticism when it had been studied at the fifth session of the ICAO Assembly in Montreal. The report provided a good account of the achievements of ICAO during 1950 and the first five months of 1951; it reflected the able and energetic direction of its work by the President of its Council. The Canadian delegation would commend the excellent form in which the report had been presented, and welcomed the completion of all the annexes which it had originally been intended to add to the Convention on International Civil Aviation. It also welcomed the fact that a large number of governments had adhered to them. ICAO had taken a very enlightened attitude towards its participation in the Expanded Programme of Technical Assistance. Canada was particularly interested in the measures taken by ICAO concerning aeronautical facilities in the North Atlantic region; it was one of the ten nations which had joined in a plan for establishing a network of weather observation stations required for air-safety over the North Atlantic. The Canadian delegation had noted that the Assembly of ICAO at its last session had reduced the figure proposed for expenditure by ICAO in 1952 by 75,000 dollars, so as to bring that expenditure below the 1950 level; since costs were rising, the Assembly's action would bring about a reduction in the organization's activities in 1952; the Canadian Government was most anxious that that reduction should not prevent ICAO from carrying out its primary func-

tions. The Canadian Government was highly satisfied with the work being done by ICAO and approved the report before the Council in its entirety; consequently the Canadian delegation submitted a draft resolution (E/L.203), for adoption by the Council.

8. Mr. BALMACEDA (Philippines) said he wished to associate himself with the remarks made by the Canadian representative. His delegation had noted with full satisfaction the achievements described in the report before the Council. He had visited ICAO headquarters personally and greatly admired the business-like and thorough manner in which ICAO's affairs were handled; he would like to thank the President of the ICAO Council for the leading part he was taking in the work of ICAO. He would gladly support the draft resolution proposed by the Canadian delegation.

9. Mr. LUBIN (United States of America) said that his delegation had read the report of ICAO with great interest. In expressing his Government's appreciation of the report, he would like to draw attention to certain features which testified to the success of ICAO in its own field and its willingness to co-operate with the United Nations.

10. Chapter I of the main part of the report (E/2033/Add.1) provided an unusually clear picture of the development of international aviation and of the work of ICAO. The year concerned was a significant one in the history of aviation, particularly in view of the great increase in passenger and freight traffic by air, the improved safety record and the introduction of new propulsion machinery such as turbo-prop and jet-propelled aircraft. The statement of the President of the ICAO Council to the effect that there had been a considerable improvement in the economic position of air transport enterprises was also encouraging. Chapter I of the report as a whole might well serve as a guide for other agencies in preparing the sections of their reports devoted to an over-all review.

11. Particularly noteworthy was the statement concerning the Korean airlift in chapter I, section 6 to the effect that, in one month, privately owned aeroplanes which had been chartered from three countries had completed more than three hundred trans-Pacific trips delivering supplies to the United Nations forces in Korea. Many of the crews which had made those trips had never flown the Pacific before, and the fact that they had done so with such outstanding success was to a large part to be ascribed to the achievement of ICAO in establishing international standards and procedures applied universally.

12. Of equal interest was the passage in the report describing the development of the use of aircraft for agricultural activities, such as fertilizing, pest-control by means of dusting and spraying, and the relief of snow-bound livestock.

13. ICAO had also achieved very substantial results in the past year in developing its series of international standards and recommended practices for air navigation by adopting annex IX to the Convention on International Civil Aviation and by undertaking the survey on which

it was at present engaged of existing air navigation facilities, air services and the efforts being taken to correct critical deficiencies in existing services. The United States delegation was particularly interested in the new network of ocean weather stations established in the North Pacific.

14. It had been extremely impressed too by the description of ICAO's technical assistance activities, which were most encouraging and provided a good example of the type of service which a technical organization such as ICAO could render in aiding economic development. The United States Government was of the opinion that the Economic and Social Council should allocate to ICAO a larger percentage of technical assistance funds than the one per cent which had previously been allocated to it. But that was a matter which would be discussed by the Technical Assistance Committee the following week and later by the Council itself.

15. The United States delegation approved the terms of the resolution adopted by ICAO on the maintenance of peace and security.

16. It had noted from the report with satisfaction that ICAO, as requested by the Council and the General Assembly, had virtually stabilized its budget and had given attention to drawing up specific programme priorities for 1952.

17. Mr. CHA (China) said that, although his Government was not a member of ICAO, as a member of the Council it felt it necessary that its views on the report of ICAO should be expressed.

18. ICAO had been singularly successful in developing international standards and recommended practices for civil aviation. The passage in the report concerning the Korean airlift was a statement of fact which illustrated ICAO's success in developing those standards and practices.

19. In adopting at its 496th meeting the resolution B II (E/2063) prepared by the Fiscal Commission on double taxation, the Council had recommended measures to reduce such taxation. Perhaps those recommendations would prove to be insufficient, but he sincerely hoped that all governments would comply with them, especially in so far as international civil aviation was concerned, since that would be of great assistance in developing international civil aviation.

