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*President*: Sir Douglas COPLAND (Australia).

*Present*:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following Member States: Cuba, Indonesia, Iran, Israel, Mexico.

Observers from the following non-member States: Bulgaria, Federal Republic of Germany, Hungary, Spain.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Monetary Fund, World Health Organization.

## AGENDA ITEM 2

**World economic situation (E/2674, E/2684, E/2706, E/2712, E/2726 and Add.1 to 5, E/2729, E/2737, E/2738, E/2739, E/2740, E/2756, E/2771, E/2772 and Add.1, E/CN.12/359, E/CN.12/AC.25/5, E/ECE/194, E/L.634, E/L.676, E/L.677, E/L.678, E/L.679, E/L.680, ME/284/55, ME/285/55) (*continued*)**

1. Mr. ENNALS (World Federation of United Nations Associations), speaking at the invitation of the PRESIDENT, warmly welcomed both the procedure by which the reports prepared by United Nations Headquarters and the regional economic commissions were being discussed together under one item, and the presence of the executive secretaries of those three bodies. The World Federation of United Nations Associations (WFUNA) had always attached great value to the work done by the regional commissions, with which it had always maintained close and cordial contact, and it accordingly hoped that their executive secretaries would be able to participate in the debates on the world economic situation in future years too. WFUNA also wished to pay a tribute to the work done by the secretariats of the three commissions over the past seven years, often in very difficult circumstances.

2. He wished to emphasize the importance of the Economic Commission for Europe (ECE) as the only forum in

which almost all the countries of Europe met, of the attention ECE was giving to the special development problems of southern Europe, and of the east-west trade consultations organized under its auspices. He also welcomed the increasingly successful activities of the Economic Commission for Asia and the Far East (ECAFE) and hoped that its Sub-Committee on Trade would develop and extend its activities and that co-operation between ECAFE and ECE in the field of trade would be increased; he recalled that it had been WFUNA which had originally suggested, in 1951, the study on trade between the two regions. He also hoped that, in view of the importance of the housing problem in Asia, the Inter-Secretariat Working Party on Housing and Building Materials associated with ECAFE would soon become a regular organ of the Commission, with representatives from all the Governments of the region.

3. He associated himself with the hope expressed by the Norwegian representative, that ECE would soon succeed in devising a solution to the problems of its membership. WFUNA firmly believed that if the United Nations was successfully to solve universal problems, then its membership also must be universal, and the same was true of Europe at the regional level. He hoped that the Council, inspired by its customary sense of responsibility, would help ECE to cope successfully with European problems by authorizing it to admit all European States, without distinction, to full membership.

4. He welcomed the statements made by the Executive Secretary of ECE on reinvestment in industry, and by the Executive Secretary of ECAFE on the stabilization of export prices and the expansion of investment in Asia. In that connexion, he agreed with the representatives of the Netherlands and Yugoslavia about the importance of the International Finance Corporation and of the Special United Nations Fund for Economic Development (SUNFED).

5. After expressing his regret that time did not allow him to comment on the work of the Economic Commission for Latin America (ECLA), he congratulated the Secretariat on the two documents (E/2738 and E/2739) produced for the Council with regard to Africa, a continent which had never yet had the privilege of taking a direct part in the Council's discussions. It was gratifying to note from those documents that between 1950 and 1954 considerable progress had been made in African industry, agriculture, trade, investment and education, and in the development of health and social services. He asked that the two reports should be widely distributed in Africa and that they should be supplied to libraries which were open to Africans and Asians as well as to Europeans—which had not always been the case in the past. He noted with interest the inter-governmental co-operation

in Africa mentioned in the *Review of Economic Activity in Africa, 1950 to 1954* (E/2738), but regretted that neither Liberia nor Ethiopia—two of the three African Members of the United Nations—was associated with those activities. The logical sequel of the two documents on Africa ought to be the serious consideration by the Council of the desirability of setting up an economic commission for Africa—a proposal that had been made by WFUNA five years previously, and the support for which expressed by the representative of the International Federation of Christian Trade Unions he welcomed.

6. He also expressed appreciation of the document *The Quest for Freer Trade* (E/2737), and hoped that in the present atmosphere of international *détente* the appropriate organs of the United Nations and the General Agreement on Tariffs and Trade (GATT), would be able to make further progress in that direction.

