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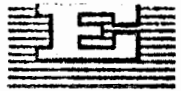


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ECONOMIC AND SOCIAL COUNCIL

Sixteenth Session

ECONOMIC COMMITTEE

SUMMARY RECORD OF THE ONE HUNDRED AND THIRTY-SIXTH MEETING

held at the Palais des Nations, Geneva,
on Monday, 20 July 1953, at 10.30 a.m.

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Revised joint draft resolution submitted by
the delegations of Belgium, France, India,
Sweden and the United Kingdom, and amendments
thereto.

Present:

Chairman:

Mr. MUNOZ (Argentina), Second Vice-
President of the Economic and
Social Council

Members:

Argentina	Mr. MORALES
Australia	Mr. CORKERY
Belgium	Mr. MASOIN
China	Mr. CHEN
Cuba	Mr. RIBAS
Egypt	Mr. el TANAMLI
France	Mr. BORIS
India	Mr. ADARKAR
Philippines	Mr. LOPEZ
Poland	Mr. BLUSZTAJN
Sweden	Mr. STERNER
Turkey	Mr. ÖZGÜREL
Union of Soviet Socialist Republics	Mr. ARUTIUNIAN
United Kingdom of Great Britain and Northern Ireland	Miss WATTS
United States of America	Mr. ASHER
Uruguay	Mr. STEWART-VARGAS
Venezuela	Mr. MONTOYA
Yugoslavia	Mr. STANOVNIK

Observers:

Indonesia	Mr. KHOUW BIAN TIE
Iran	Mr. ERTECHAMI
Netherlands	Mr. WALRAVEN

Representatives of specialized agencies:

International Labour Organisation (ILO)	Mr. DOWNING
International Monetary Fund (IMF)	Mr. WILLIAMS Mr. MURPHY

Representatives of non-governmental organizations:

Category A

World Federation of Trade Unions

Mr. LIU CHANG CHENG

Category B and Register

International Abolitionist
Federation

Mr. de FELICE

Secretariat:

Mr. Blough

Principal Director, Division
of Economic Affairs

Mr. Dumontet

Secretary to the Committee

FULL EMPLOYMENT (item 2 of the Council's agenda) (E/2404, E/2408 and Add.1-3, E/2408/Add.4 and Corr.1, E/2408/Add.5, E/2421, E/2445 and Add.1-2, E/2449, E/2454, E/2474) (continued):

Revised joint draft resolution submitted by the delegations of Belgium, France, India, Sweden and the United Kingdom, and amendments thereto.

The CHAIRMAN pointed out that the revised draft resolution⁽¹⁾ presented jointly by the delegations of Belgium, France, India, Sweden and the United Kingdom replaced the joint draft resolution⁽²⁾ previously submitted by the same five delegations.

Miss WATTS (United Kingdom) explaining the more substantial changes made in the original joint draft resolution, said that the new considerandum in section A aimed at meeting the Committee's desire for a general reference to the need for continuing efforts to achieve and maintain high employment levels. The second considerandum in section A embodied the Swedish sub-amendment⁽³⁾ drawing attention to the problem of inflation involved in an accelerated economic development of under-developed countries. Paragraph 3 of the operative part took account of the Venezuelan amendment⁽⁴⁾. Section B included a new considerandum referring to the possibility that more rapid development would be one way of counteracting a fall in demand for certain goods due to a reduction in defence expenditure. In section C, the Egyptian proposal⁽⁵⁾ to include consumption together with output, trade and employment had been taken up. In section D, the amendment put forward by the Turkish and United States delegations⁽⁶⁾ had been incorporated in order to take account of additional factors which might help to expand beneficial trade between countries.

Mr. BORIS (France) thought that paragraph 1 of the operative part of section B of the revised joint draft resolution should be re-drafted, since its

(1) For text, see part I of the Annex to this summary record.

(2) For text, see E/AC.6/SR.134, Annex, part I.

(3) For text, see E/AC.6/SR.135, Annex, part IV.

(4) For text, see E/AC.6/SR.134, Annex, part III.

(5) For text, see E/AC.6/SR.135, Annex, part II.