20. He understood that ICAO was preparing several draft conventions and that one on damage to third parties by aircraft engaged in international transport was nearly ready for discussion at a diplomatic conference and for signature. He greatly hoped that that draft convention, which was the result of many years' work not only by ICAO but also by the *Comité international technique d'experts juridiques aériens*, an organization which he was glad to say had been amalgamated with ICAO in 1947, and whose work was being successfully continued by ICAO, would be given the consideration it deserved from all governments.

21. The Chinese delegation had read with considerable interest the section in ICAO's report (chapter I, section 13) on "Fifth Freedom" traffic rights, which were defined

in that passage as "the privilege of carrying passengers, mail and cargo, between two points, both of which are outside the territory of the State whose nationality the aircraft possesses". At the special meeting of ICAO, held in Geneva in 1947, at which that matter had been discussed, the Chinese delegation had expressed the view which had just been reiterated by the President of the ICAO Council, that the time had not come for a multi-lateral agreement on the matter and that for the time being bilateral agreements formed the best means of dealing with it. In particular, he had noted with interest the statement in the report that no disagreement on the matter between States had ever yet reached the point of having to be adjudicated by the ICAO Council.

22. He proposed to vote in favour of the draft resolution submitted by the Canadian delegation on ICAO's report.

23. Mr. DONOSO (Chile) said that the report of ICAO, and the explanations given by the President of its Council, were satisfactory to his delegation. ICAO had given proof of a dynamic activity and had made an intelligent approach to all the questions with which it was faced in the technical, economic and legal fields. As shown on page 3 of the report, the transport of passengers, goods and mail had increased, and ICAO had substantial results to show as regards the simplification of frontier formalities, technical assistance and the provision of scholarships for less developed countries. It had worked in effective co-operation with other organizations, particularly the WMU and ITU.

24. The Chilean delegation was of the opinion that ICAO deserved to be complimented by the Council on its work, and for that reason it supported the draft resolution submitted by the Canadian delegation (E/L.203).

25. Mr. BEITH (United Kingdom) said he wished to associate himself with the tribute which had been paid to ICAO. He would support the Canadian draft resolution.

26. Mr. KAYSER (France) said he had taken note with great interest of the documents submitted to the Council by ICAO, and of the detailed statement by the President of its Council.

27. The French delegation was particularly impressed by part I of ICAO's report, which reflected considerable achievements in the field of the standardization of rules for civil aviation. Similarly, as shown by a comparison between 1950 and the first six months of 1951, admirable work had been done in the field of technical assistance, in spite of budgetary limitations. He hoped that circumstances would change and that the technical assistance rendered by ICAO might be considerably expanded in the future.

28. Working methods, the functioning of the organization and the staff rules had been considerably improved. Certain items of budget expenditure, however, rents in particular, seemed very high.

29. He welcomed the statement of the President of the ICAO Council anticipating a favourable conclusion to the current negotiations for the simplification of customs formalities in regard to air transport.