7. Speaking of the *World Economic Report 1953-54* (E/2729), he called particular attention to the last section of the introduction, in which the Secretary-General spoke of "responsibility as a test for national and international policies", and to which other speakers had already referred earlier in the debate. WFUNA heartily agreed with the sentiments expressed therein. It earnestly hoped that in that tenth anniversary year of the United Nations increased support would be forthcoming for United Nations agencies working in the economic field, and that they would be made more effective through universality of membership and stronger through the creation of international machinery for financing development projects. If, in its economic activities, the United Nations continued along the lines begun in Europe it would be making substantial progress towards the achievement of the economic aims set out in the Charter.

8. Mr. DESSAU (World Federation of Trade Unions), speaking at the invitation of the PRESIDENT, expressed his agreement with the Secretary-General that economic progress should be judged in the light of the aims of the United Nations—namely, the raising of living standards, full employment and economic development. That was how the workers judged it. For them, the economic situation was propitious when their wages were higher, unemployment was less widespread, working conditions were less arduous and social security was more effective. The World Federation of Trade Unions (WFTU) applied the same criteria.

9. There were two main features of the present economic situation: rearmament, and the expansion of production in certain countries. The various reports before the Council gave valuable information about the effects of rearmament on economic activity and on living standards. The military expenditure of the industrialized western countries accounted for from 20 to 70 per cent of their national budgets and for from 10 to 15 per cent of their national incomes. As was pointed out in the *World Economic Report 1953-54*, that had brought about a sharp increase in taxation. During 1951, that increase had been the main cause of a falling-off in consumption. Taxation had remained at virtually the same level ever since. As the *Economic Survey of Europe in 1954* (E/ECE/194) showed, arms manufacture kept busy a considerable proportion of the productive capacity. On the other hand, certain branches of activity directly

connected with public consumption were in the throes of a more or less permanent crisis. The textile industry, for example, was at present facing serious difficulties. In Great Britain, France, Italy, Japan, India and other countries, workers were on short-time, and some of them had been laid off. In agriculture, too, there were serious problems. Some countries had surpluses they could not dispose of, whereas in others consumption of foodstuffs was no higher than before the war. The reason for that state of affairs was lack of purchasing power and a decline in consumption by the workers which the publication of official statistics relating to consumption by all classes of society could not disguise.

10. With regard to international trade, exports of warlike supplies were steadily increasing, and political factors were still hampering east-west trade. Rearmament had also disorganized the markets for raw materials and worsened the situation of the under-developed countries by making it difficult for them to export their products. Rearmament was not only an obstacle to economic and social progress: it was threatening the very livelihood of whole populations and, what was still more serious, the peace of the world.

11. WFTU again appealed to Governments to cut down military expenditure, and expressed the hope that the Four-Power meeting about to be held at Geneva would yield tangible results which would help to achieve the aims set forth in the United Nations Charter.

12. As to the increase in production that had occurred in certain countries, there was no doubt that investment in capital equipment had played an important part. But, according to the *World Economic Report 1953-54*, in the main industrialized countries the volume of investment had fallen between 1950 and 1954 as compared with gross national output; the increase in output was therefore, he thought, due rather to harder work than to any real rise in productivity. It had been engineered by speeding up the rate of work and by systematically prolonging the working week. That was obvious from the sixth report of the Organization for European Economic Co-operation, the last report of the British Productivity Council and the report of the Asian Advisory Committee on its sixth session, presented at the last session of the Governing Body of the International Labour Office. In that last report, it had been asserted that if productivity in South-East Asia was to be increased, it was particularly important that use be made of productivity methods which called for the intensive use of manpower.

13. WFTU had already, during the discussion on the world social situation, drawn attention to the evil consequences of the intensification of labour and the prolongation of the working week: an increase in the number of industrial accidents, the recrudescence of occupational diseases, etc. The employers wished to get increased production by means of harder work without increasing wages, or at least without increasing them commensurately. As a result, the workers' living conditions were getting worse. The seriousness of the situation could easily be grasped from the fact that the general level of wages was already too low. That was the only reasonable explanation for the recent strikes in

countries like the United Kingdom, the United States of America, France, Italy, Chile, Brazil, India and Japan.

14. The intensification of labour was also an obstacle to the achievement of full employment. In the United States of America, industrial output in the first half of 1955 had regained the level of the first half of 1953, but the number of workers employed in industry had fallen by one million. In the under-developed countries the situation was even more serious, because it was difficult for redundant workers to find other jobs. WFTU wished to draw the Council's attention to the necessity for more effective action to raise the level of employment, and to recall the proposals it had put forward at the Council's eighteenth session. The intensification of labour was in the employers' interest. Figures, which he quoted, showed that during the last few years the profits of the big companies had increased considerably.

15. Speaking generally, it could be said that the present economic trend was marked by the absence of an improvement in, or even by a worsening of, the living conditions of the workers, and by an increase in company profits.