(6) For text, see E/AC.6/SR.135, Annex, part I.

present wording seemed to suggest that the Economic and Social Council was in a position to foresee reductions in defence expenditures. While such reductions were desirable, no one could say definitely that they would take place. He therefore proposed that the word "foreseeable" should be transposed from before "reductions" in the fourth line to before "adverse effects" in the third line.

Mr. MASOIN (Belgium) wished to emphasize, before the Committee began to discuss the revised joint draft resolution, that its authors had made every effort to meet the wishes of the various delegations. He hoped that the spirit of mutual understanding which had already marked the general discussion would again be in evidence.

Mr. STERNER (Sweden), referring to the French amendment, pointed out that while some countries might be able to foresee a reduction in their defence expenditure the effect of any such reduction could less easily be foreseen, even though governments would have to plan measures to be adopted in case it appeared likely to cause a decline in total demand. He would therefore have preferred the text as it stood, but would not oppose the French amendment if it were generally acceptable.

Miss WATTS (United Kingdom) and Mr. ADARKAR (India) were able to accept the French amendment.

Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) hoped that the text of the French amendment would be circulated without delay. He added that the amendments proposed by his delegation to the original draft still stood.

The CHAIRMAN suggested that those delegations which had moved amendments to the original joint draft resolution should comment on the revised draft in the order in which their amendments had been submitted.

Mr. MONTOYA (Venezuela), speaking for the delegations of Argentina, Cuba, Uruguay, Venezuela and Yugoslavia, said that for the sake of agreement the five delegations were ready to accept the revised joint draft resolution. He would, however, propose that, for the sake of clarity, the words "the harmful effects of" should be inserted before the word "inflation" in the fourth line of the second considerandum in section A, thus repeating the formula already used in the general preamble.

Mr. STERNER (Sweden) and Miss WATTS (United Kingdom) accepted that amendment.

Mr. ASMER (United States of America) thought that the reference to the harmful effects of inflation should relate both to the industrialized countries and to the less economically-developed countries alike.

Mr. BORIS (France) thought that an addition such as that proposed by Venezuela, although apparently innocuous, might involve a substantive issue. The text thus amended would seem to imply that inflation would always be an evil in industrialized countries, but would have harmful effects in under-developed countries only in certain cases. He therefore asked whether the Venezuelan representative could not withdraw his amendment.

Mr. MORALES (Argentina) supported the Venezuelan proposal.

Mr. STERNER (Sweden) agreed with the United States representative that all inflation was harmful. It might therefore well be better if the Venezuelan representative did not press his amendment. On the other hand, he (Mr. Sterner) did not feel it absolutely necessary to use identical wording in the references to inflation in the industrialized countries and in the under-developed countries respectively. He did not feel that the Venezuelan amendment had any substantive effect.

Mr. STANOVNIK (Yugoslavia) agreed with the Swedish representative, but pointed out that there was nevertheless a significant difference between the effects of inflation in an under-developed country and in a highly developed one. The economy of an industrialized country was more elastic, so that the inflationary process would be less harmful. There was therefore a certain justification for emphasizing the harmful effects of inflation in the under-developed countries. He would, however, support whichever formula was considered generally acceptable.

Mr. MASOIN (Belgium) pointed out that the representatives of the under-developed countries admitted that unduly rapid economic development might lead to inflation. They would, no doubt, also recognize that it was inflationary pressures that ought to be prevented. He therefore suggested, as a compromise, that the form "inflationary pressures" be used instead of the words "harmful effects of inflation".

Mr. LOPEZ (Philippines) proposed the following wording, to meet the United States representative's point:

"Considering that the problem of reconciling the attainment and maintenance of full employment in the industrialized countries and the acceleration of the economic development of the less economically-developed countries with the need to avoid the harmful effects of inflation needs further consideration".

Mr. MASOIN (Belgium) hoped the Philippine representative would not overlook his suggestion concerning the use of the term "inflationary pressures".

Mr. STANOVNIK (Yugoslavia) thought that, since it was clear that all inflation was harmful, it was unnecessary to emphasize that it should be avoided. He suggested that, on reflexion, the original text might be found adequate as it stood.