30. The French delegation wished, however, to draw the attention of both the Council and ICAO to a point which it considered essential, to wit the general trend of the organization's activities. Under article 44 of the Convention on International Civil Aviation, ICAO had a twofold purpose: one being technical, the regulation of air navigation; and the other economic, the healthy and co-ordinated development of civil aviation.
31. The French delegation felt that ICAO had acted efficiently in the technical field, but that its activity had been much more limited in the economic field. For that reason his delegation hoped that the co-ordinated and healthy development of civil aviation, the limitation of competition and co-operation in the matter of transport, activities which came under article 44 (e) of the Convention on International Civil Aviation, would be carefully studied during 1952. He hoped also that a chapter of the next report would be devoted to the efforts made and the results achieved in that field, and that they could be discussed at the fifteenth session of the Council.
32. For the present year, the French delegation would vote for the draft resolution submitted by the Canadian delegation while hoping to be able the following year, when its questions had been answered, to approve the report of ICAO, not only with satisfaction, but with most cordial satisfaction.
33. Mr. CALDERON PUIG (Mexico) associated himself with the praise bestowed on the report of ICAO and on the President of its Council.
34. The Mexican delegation was satisfied that air travel was easier at the present day even if there was still room for improvement. His delegation would like to see ICAO take a more active interest in the work of the organizations grouping the most important airlines, since those organizations fixed the rates of air travel. A study on an international scale might bring them nearer to their goal, which was to make air transport available to a large number of people for whom it was at present an unattainable luxury.
35. The Mexican delegation accepted the budget presented by ICAO. It considered, however, that some economies might be made, particularly in regard to publications. Furthermore, the amount paid for the rent of the headquarters offices of the organization appeared to his delegation to represent too high a percentage of the budget—namely, 8 per cent.
36. His delegation had noted with satisfaction the resolution adopted by the Council of ICAO with regard to a wider geographical distribution of posts in the Secretariat. He hoped that in the future it would be possible for nationals of all the various Member States to be represented in it.
37. He welcomed the statement of the President of the Council of ICAO on the co-ordination of the activities of ICAO with those of ITU and WMO and expressed the hope that such co-ordination would be extended to other organizations.
38. In conclusion, the Mexican delegation supported the draft resolution submitted by the Canadian delegation.
39. Mr. KRISHNAMACHARI (India) said that he too would like to express deep appreciation of the achievements described in the report of ICAO. India was particularly interested in the development of civil aviation, which had, mainly accidentally, made great progress during the last seven years. ICAO might pay more attention to economic problems in the field of civil aviation, especially those indicated by the Mexican representative. He agreed that it should consider ways of opening up civil aviation, which at present was only used by those who could afford luxury, to the wide masses of the world. In doing so, ICAO might take into account the fact that the cost of replacements for civil aviation was rising rapidly in India; although that was a domestic development, it would have international repercussions. The Indian delegation noted with pleasure the fact that ICAO had managed its affairs well with a restricted budget. It agreed that ICAO should receive a larger proportion of technical assistance funds for expenditure on civil aviation projects. India had a good air record, which it owed to no small extent to the international standards and practices recommended by ICAO. Aircraft had been very useful for earthquake and flood relief work in India; ICAO might consider ways of making such rescue work safer. He would gladly vote in favour of the draft resolution submitted by the Canadian delegation.
40. Mr. HADI HUSAIN (Pakistan) said that he also had read the report of ICAO's achievements with great pleasure; he would warmly support the Canadian draft resolution.
41. Mr. BLONDEEL (Belgium) in his turn congratulated the President of the Council of ICAO on his report and on his interesting statement. Belgium was particularly interested in the legal and economic problems arising from the development of civil aviation, on which the safety of air transport depended. His delegation would accordingly vote in favour of the draft resolution submitted by the Canadian delegation.
42. Mr. ALVAREZ-OLLONIEGO (Uruguay), Mr. CARBONNIER (Sweden) and Mr. CABADA (Peru) associated themselves with the tributes paid to ICAO, and expressed their support for the Canadian draft resolution.
43. Mr. WARNER (International Civil Aviation Organization), thanking members of the Economic and Social Council for their compliments to ICAO, said that ICAO would take into account all the suggestions they had made.
44. With reference to the remarks made by the Chinese representative, he would inform the Council that it was true that ICAO had nearly completed the preparation of a draft convention on third-party damage caused by aircraft engaged in international transport. That draft convention was based on the Rome convention prepared by the *Comité international technique d'experts juridiques aériens* which had not been found widely acceptable. It was hoped that the draft convention would be ready for signature within a year's time.
45. There were considerable difficulties in the way of solving the economic problems mentioned by the repre-

sentatives of France, India and Mexico, but ICAO would make every possible effort to solve them, and it was confident that it would succeed in doing so. It had already taken up the problem of how civil aviation could be made available to a far wider proportion of the world's population.

46. With reference to the remarks of the Mexican representative on the question of the geographical distribution of the ICAO Secretariat, he would inform the Council that the Assembly of ICAO at its last session had requested the Secretariat to study that problem.

47. The PRESIDENT put to the vote the draft resolution on the report of ICAO presented by the Canadian delegation (E/L.203).

The resolution was adopted by 15 votes to none, with 3 abstentions.

Economic development of under-developed countries (E/1986, E/2007 and Add.1 to 5, E/2024, E/2029 and Add.1, E/2047 and Add.1, E/2061):

- (a) **Methods of financing economic development;**
- (b) **Report of the group of experts appointed by the Secretary-General under Council resolution 290 (XI), paragraph 22, on measures for the economic development of under-developed countries**

Report of the Economic, Employment and Development Commission (sixth session) (E/2006) (continued)

48. The PRESIDENT drew attention to the amendments submitted by the delegations of Pakistan (E/L.210) and the Philippines (E/L.211 and Add.1) to the draft resolution contained in the report of the Economic Committee (E/2061). In addition, the French, United Kingdom and Uruguayan delegations had submitted a joint amendment, the English text of which would be shortly available.

49. Mr. ISMAIL (Pakistan) suggested that discussion of items 3 and 4 (a) and (b) of the agenda be deferred until the Council's next meeting since there would hardly be time at the present meeting to study the new joint amendment with the care that it deserved.

The Pakistani representative's suggestion was adopted.

50. The PRESIDENT suggested that no further amendments to the substance of the draft resolution contained in the report of the Economic Committee be admitted, although drafting changes might be discussed.

It was so agreed.