16. During April 1955, the Executive Committee of WFTU had called upon all trade union organizations to fight against the methods of excessive exploitation of the workers in the factories and to secure a guaranteed minimum wage and a general increase in real wages, a shortening of the working week and equality of rights between working men and women. It had also recommended trade union organizations to give all the help they could to workers in Non-Self-Governing Territories and the under-developed countries, in the spirit of the conclusions reached at the Bandoeng Conference. WFTU was confident that by that action it was furthering the solution of the economic and social problems under discussion by the Council and the realization of the aims of the Charter.

17. Mr. FOEVIE (International Confederation of Free Trade Unions), speaking at the invitation of the PRESIDENT, referred to the objectives of ICFTU, which was seeking to ensure respect for human dignity and the rights of labour. It did not believe that there could ever be any choice between freedom and prosperity. Those aims could not be separated; neither could social justice and peace.

18. The free trade union movement which he represented looked at the commendable reports prepared by the United Nations Secretariat through the eyes of working men and women, and in judging economic achievement it was obliged to use as a yardstick the welfare of the working people who created the wealth of the world. The increase of 16 per cent in real national product in the so-called "economically developed private enterprise economies" mentioned in the *World Economic Report* was a remarkable achievement, and gave proof of the contention that democratic nations could ensure full employment and rising living standards. It demonstrated the active role which Governments could play in stimulating the national economy without curtailing freedom. It also showed the stabilizing effect of rising incomes and wages, the most striking evidence of which

was to be found in the United States of America. Forebodings about the probable effects of the transient economic depression in that country had been belied by the facts. The American trade unions themselves thought that the United States Government could have taken earlier and more effective action to counteract the recession, but the biggest single factor mitigating its effects had been the continued increase in real wages. The guaranteed annual wage recently secured by some American trade unions would, when extended to other industries, provide a further stabilizing element in the economy.

19. Trade unions were particularly interested in statistics of employment and real wages, since they showed how far the workers had benefited from economic progress. In the economically developed countries employment had risen slightly in 1954, but not enough to match the growth in the working population, with the result that unemployment had risen generally. That had not been the case in western Europe, but was a disquieting phenomenon in the United States of America, where economic recovery had not been accompanied by a steady rise in employment. The stability of the world economy depended more on the steady expansion of the American economy than on that of any other single country. The hopes expressed by the President of the United States for the achievement of goals of employment, production and purchasing power were therefore to be welcomed.

20. Technological improvements, leading to higher productivity, could create unemployment. The free trade unions were not opposed to higher productivity. They rejected the hypocritical attitude of those who accepted measures for raising productivity in countries where the workers had no effective organizations to defend their interests, but denounced them in countries where the workers were free to organize. Free trade union support for increased productivity was not unconditional, however; any increase must be accompanied by a rise in real wages. The *World Economic Report* showed that in the economically developed countries real wages had risen by an average of 3 per cent per annum between 1950 and 1954. It was a solid achievement of the free trade unions that the workers had thus been able to share in the growing general prosperity. In some of those countries, however, the rise in real wages had been smaller than the increase in productivity. A warning should be issued to the employers concerned that such injustice not only engendered industrial conflict, but was also bad economic policy, since it restricted the purchasing power necessary to sustain production.

21. Referring to the countries described in the *Report* as those with centrally planned economies, he called attention to a curious difference between the statistics provided by them and those supplied by the countries of free enterprise. Instead of statistics of actual production, employment and so on, the former countries gave information expressed only in percentages. He was not much impressed by the apparent substantial rise in real wages in those countries; to some extent it had been achieved by cutting turnover taxes, which had been the highest in the world. The increase was in any case largely illusory, since there had been no corresponding

expansion in availabilities of consumer goods. The policy of encouraging the output of consumer goods and agricultural products instead of heavy industry had, moreover, recently been reversed. It should also be remembered that in those countries the benefits of higher wages were frequently nullified by increased compulsory loans to the State.

22. As to the economically under-developed countries, he noted that, by contrast with the practice in previous years, the *Report* did not provide a general survey of conditions there. It was therefore difficult to judge whether the gap between their levels of development and living standards and those of the developed countries had widened or narrowed; probably it remained much the same. The development of those countries called for energetic and sustained action at the national, regional and world levels, to which the under-developed countries themselves had a contribution to make. It was regrettable that some of them should not be making the requisite efforts to bring about economic and social progress, being subject to feudal regimes preoccupied with the maintenance of a dictatorship or with selfish interests. In others, the full energy of the people could not be harnessed to economic development because they were still under the rule of colonial Powers, which did not always regard the improvement of the living standards of the local population as a primary objective.