Mr. STEWART-VARGAS (Uruguay) pointed out that, since the attainment and maintenance of full employment without inflation was a problem for all countries alike, it would be more logical to delete the reference to the industrialized countries from the first part of the considerandum.

Mr. STERNER (Sweden) agreed. For his part, he could accept whichever of the various proposed modifications of the text proved generally acceptable.

Mr. ASHER (United States of America), reverting to the wording proposed by the Philippine representative, suggested that the same result would be achieved with less departure from the original by the deletion of the words "without inflation" from the second line of the considerandum and of the words "with the avoidance of inflation" from the fourth line, and the insertion, after the words "less economically-developed countries", of the words "while avoiding in both areas the harmful effects of inflation".

Mr. MONTOYA (Venezuela) said the sole purpose of his amendment was to emphasize the special position of the less economically-developed countries. He could accept the formula proposed by the Philippine representative, but the use of the word "areas" in the United States amendment seemed to him to introduce a new idea, and he would prefer to see the original language retained. As he had already pointed out, his proposal merely repeated the expression used in the general preamble.

Mr. ASHER (United States of America) explained that he accepted the Philippine suggestion in principle. The words "in both areas" were equivalent to "in both cases", and were not intended to introduce any new element.

Mr. BORIS (France), supported by Mr. ASHER (United States of America), suggested that a short suspension of business might make it possible to resolve the difficulty.

Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) requested that the agreed text be circulated before the revised joint draft resolution was voted upon.

The meeting was suspended at 12 noon and was resumed at 12.25 p.m.

Mr. LOPEZ (Philippines) introduced a consolidated amendment⁽¹⁾, sponsored jointly by his own delegation and those of Argentina, Belgium, France, India, Sweden, the United Kingdom, the United States of America and Venezuela, seeking to substitute for the second paragraph of the preamble to the revised joint draft resolution a new text which represented a compromise between suggestions made by various delegations earlier in the meeting. It was based on the text originally suggested by the Egyptian delegation,⁽²⁾ but, instead of embodying two differently worded references to inflation, included a single reference covering both the industrialized and the less economically-developed countries. The authors had decided to employ the expression "the harmful effects of inflation", which appeared in the general preamble to the revised joint draft resolution, as the Venezuelan representative had suggested, rather than the term "inflationary pressures" proposed by the Belgian representative.

The CHAIRMAN said that, if there were no objections, the text of the consolidated joint amendment would be substituted for the second paragraph of the preamble to section A of the revised joint draft resolution.

It was so decided.

Mr. el TANAMLI (Egypt) said that the six amendments he had proposed⁽³⁾ had been accepted, in part, by the sponsors of the revised joint draft resolution. Although he would have liked to see the general concepts of freedom of trade and economic stability mentioned in the revised text, he was prepared in a spirit of conciliation to withdraw his amendments.

(1) For text, see part II of Annex to this summary record.

(2) See E/AC.6/SR.135, Annex, part II.

(3) See E/AC.6/SR.135, Annex, part II.

Replying to a question from the CHAIR, Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that he withdrew the amendment⁽¹⁾ which his delegation had originally proposed to section A of the joint draft resolution, in view of the fact that its substance was covered by the new second paragraph introduced into the preamble in the revised text and by the amendment thereto.

His delegation maintained, however, its amendments to sections B and D. As the proposals contained in the joint amendment⁽²⁾ submitted by the delegations of Argentina, Cuba, Uruguay, Yugoslavia and Venezuela had been incorporated in the revised text, in the form of a second paragraph to the preamble, his delegation's first amendment to section B would no longer seek to redraft the preamble, but to add the proposed paragraph as a third paragraph after the others.

Mr. STERNER (Sweden) thanked the Soviet Union representative for withdrawing his amendment to section A.

The substance of the Soviet Union amendment to the preamble of section B was acceptable to his delegation, though he felt that the draft resolution was long enough already, and that the need for stimulating demand in the civilian sectors of industry hardly needed pointing out. He asked whether the Soviet Union representative would be willing to withdraw that amendment and agree, instead, to the addition of the following words at the end of the second paragraph of the preamble:

"as well as by measures designed to increase, generally, the demand for and trade in products coming from the civilian sector of the economy".