51. The PRESIDENT recalled that the Council had decided that item 4 (d) of the agenda, would not be taken up until items 4 (a) and (b) had been disposed of. He therefore invited representatives to resume consideration of item 5.

Full employment (E/2035 and Add.1, 2045, E/2071, E/CN.1/81 and Add.1 to 10) (continued)

52. Mr. ROGERS (Canada) said that his Government had sent in a detailed reply (E/CN.1/81) to the Secretary-General's questionnaire which had been sent to governments in accordance with Council resolution 290 (XI). Furthermore, that information had been supplemented by the statement made at the 485th meeting by his delegation on item 2 of the agenda.

53. He felt it necessary, however, to make some comments arising out of the comprehensive statement made by the United Kingdom representative on the subject of full-employment standards. He interpreted that representative's remarks as a reproach to those countries which had not deemed it desirable to adopt a precise standard defining full employment along the lines in which it had been done in the United Kingdom. At the eleventh session of the Council (391st meeting) the Canadian representative had explained at great length why the use of mathematical standards was not considered appropriate by the Canadian Government, at least for such countries as Canada. However, it had re-examined its position in the light of the recommendation contained in resolution 290 (XI) and the strong arguments presented by a number of delegations, including that of the United Kingdom. Despite the further examination it had given to the question, his Government could see no serious reasons for changing its position. Full employment was only one of the important objectives to which a government could direct its economic policies. Higher standards of living and increased productivity were equally important aims. While the achievement of all these objectives often coincided and required similar action, that did not occur in all circumstances, so that over-emphasis on one might well hinder the achievement of the others. The Canadian Government was anxious to give emphasis to all those important goals in its economic policy and had formulated them in such a way as to strike a balance between them.

54. At the present time, Canada was enjoying full employment, and indeed was rapidly approaching a position of over-full employment. Owing largely to heavy investment in established industries and the rapid development of natural resources, Canada had not experienced the slackening in economic activity which other countries had experienced in 1949. The only effect of the Korean war so far as levels of employment were concerned was that it had intensified the tendency towards excessive full employment, a tendency which the Government was trying to remedy by attracting immigrants and by absorbing more women and younger people into the labour force.

55. Although his Government did not consider it desirable to adopt a full-employment target in mathematical terms, the maintenance of high levels of employment, economic stability and improving standards of living were fundamental elements of Canadian policy as laid down in the White Paper on Income and Employment submitted to the Canadian Parliament in 1945. To achieve those ends, the Canadian Government had adopted constructive policies, including measures for expanding international trade, for developing national

resources and for improvements in social security measures, all of which were designed to raise the standards of living of the Canadian people. The Government had relied heavily on appropriate fiscal measures in pursuing those goals. There was no easy or royal road to success such as the application of automatic and pre-determined measures. It would take a great deal of imagination and flexibility on the part of governments to adapt their measures to the prevailing circumstances at any particular time. He recognized that the problem was quite different for the under-developed countries where employment difficulties manifested themselves, not in the form of unemployment but rather in the form of under-employment. He agreed that the only suitable approach for those countries would be through a more rapid development of their economies.

56. In the present circumstances, the problem of maintaining full employment was somewhat theoretical as far as most governments were concerned. However, even at the present session, when the Council was faced with an overloaded agenda, it was desirable to review briefly the Council's responsibilities in the matter of employment. Times might not always be as propitious as they were at present and such periodic reviews would have the advantage of enabling the Council to act quickly and in full knowledge of all the facts, should the need for international action arise.

57. In conclusion, he declared his delegation's support for the changes (E/2045) which the Secretary-General had proposed to the procedure under Council resolution 290 (XI). Conditions had considerably changed since that resolution had been adopted, and because of the highly uncertain future it was desirable that the Secretary-General be given a greater degree of discretion in appointing the group of experts and in submitting his report to the Council.

58. Mr. BORIS (France) wished, before dealing with the substance of the matter, to support the draft resolution submitted by the Swedish, United Kingdom and United States delegations (E/L.208).

59. The French delegation did, in fact, share the opinion of the Secretary-General as set forth in document E/2045, that the studies recommended in resolution 290 (XI) on the probable long-term developments in the balance of payments of various countries and on estimated trade by commodities entering into international trade were at present impracticable.

60. The reason why the discussion on full employment had opened in a comparatively tranquil fashion, in comparison with the lengthy and heated discussions which had taken place on items 2 and 4 (a) and (b) of the agenda, was perhaps because the problem had been studied diligently and thoroughly by the Council at previous sessions. He did not, however, consider it desirable that the discussion should become academic, and he hoped, along with the United Kingdom representative, that all delegations would make substantive observations and concrete suggestions. The question of full employment should, in fact, not only be uppermost in the minds of all, but should be considered as topical, and even urgent at a time when the economic situation

was favourable and while the inflationary pressures, which were currently of first concern, were averting for the time being the threat of unemployment. The very fact that that threat was remote might perhaps facilitate the creation of a calm atmosphere, necessary to the study of the problem.