23. Some colonial territories, of course, such as his own—the Gold Coast—now enjoyed complete autonomy and were well on the way to full independence; others suffered from extreme economic exploitation, even to the extent of forced labour. ICFTU believed that economic development was possible only when the peoples concerned felt confident that they could shape the future of their countries by their own endeavours. He would like to mention two countries which exemplified that belief: India and the Gold Coast. The former had within recent years acquired its independence; the latter, internal self-government.

24. Thanks largely to planned development, there had been a substantial increase in food production, in industrial output and in the total national product of India in 1953 and 1954. That was striking witness of the possibilities of mobilizing the energy of an independent people. That progress had been achieved by democratic methods, with the full support of the masses and without any need to dragoon the people in any way. Yet the problem of providing employment for all the available labour had not yet been solved; unemployment, indeed, had risen sharply in 1953 and 1954. Higher output had been obtained through higher productivity, without increasing the number of jobs available. That was a problem general to the under-developed countries, and the solution lay not in halting technical progress, but in adjusting the pace and manner of its application, and by providing vastly extended facilities for vocational training and re-training.

25. In the Gold Coast, bold and courageous programmes had been adopted for improving agricultural methods, for modernizing transport and communications and for expanding industry. The people were aware that it was their own responsibility to develop the resources of their country, and their spirit contrasted remarkably with the

dejection and lack of initiative apparent in neighbouring colonial territories. As an example of current developments in the Gold Coast, he cited the Volta River scheme involving the construction of a huge dam and generating station and an aluminium works which would probably be the biggest factory in Africa.

26. Referring to the *Review of Economic Activity Africa 1950 to 1954* (E/2738), he maintained that the picture of economic progress drawn therein would not be complete unless it was remembered, first, that so far only the surface of the wealth of the African continent had been scratched, and secondly, that its people had still to be raised from standards of living that were often appallingly low. Too frequently the wealth of Africa had been used to benefit distant metropolitan countries rather than to provide better living standards for the local population.

27. There were tremendous tasks facing Africa. The primitive subsistence agriculture which still obtained in many areas must be replaced by modern methods which could improve the situation of the producers and supply food to the towns. Improved marketing, credit facilities and transport, and better supplies of electric power were also vital to industrial development. All that would require much human energy and large amounts of capital. In that development, account should be taken of the danger, referred to in the *World Economic Report* of duplicating productive facilities existing in other countries.

28. Another danger, more peculiar to Africa, resided in the fact that development plans in the different territories would be geared to the economic needs of the metropolitan countries rather than to those of the continent as a whole. That was one of the reasons why ICFTU had long been advocating the establishment of a United Nations economic commission for Africa. On behalf of ICFTU he now renewed that proposal and appealed to the Council to establish such a commission in the near future. Africa was in at least as much need as other regions of the world of the assistance, guidance and co-operation which the regional commissions had provided elsewhere. Apart from those practical reasons, there was also the psychological factor to be considered. Until the present time, economic co-operation in Africa had been channelled mainly through the metropolitan Government. The time had now come to create a body in which the African countries would be directly represented. There might be some who feared the spread of what they called "Gold Coast-ism"; but that, in fact, was only the inevitable sequel to the emancipation of the peoples of Africa. That challenge had to be met, and the sooner the better. The first step should be the establishment of an economic commission for Africa.

29. It was difficult, in the absence of comprehensive statistics, to judge to what extent the workers in different parts of Africa had benefited from the increased economic activity there. There were, however, some striking facts worth mentioning. In the Northern Rhodesian copper belt the wages of the African workers had increased by about 130 per cent between 1948 and 1953, whereas those of the European miners had risen by less than 70 per cent. The latter's wages were still on average more than eleven times as high as the former's, a disparity which

could not be justified by differences in productivity. In the Union of South Africa, where economic expansion had been continuing steadily, the minimum wages of unskilled Africans, who had no effective voice in fixing those wages, had risen less than had the cost of living.

30. Commenting on the report, *Scope and Structure of Money Economies in Tropical Africa* (E/2739), he pointed out that two-thirds of the land and labour force went on subsistence production. The number of people producing for markets, however, was increasing. The development of an exchange economy could lead to the diversion of workers from agriculture and economic imbalance, unless steps were taken to raise productivity in agriculture. It would be necessary also to devise means for protecting the tropical African economy from the vicissitudes of price fluctuations as it became more dependent on exports.