61. He hoped that the Council would be spared out-of-date and inaccurate descriptions of the industrialized countries as being stricken with unemployment, and that some delegations, which had the knack of producing from their files quotations to prove that black was white and *vice versa*, would refrain from ill-timed remarks. The delegations of industrialized countries would, in fact, have no difficulty in showing that their countries had no current unemployment problems, as the representatives of the United States and the United Kingdom had already stated. The United Kingdom representative had said that, if any obstacle to complete full employment did exist in his country, it was to be sought in scarcity and unstable prices of raw materials.

62. As the French delegation had already had occasion to explain in the Council, the fundamental problem for the French economy was insufficient power, resulting from a shortage of coal, and more particularly of coke. The situation was due to the fact that certain countries no longer took, or were no longer willing to take, as important a part as hitherto in the international coal trade. Yet, in spite of present and prospective difficulties, the French delegation could state that employment in France had reached a higher level than ever before. The number of unemployed in receipt of relief had been 53,800 on 1 July 1950 and 55,500 on 1 February 1951, dropping to 38,800 on 1 July 1951.

63. As those statistics of unemployed persons in receipt of relief had been criticized for their vagueness, he was prepared to agree to the use of the figures for unsatisfied applications for employment, though they represented a maximum, whereas the other figures would rather represent a minimum. Unsatisfied applications for employment amounted to 141,000 on 1 July 1950, and 164,000 on 1 February 1951, falling to 104,500 on 1 July 1951. About half the totals referred to workers idle for less than three months, many of them unemployed for no more than a month or even a fortnight. The rest, with the exception of a very small percentage of juvenile workers, consisted on 1 July 1951 of persons unemployed on account of age or physical disability or unskilled workers difficult to reclassify in the occupations and branches of activity from which the offers of employment came in to the labour exchanges.

64. Furthermore, in certain sectors of the economic field, the number of unsatisfied offers of employment was greater than that of unsatisfied applications for employment. That was the case for example with agriculture, forestry, manufacture of building materials, and the spinning, weaving, building and metallurgical industries.

65. Thus at present there was no problem of unemployment in France, any more than there was any immediate problem of unemployment facing the other industrialized countries.

66. No doubt some of the delegations would argue that the present favourable situation was a result of rearmament, and would harp on the old argument that nothing but an intensive armaments policy could ensure full employment under the economic regime current in countries like France. The French delegation had already answered that argument on the basis of actual facts taken from recent events. Moreover, the United States representative had rightly pointed out that the United States economy had already turned the corner long before the decision to re-arm was taken. The French delegation was convinced that economic science had made great strides during the last few years; and to-day, methods were known which made it feasible to maintain a high level of activity and to ensure full employment without recourse to armaments manufacture. That such a thing was theoretically possible was self-evident—domestic development plans and development schemes carried out in countries requiring external aid were perfectly capable of producing the same effect in that direction as armament plans. It was for the countries concerned to demonstrate by concrete results that the theory could be put into practice. But the adoption of a full-employment policy on a general scale necessarily meant the implementation of schemes calculated to take the place of military expenditure the moment it became less necessary to the safety of the free world. That was a further reason for believing that rules for the application of such a policy should be worked out. Moreover, the peoples of the industrialized countries would not stand for a recurrence of crises which plunged a section of the population into idleness, unemployment and poverty.

67. Every delegation should ask itself whether its country was prepared to apply a vigorous full-employment policy. Since the international repercussions of slackness on the part of any one of the Great Powers were likely to be very considerable, each country was entitled to ask the same question with regard to the others. As far as France was concerned, the reply it had given to the Secretariat's questionnaire, as well as actual historical events in France during the last few years, was sufficient proof that it was not prepared to allow all-round unemployment to occur. France had already applied and was prepared to apply once again a number of the methods which had been advocated, either in the experts' report (E/1584), *National and International Measures for Full Employment*, or in Council resolution 290 (XI). Nevertheless, one of the recommendations in that resolution might give rise to difficulties in adapting it to French conditions, namely the question of fixing employment standards.

68. The position of France in that respect was quite peculiar. In actual practice, unemployment in the sense of unsatisfied applications for employment had always been at a low level as compared with the size of the active population. In 1936, the most difficult year for France in the matter of employment, unsatisfied applications for employment amounted to only 2.3 per cent of the active population figures. The Swedish representative had rightly stated that employment standards could not really be compared as between one country and another. If France, for example, adopted

the same standard as the United Kingdom, using the same basis of calculation—namely, 2.75 per cent of the active population—there would be no question of the red light showing even in a situation similar to that experienced in 1936. During the last ten years, the percentage of unemployment had regularly been less than 1 per cent, and at the moment it was 0.5 per cent. Public opinion in France would react violently not only if unemployment exceeded 2.75 per cent but even if it reached 1 per cent. Hence France might feel justified in fixing a standard so low as to appear somewhat flippant; alternatively, if France were to adopt a percentage similar to that of other countries which were supposed to be implementing a full-employment policy, such a standard would seem more flippant still. That was the source of the French hesitations about setting a standard.

69. In drawing the attention of the Council to the peculiar situation which obtained in France and made the employment indices unusually favourable, it was not at all his intention to boast about it but merely to make it clear that those indices were explained by the peculiar structure of French economy. Clearly, in countries where the population was very largely agricultural, the problem of full employment did not arise in the same sense as in industrial countries, where the population was concentrated mainly in big industrial towns. That fact had been recognized by several speakers in referring to purely agricultural countries, and it was also partly true of a country like France, where more than one-third of the active population was employed in agriculture, while of the remaining two-thirds, a high proportion were artisans, contractors in a small way of business, and independent persons occupied in so-called tertiary activities. In countries of that kind there was a certain measure of elasticity in the sphere of employment, particularly if the word "elasticity" was taken to cover substitute and auxiliary occupations. Such elasticity of course was mainly evident in rural and semi-rural districts where there were opportunities for changing occupations occasionally or periodically. In the large urban centres such facilities were unusual; hence one-half of the unsatisfied applications for employment came from the three built-up areas; Paris, Marseilles and Lyons. However, the drift of seasonal workers into the towns was in direct proportion to the tension existing on the labour market in the large urban centres, and the drift back to the land was affected thereby. Thus any changes in the employment situation in the large towns tended to be absorbed by the opportunities available in country districts.

70. Nevertheless, in France and all the highly industrialized countries, any decrease of employment due to insufficient demand from the industrial sectors had the most serious consequences not only of a national but of an international character. Experience showed that those consequences were the more serious where the falling-off of demand and the decrease in the level of employment occurred in a country whose economic importance in relation to the world as a whole was great. Consequently, the French delegation, on each occasion on which full employment was discussed, followed the statements of the United States representative with the greatest interest and attached great importance to the

information he gave about the United States policy. The United States representative had told the Council of the brilliant future to which that country looked forward: increase in the level of employment, a proportionately still greater increase in production and consequently a simultaneous increase in the number of workers employed; in the volume of production and in productivity. His statements fully confirmed the view expressed by the United Kingdom representative, that a period of full employment was favourable to increased productivity. Contrary to what had formerly been believed, a period of economic prosperity was more favourable to productivity than a period of depression. The United States of America, which led the world in technical progress and was building numbers of new factories with the latest technical improvements, was to bear that out in a striking manner, since the expansion would stimulate invention, discovery and the use of every improved manufacturing process.

71. That reflection led the French delegation to remind the Council of an idea upon which it had already dwelt: that the present situation and the very great progress about to be made in the field of productivity, would in the end result in providing the whole world with valuable material improvements and solve hitherto insoluble problems. The French delegation treasured the constant hope that the development of the current situation would make it possible to relax the efforts at present being made in the interests of world security. Very much larger resources would then be liberated and numerous difficulties recognized by the Council during the discussion on economic development would become surmountable. But on one condition: that, once attained, that high rate of production and productivity should continue to be used to the fullest extent and that no relapse to a lower level of employment should be accepted. Thus it was essential to the future of the world that the idea of full employment and of its political, social and economic necessity, should be brought home to people and that public opinion should adopt it as a dynamic idea. On that account the French delegation was glad that full employment remained permanently on the Council's agenda and that the members of the Council were called upon periodically to explain their position or express their opinions concerning it.

72. Mr. BLUSZTAJN (Poland) said that his delegation had already made clear at the fifth session of the General Assembly that, in its view, the Council's action on the problem of full employment had not touched upon the fundamentals and that resolution 290 (XI) constituted an attempt to substitute vague phrases for the formulation of effective policies and programmes. Compared with the specific proposals put forward at earlier sessions by the representatives of the World Federation of Trade Unions, that resolution had been retrogressive.

73. The replies of Member Governments to the Secretary-General's questionnaire could hardly be claimed as having given an accurate picture of full-employment policies. Indeed, many governments had no such policy at all. Various explanations had been advanced. Thus, the New Zealand Government's reply (E/CN.1/81) maintained that the country's economy was considerably

affected by conditions in export markets—a statement which was tantamount to suggesting that any country with wide foreign trade relations could have no full-employment policy and must placidly accept all the repercussions of the international market. The Canadian Government's reply (E/CN.1/81) ventured into theory and stated that one reason why the Canadian Government had not set a quantitative employment standard was that it might lead to an over-emphasis on one objective. A quotation was also made from the statement of the Canadian representative at the eleventh session (391st meeting) of the Council, a statement in which he had explained his Government's reluctance to fix a norm or target because Article 55 of the Charter laid down three main objectives—namely, higher standards of living, full employment and conditions of economic and social progress and development. It was self-evident that full employment was not the only objective, and that the three objectives referred to in Article 55 formed an entity. But the Canadian reply appeared to suggest that higher standards of living and economic progress could be achieved without full employment—a proposition which was of course untenable.