31. He pointed out that the importance of foreign economic interests in tropical Africa varied from country to country. In Kenya and the Rhodesias, three-quarters or more of the "net geographical money income" accrued to non-indigenous recipients. In the Gold Coast and Nigeria the proportion was one-fifth or less. That accounted for some of the difficulties that were holding up the progress of Africans.

32. An important need throughout Africa was for the development of labour organizations and a stable industrial working class. At present, most African industrial workers were migratory. A stable urban working class would need higher wages, adequate housing and social security.

33. Referring to the report entitled *The Quest for Freer Trade*, he insisted that artificial trade barriers must be lowered in the interest of economic expansion. As to the under-developed countries, they had suffered gravely from fluctuations in the prices of primary products, which had led to the curtailment of consumption and capital investment. The free trade unions therefore favoured the conclusion of international price stabilization agreements. They also endorsed the suggestion in the *World Economic Report* that more financial assistance to the under-developed countries would help in solving the problem of "international economic imbalance".

34. There were some who seemed to believe that the only problem to be solved in the quest for freer trade was that of east-west trade. He quoted from the *Report* to show that in practice that trade was hampered by export restrictions imposed by east European countries, as well as by their inability to supply the goods required by the west. He hoped that the Council would not be misled by political propaganda when discussing the important problem of international trade.

35. In conclusion, he recalled that in 1954 the ICFTU representative had told the Council that reduced armaments expenditure in industrialized democratic countries offered the choice of expanding purchasing power, and thus raising living standards, or of running the risk of unemployment and perhaps depression.<sup>1</sup> It seemed that for the most part the former alternative had been chosen. Yet two-thirds of the world's population were still

desperately poor and hungry, while the rest enjoyed a relatively high standard of living. All of them were longing for peace and security. That was the challenge before the Council, and the free trade unions throughout the world were confident that it would be answered.

36. The PRESIDENT said that, before the establishment of the United Nations, a discussion like the one just held would have been unimaginable. It demonstrated both the desire of the nations to make use of the Council, and the valuable purposes to which the Council could be put. He complimented all who had spoken in the debate. Progress had been made towards a better understanding of world economic problems, and towards the development of a basis for international co-operation in solving them.

37. He proposed that the draft resolutions submitted to the Council on the general question of the world economic situation, viz., that submitted jointly by the delegations of Turkey and the United Kingdom (E/L.676), and the two Soviet Union draft resolutions of the setting up of an international trade organization (E/L.677) and on the removal of obstacles to international trade (E/L.678), should be referred to the Economic Committee for consideration in conjunction with the other questions raised in the general discussion and any further related matters representatives might wish to bring up in the Committee.

*It was so agreed.*

38. The PRESIDENT declared closed the general debate on the world economic situation.

39. He then invited the Secretary-General to open the debate on the work of the regional economic commissions.

40. Mr. HAMMARSKJOLD (Secretary-General) said it was most fitting that the Council, having completed its general debate on the world economic situation, should pass on to consider the activities of the regional commissions as described in their reports. The Council had to consider both current economic conditions and trends and the work of the organs through which the United Nations endeavoured to help shape the policies those trends might call for. The executive secretaries of the three commissions would be addressing the Council after him to introduce the reports of their commissions from that viewpoint.

41. The Council's review of the work of the regional commissions was becoming more important as the regional approach became more effective and came to represent a greater proportion of United Nations economic activities. The economic approach was important, not only because it enabled countries to set about solving regional problems, but also because it enabled them to come together to study, and to consult with one another on purely national problems of a similar nature. A further advantage of regional activity was that many proposals first tested on a regional basis could, after their successful adoption in a region, provide a pattern for a wider area. An example was provided by the standard contract practices in engineering, first developed by ECE, which might in the future be more widely adopted.

<sup>1</sup> See *Official Records of the Economic and Social Council, Eighteenth Session, 804th meeting, paras. 55, 58 and 61.*

42. The regional commissions had in the past year met with considerable success in their endeavours. In Europe, in spite of political difficulties, the all-European character of ECE had been maintained, and if the improvement in the international climate continued the Commission was likely to make new progress. In Asia and in Latin America, ECAFE and ECLA were increasingly concentrating on problems of economic development and were now much better fitted to give direct assistance to their member countries in the shaping of their economic development programmes. Of the three, ECAFE and ECLA needed to concentrate most on economic development. In the economic development of southern Europe, however, ECE had similar tasks.

43. Since he did not wish to cover the same ground as would be covered by the executive secretaries when introducing their reports, he would confine himself to mentioning one or two points of particular interest.