74. The main issues were also avoided in the reply of the Italian Government, from which an extract was quoted in paragraph 15 of the Secretariat's report (E/2035). It was stated there that the serious unemployment problem in Italy was structural and not due to temporary economic events. It could therefore not be solved by the application of the policies applied in other countries. But the reasons for the structural character of Italian unemployment must be sought in the country's out-moded agricultural economy and the lack of genuine development policies both in the agricultural and the industrial domains. Furthermore, and contrary to what was suggested in the Italian reply, existing capital equipment in Italy was not fully utilized. Ample evidence to the contrary was adduced in the *Economic Survey of Europe in 1950* (E/ECE/128/Rev.1). Italy needed a large investment programme, but such a programme could not be carried out because of a considerable increase in defence expenditure in connexion with the Marshall Plan.

75. It was true that in the under-developed countries the fundamental problem was one of economic development and industrialization but, as his delegation had frequently explained, in many such countries industrial unemployment was caused by inadequate utilization of existing capital equipment and special measures were certainly called for.

76. Thus, a survey of the replies from governments showed that no genuine full-employment policies existed in the capitalist countries, and that the capitalist economic system did not allow for the achievement of full employment together with economic progress and a higher standard of living.

77. The Polish delegation did not consider that there were any reasons for rejoicing about the present state of affairs. The employment situation in capitalist countries was at the present time wholly dominated by preparation for war, through which production and employment were directed to the making of goods with no social value

whatsoever. Lord Keynes had once said that the shifting of sand from one spot to another and the building of pyramids were occupations which had much to commend them as far as full-employment policies were concerned. Indeed, he had gone even further and had stated that, under a capitalist economy, that was perhaps the only way of achieving full employment. That was the kind of role played by a war economy.

78. The United States representative had tried to convey the impression that the United States economy had been working under conditions of full employment since the Second World War, and that the increase in unemployment in 1949 had been primarily due to a readjustment process within the economy and had lasted only a very short time. He had quoted figures to show that the United States economy had recovered very quickly from that readjustment, and that the very healthy future anticipated for the economy had only been affected by the outbreak of hostilities in Korea. That was incorrect. In the first place, the militarization of the United States economy dated back to the early post-war years, and United States aggression in Korea had only accelerated that process. United States monopolies had increasingly counted on the Government's military expenditure and were forcing the adoption of aggressive policies. The reasons for the short duration of the adjustment process in 1949 were to be sought in the increasing military budget, which was the main factor of the United States policy of pump-priming.

79. He recalled, moreover, that the United States monopolies had lacked confidence with regard to the economic evolution in 1950 and had expected an increased recession by the end of that year. Only the aggression by the United States in Korea had prevented the outbreak of a new crisis. Shortly after the outbreak of the Korean war, it had been stated in the *United States News and World Report* that the war in Korea had started a new boom. According to the National City Bank of New York, the United States economy had made armaments its principal business.

80. The 1949 economic crisis in the United States of America had had disastrous effects on the economic situation of the Western European countries bound to it by the Marshall Plan and the North Atlantic Treaty, and had led to the devaluation of their currencies. A gradual shift towards a war economy had also occurred in Western Europe, bringing with it the same consequences in production and employment as had become apparent in the United States. That similarity of economic evolution reflected not only the dependence of Western European economies upon the United States economy, but also the inability of Western European countries to carry out independent economic policies to increase production and improve the standard of living of their peoples.

81. The increases in 1950 in production and employment in capitalist countries were mainly due to programmes of war preparation at the expense of the living standards of the masses, as was clearly shown in the report by the Secretary-General (E/2035). As far as the United States was concerned, that report (paragraph 34) foresaw reduced consumption and a fall of approximately

8 per cent in real hourly wages after taxation; and the forecasts were similar, for instance, for Canada, the United Kingdom and France.

82. Rather than solving the economic problems of capitalist countries, however, the shift to a war economy had made them more difficult to overcome. The increased prices of raw materials had caused a general increase in prices which was far from having exhausted all its inflationary effects. An unemployment problem had been caused in branches of production which were engaged in production for peace purposes, by the emphasis on the production of goods necessary for war purposes. The militarized economy of capitalist countries would increase further the disproportion between the productive potential in investment goods and that in consumer goods, thereby considerably increasing the sensitivity of the economy to cyclical fluctuations. The inflationary consequences of a militarized economy also contributed to re-distributing national income from wages to profits and increasing the share of the capitalist class in the national income, as well as increasing the economic and political power of the monopolies carrying out the rearmament programmes.