44. The five Central American Republics had made considerable progress in joint development projects. That was an example of successful collaboration between countries faced with common problems, assisted by the staff of a regional commission—in that case ECLA—and the concerted help of the specialized agencies. It was an example which might well set a pattern for future international economic activity in other under-developed areas. The work of ECE in studying the problems of the economic development of southern Europe showed considerable promise; ECAFE too was developing joint projects, particularly in flood control and multi-purpose river basin development and in the development of mineral resources, which might bring great benefits to areas in the region.

45. Close working relations in the United Nations family, and with international organizations engaged in complementary activities, was a *sine qua non* of successful international economic action. The assistance the ECLA staff had given to the Latin American experts in the preparation of their report entitled International Co-operation in a Latin American Development Policy for the IA-ECOSOC meeting at Rio de Janeiro in 1954 illustrated successful working relations between international organizations.

46. As the Norwegian representative had said, and after him the Argentine and certain other representatives, the regional approach was an integral part of the United Nations system of co-operation. In the present world situation regional co-operation was particularly appropriate. There was no conflict between a regional and a universal approach, provided the regional co-operation was developed in full recognition of the fact that no unit was a self-sufficient entity. Thus conducted, such an approach was supported by a world approach. Conversely, a world approach drew strength from a regional approach.

47. The PRESIDENT invited the Executive Secretary of ECE to introduce the report of that Commission (E/2706), and said that he would be followed by the executive secretaries of the other regional commissions.

48. Mr. MYRDAL (Executive Secretary, Economic Commission for Europe), submitting the annual report of ECE, said that he was grateful for the interest and

sympathy with which the Council had always followed the work of ECE and the other regional commissions.

49. He, and the other two executive secretaries with him, had always thought that it would be useful for the Council to consider the reports of the three commissions together, as it was now doing. Though their work was dissimilar, extensive co-operation had developed between them, both through joint studies and in the course of their day-to-day work—a co-operation which was gradually spreading down to the committee level. At one stage, certain representatives had felt there was some danger of the regional commissions' becoming vehicles for regional protectionism and self-sufficiency. It was gratifying to see that that had not happened. Most of the credit for that was due to Governments. But, speaking for ECE, some credit was also due to the secretariat, which had always felt itself to be an integral part of the United Nations Secretariat, and considered that part of the Commission's strength was due to the fact that it worked, not in isolation, but, in common with its sister commissions, within the framework of the Council.

50. Turning to the work of ECE, he reminded the Council that the Commission was a system of governmental committees. Most of its work was done by its subsidiary bodies, the Commission usually confining itself to a general review of their activities. Specific projects were dealt with in the subsidiary bodies, on the principle that sovereign Governments were free to use every United Nations organ for the purpose of reaching practical agreements. The secretariat devoted about one-quarter of its time to research work, which was technically respected and appreciated by Governments, and the remainder to servicing the practical activities of the Commission's committees.

51. At earlier sessions of the Council he had had cause to complain of the lack of participation by the east European Governments in the Commission's work, pointing out that the Commission was, practically speaking, a purely western organization, and therefore failed to serve the purpose for which the Council had intended it. But even during the period in which that state of affairs had obtained, the Commission had succeeded in doing valuable work, for example through its Coal, Inland Transport and Timber Committees. The situation had begun to change in 1953, and had almost completely changed by the time of the Council's eighteenth session. Now the Commission had finally become for all practical purposes an all-European body, with full participation, at a high level of competence, of Governments from both east and west.

52. It was at present a stable inter-governmental organization with a well-defined routine, in which a high level of technical efficiency was maintained thanks to a tradition that practical work must not be hampered by political or procedural difficulties. During the past year, there had not been a single instance of political differences interfering with the Commission's work.

53. The participation of experts from countries of eastern Europe, both members and non-members of the Commission, had broadened the field of its work, and brought about an increase both in the number of problems tackled and in the number of meetings held, which

had more than doubled since 1953. The Committee on Agricultural Problems and the Committee on the Development of Trade, which had been in abeyance up to 1953, had since then been meeting regularly. The work of the secretariat had considerably increased in consequence. Furthermore, the programme of work for 1955-56 had involved a rearrangement of priorities to concentrate effort in accordance with the Council's instructions.

54. It was in line with the stable nature of the Commission that few resolutions had been passed at its tenth session which radically changed the orientation of its work. The Housing Sub-Committee had been made a full committee, but that had merely confirmed an existing development. Resolution 2 (X) concerning the Industry and Materials Committee had also confirmed an existing situation, according to which any interested Government might bring before an *ad hoc* working party problems it wished to be examined, and in that resolution the Commission had itself decided that an *ad hoc* working party on agricultural machinery should be set up and convened in the course of the year. Resolution 4 (X) concerning inter-regional trade co-operation had simply confirmed a decision taken by the Commission the previous year.