83. The situation he had reviewed showed that increases in aggregate employment and production had been achieved through a shift towards a war economy and through the decrease of the purchasing power of the broad masses of the population. The situation was very far short of the objectives set forth in Article 55 of the Charter. The proposals for action which had been advanced by the World Federation of Trade Unions, at the ninth session of the Council, were more valid than ever and they should form a basis for action recommended by the Council.

84. Referring to the reply of the Polish Government to the full-employment questionnaire, he stated that the information contained in that reply (E/CN.1/81/Add.4) should be seen against the background of the six-year plan. That plan provided for the employment in 1955 in the socialist sector of the economy, excluding agriculture, of 60 per cent more persons than in 1949. Employment in industry would increase by 65 per cent and in building by 120 per cent. 33.5 per cent of the total working population in 1955 would be women. Real wages would increase by 40 per cent, that increase being achieved through higher wages and a gradual reduction in prices of mass consumer goods. The total wage bill would more than double. There would be an increase of one million qualified workers and technicians, while 205,000 persons would be trained in general administration, economics and commerce. 336,000 men and women would receive finishing courses, while 146,000 persons would receive a university training.

85. Briefly summarizing the extent to which the plan for 1950 had been fulfilled, he indicated that, as a result of socialist planning, the Polish Government had solved the problem of unemployment. During 1950, employment had increased by 17 per cent, and industrial productivity by 9 per cent, as compared with 1949. The Polish policy of full employment corresponded with Article 55 of the Charter and was closely linked with economic progress and higher standards of living. In

the capitalist countries, however, unemployment still persisted, although it might have been alleviated in a few cases by the effects of rearmament.

86. The situation in those countries called for rapid and energetic action, for establishing an unemployment insurance system which would guarantee the means to live decently to the unemployed, for an effective economic policy increasing the purchasing power of the working masses and for a progressive and democratic taxation policy reducing the profits of monopolies. It called also for a financial policy combating inflation and for large-scale public-works and investment programmes which would create new employment opportunities. The resources being wasted in capitalist countries on war preparations were more than sufficient to carry out those measures. The people of the world wished to live and work in peace and it was the duty of the United Nations to ensure that their wishes were fulfilled.

87. Mr. ADARKAR (India) recalled that he had earlier stated his view that full-employment standards were not practicable in all countries. But he emphasized that full employment itself was a perfectly valid ideal which should be considered annually by the Council, even if the discussion were to be based only on a note by the Secretary-General on the employment situation throughout the world rather than on a comprehensive survey—which it might be impossible to prepare every year.

88. In view of the remarks made by the Polish representative, he felt he should point out that the doctrine of full employment had received its greatest support from such persons as Lord Keynes and Lord Beveridge during the 1930's, although it had been discussed by experts, including those of the League of Nations, even before that time. The Polish representative had misunderstood Lord Keynes, who had indeed referred to the fact that the Egyptians had built pyramids and that even at the present time part of the world's activity was concentrated on transferring gold from the earth to the central banks. But Lord Keynes had criticized those activities as useless and had been making a case for liberal expenditure on public works, housing and schools. He had been pleading, as indeed the Council had been pleading, for economic development in the way that seemed best in given circumstances.

89. Recalling the Polish representative's statement that the economic policies of many parts of the world were dependent upon those of the United States of America, he pointed out that it was impossible to avoid the influence of large States such as the United States and the Union of Soviet Socialist Republics. War economy was an unfortunate necessity, but, even without it, countries would not be able to escape the consequences of the United States' actions in the economic sphere. As regards the connexion between full-employment policies and the development of under-developed countries, he emphasized that the ideal was not full employment alone but full employment as a part of the greater problem of economic development generally. The under-developed countries should concentrate on modernization, even temporarily at the expense of full employment.

90. Mr. REISMAN (Canada) considered that, while the Polish representative had correctly quoted the Canadian point of view on full employment, he had drawn an incorrect conclusion from it. He had understood the Polish representative to have implied that Canada felt that, since full employment was only one of the objectives enumerated in Article 55 of the Charter, the other objectives could be achieved without full employment; that was incorrect. The Canadian Government rather felt that by over-emphasizing the question of full employment the other objectives might be ignored. It was clear that full employment could be achieved without increasing standards of living or maintaining economic stability; it might indeed be achieved at their disadvantage. While full employment should be considered as one of the foremost objectives, it should be recognized that it was only the means to an end. The people of the world worked in order to raise their standards of living, not for the sake of work itself.

91. In pursuing its full-employment policy, Canada had also laid emphasis on the other objectives enumerated in the Charter and had indeed achieved full employment with an increased standard of living and with increased social services. If circumstances did not compel it to devote some resources to defence, it would achieve an even higher standard of living and assured stability, and it might be able to make a greater contribution to the development of under-developed countries.

The meeting rose at 1.5 p.m.