55. Resolution 1 (X) concerning the work of ECE committees, which had been submitted jointly by the Soviet Union and United Kingdom delegations, did, however, involve a certain reorientation of the work of the Commission's committees, recommending them to devote more attention to the exchange, on a reciprocal basis, of production experience and scientific and statistical information, and pointing out that mutually beneficial visits of specialists would be a useful means to that end. To some extent it had confirmed an existing trend. All the committees were now engaging in the work recommended—which amounted to a kind of technical assistance between developed countries—in a more systematic fashion. It would be going too far to assume that the decision would change the essential character of the Commission as a body for economic co-operation between European Governments. None of the Governments which had voted unanimously for it could have had such a development in mind. The Commission's terms of reference recognized the close inter-connexion between economic and technical matters, in that they required the Commission to undertake all manner of investigations of technological problems. In all the committees, economic co-operation called for an exchange of full technical and statistical information on a reciprocal basis, and the aim of the resolution had been to strengthen that aspect of the Commission's work. Naturally, the secretariat would regard it as its duty to ensure that the extension of the work was kept within reasonable limits and that the essential economic functions of the Commission were not affected. After the resolution had been adopted, he had informed the Commission that he could not see how the secretariat would be able to devote much of its staff resources to that type of work, and much of it—more particularly the exchange of visits—was now in point of fact being carried out bilaterally by Governments within the framework of each technical committee.

56. Since the period covered by the report, the main features of the Commission's work had been as follows. The Housing Committee, the Steel Committee and the Committee on Agricultural Problems had held plenary sessions in which, in addition to the usual items, they had considered the implementation of the decisions taken by the Commission at its tenth session, in particular resolution 1 (X). Progress had been made by the Housing Committee on the project of the housing problem in the less industrialized countries; by the Steel Committee on the reciprocal exchange of information on steel technology; by the Inland Transport Committee on the transport of perishable foodstuffs; and by the Committee on Agricultural Problems in the study of relatively long-term trends in production, consumption and trade. In addition, intergovernmental efforts to standardize contract practices had made a promising beginning in respect of engineering products, cereals, timber, citrus fruits and various other commodities. The meetings on standardization of contract practices were sponsored by Governments, but in practice had usually been attended by representatives of industrial and trade circles, with the result that much of the work was being done by representatives of the various industrial trade associations and by other experts specialized in that branch of international law, the codification of which should gradually remove one obstacle to international trade. Under the auspices of the Inland Transport Committee, an *ad hoc* meeting on inland waterways problems had recently been held, at which experts from eastern and western Europe had considered measures for unifying regulations governing the operation of Europe's main international waterways. Several committees had taken an interest in the technical application of atomic energy, but they were awaiting the results of the forthcoming Conference on the Peaceful Uses of Atomic Energy before going farther in the matter. In the field of timber, joint FAO/ECE study groups had been working on various problems of forestry techniques.

57. As regards future work, major meetings were scheduled in the fields of agriculture, coal, steel and timber, and the special Group of Experts on the Economic Development of Southern Europe was continuing its work, aided by three experts assigned by the Technical Assistance Administration.

58. After the Committee on the Development of Trade had become inactive, efforts to resume work on trade had taken the form of east-west trade consultations, the first of which had been held in 1953, and the second in 1954. At the first, a number of countries had re-established mutual trade relations, whereas the second had been a more or less routine meeting at which the countries of Europe had checked their trade relations bilaterally within the multilateral framework. The Committee on the Development of Trade had itself been finally reconvened in the autumn of 1954. In addition to work on standard conditions of sale and arbitration, it had taken up the problem of payments in east-west trade. The difficulty of that problem made any rapid progress unlikely, but it was encouraging that it had at any rate been tackled. The working party which was to be set up to deal with it was to meet in the autumn

in conjunction with the Committee itself and the third trade consultation.

59. The present endeavours to diminish political tension in the world were of great importance for the Commission's work. Although the technical work of the committees proceeded without political hindrance, the political factor played a very real part in limiting the scope of the problems with which Governments were prepared to see the Commission deal. Had the political climate been different in the past, many other, and much more important, problems would have been dealt with than the Commission had been able to touch so far. Should there be a further relaxation of tension, the activities and problems of the whole of Europe would be transformed and the Commission would, as the Secretary-General had said, be able to embark upon ever more challenging tasks.

60. Mr. LOKANATHAN (Executive Secretary, Economic Commission for Asia and the Far East) observed that, although the ECAFE report (E/2712) spoke for itself, there were certain aspects of the Commission's work to which he wished to draw particular attention.

61. The eleventh session of the Commission had seen a maximum attendance of members. The associate member States entitled to do so under Council resolution 517 (XVII) had become full members, and their attendance had widened the basis of the session's work. The session had been held at a particularly important juncture in Asia's political and economic life. The Commission had accordingly seen fit to make a review of its past work and present position. It had also reaffirmed its faith in the value of its functions, as might be seen from paragraph 218 of the report.

62. In addition to reviewing the past year's work, the report took stock of the Commission's past activities in general with a view to determining its future development. As with the other regional commissions, ECAFE's work was largely done in its subsidiary bodies. Those had included, in 1954, two technical conferences—the Third Regional Conference of Statisticians, which had discussed national income statistics, and the Regional Technical Conference on Water Resources Development; these meetings had made useful contributions both on methods and on substantive problems. A railway training centre had been set up at Lahore, and a study tour had been made in Japan by a group of experts on cottage and small-scale industries, to study Japanese techniques and their possible application elsewhere. The regular bodies had held their usual annual meetings and, in addition, the Sub-Committee on Trade and the Sub-Committee on Mineral Resources Development had met for the first time. The report of the Working Party of Experts on Financial Aspects of Economic Development Programmes in Asia and the Far East had been considered very helpful by the countries concerned. That Working Party had considered the possible extent and the limits to government financing of development programmes; caution had been urged in the use of deficit financing for economic development, particularly by countries which had used budget deficits to finance ordinary current expenditure. The Working Group of Experts on Payment Problems of the ECAFE

Region had also made a valuable contribution in its own field.

63. Such technical meetings were particularly valuable in the establishment of common standards and in bringing regional and national standards into line with world standards, thus enabling regional and world action to reinforce one another in the manner just described by the Secretary-General. The principle of standardization was coming to be accepted in many fields, and proof of the desire of the Asian countries to develop common standards was provided by the fact that the convention for the registration and measuring of inland water craft had been approved by the Inland Transport Committee and seemed likely to be adopted by Governments. Some measure of regional co-operation was thus being achieved.

64. Co-operation with the specialized agencies was increasing and had been most productive. Several new joint working parties had been in operation. In them, a common work programme was laid down to which each agency was expected to contribute. The representative of WFUNA might be interested to know that the Inter-Secretariat Working Party which met in June 1954 had been open to all the Governments of the region, and that seven or eight of them had participated.

65. Relations between the ECAFE secretariat and United Nations Headquarters were close and constant at all levels, so that there was no question of regional activities getting out of gear with developments at New York. Close contact had also been maintained between the ECAFE secretariat and that of ECE. Relations with the ECLA secretariat had been closer than in the past, though not so close as with ECE, since the experience of Europe was of greater value to the ECAFE region at the present stage. Exchanges of documentation had taken place not only between the ECAFE secretariat and ECE, but also between the subsidiary bodies of the two Commissions.

66. As the Secretary-General had remarked, ECAFE was increasingly concerning itself with economic development. At the outset, consideration of the question of techniques of economic development had been deferred until sufficient practical experience had been acquired. But the time to co-ordinate and integrate national development programmes had now arrived. Accordingly, the Commission had endorsed the action of the Secretary-General and himself in setting up an economic development unit within the secretariat, and had recommended that the work be speeded up and that more resources be made available for it.

67. The Commission considered it desirable, however, to concentrate at present on promoting co-operation between neighbouring Governments on individual projects which gave special scope for collaboration. Economic integration on the scale achieved in Europe would be impossible in Asia until much more national growth had been achieved; consequently, there was little danger of overlapping of national development programmes or of wastage of resources. The Bureau of Flood Control and Water Resources Development of the secretariat was, at the request of the States in the area, studying the technical and economic aspects of a unified development of the lower basin of the Mekong river.



In addition, a joint aerial survey of mineral resources was being undertaken by the Governments of a group of Indo-Chinese countries, under the auspices of the Commission, and there was a project for the installation of a power plant in Laos to export power to Thailand. Such schemes were examples of the Commission's policy of encouraging specific local projects rather than large-scale schemes for integration of economic development; the latter would come later.

68. The Commission had recommended that the secretariat should supply more advice and services to Govern-

ments. The secretariat would be glad to do so to the extent permitted by its resources.

69. The PRESIDENT said that the next stage of the discussion would deal with the activities of the regional commissions and the integration of their activities. Problems of membership would be considered at a later stage.

The meeting rose at 12.55 p.m.