No doubt the less economically-developed countries would prefer the text to refer exclusively to their civilian industry, but the formula he had suggested would perhaps give them satisfaction enough.

Mr. ADARKAR (India) supported the Swedish proposal, provided it was acceptable to the Soviet Union representative.

He pointed out that the Soviet Union delegation had also proposed an amendment to operative paragraph 1 of section B, namely, to replace the last phrase of that paragraph by a new text. That change would not only leave the preamble in the air but remove the very point and raison d'être of that part of the revised joint draft resolution.

The meeting rose at 1 p.m.

(1) See E/AC.6/SR.135, Annex, part III.

(2) See E/AC.6/SR.134, Annex, part II.

FULL EMPLOYMENT

Revised joint draft resolution submitted by the delegations of
Belgium, France, India, Sweden and the United Kingdom
in place of that dated 14 July 1953
(see E/AC.6/SR.134, Annex, part I)

17 July 1953

The Economic and Social Council,

Having considered the documentation placed before the Council for its discussion of Full Employment, including, inter alia, the replies of member governments to the questionnaire on full employment and balance of payments (E/2408) and the analysis of these replies presented by the Secretary-General (E/2245); the reports presented by the Secretary-General on measures designed to reconcile the attainment and maintenance of full employment with the avoidance of the harmful effects of inflation (E/2404 and E/2449); and the Report of the International Monetary Fund on the adequacy of Monetary Reserves (E/2454);

A

Having in mind the need for continuing efforts to achieve and maintain high levels of employment,

Considering that the problem of how to attain and maintain full employment without inflation in the industrialized countries, and the urgent problem of reconciling the need for an accelerated economic development of the less economically-developed countries with the avoidance of inflation, need further consideration,

1. Requests the Secretary-General:

(a) to suggest to Member Governments that those Governments having had experience in dealing with inflationary pressures associated with high levels of economic activity or with the process of economic development in under-developed countries should arrange to give the Council the benefit of their experience, and to submit written statements on this subject by 1 December 1953 for circulation to the Council; and

(b) to prepare a summary of these statements and to circulate it to the Council for consideration at its seventeenth session.

2. Decides to consider at its seventeenth session the advisability of requesting the Secretary-General to appoint a Committee of experts for further study of these problems;

3. Invites the International Labour Organisation to continue its study of wage policies, including the question of wage policy in relation to the problem of inflation, and to inform the Council from time to time, as appropriate, of the results of its work in this connexion;

B

Recognizing that any significant reduction in the level of expenditure on defence, which would of itself be most welcome, could at any time cause a slackening or a fall in the total effective demand on some sectors of the world economy,

Recognizing, in this connexion, that any such tendency could be counteracted, inter alia, by a more rapid economic development of the less economically-developed countries,

1. Requests the Secretary-General to invite each Member Government to indicate, before 1 December 1953, its views on the measures it may consider necessary to prevent adverse effects on its economy or on those of other Members arising from foreseeable reductions in its defence expenditures;

2. Decides to consider at its seventeenth session the possible need for further action with reference to the above-mentioned problems of reconversion, including the advisability of requesting the Secretary-General to provide for further studies either by the committee of experts mentioned under A 2 above or in some other appropriate manner;

C

Recognizing that the level of the monetary reserves available to Member States is an important factor influencing the possibility of maintaining international economic stability at optimum levelsof output, consumption, trade and employment,

Requests the International Monetary Fund to continue to keep under review the adequacy of monetary reserves for the purpose of helping countries to meet temporary disequilibria in their balancesof international payments, bearing in mind the objectives referred to in paragraph 6(a) of Resolution 427 (XIV) of the Council, and to inform the Council in 1954 of the results of its work in this connexion;

D

Considering that the removal of obstacles to the development of normal and mutually beneficial trade between countries would help to stimulate business activity and employment,

Calls upon all governments, with a view to increasing trade, employment and standards of living, to take all practicable steps to reduce obstacles to the development of normal and mutually beneficial trade between countries, availing

themselves, inter alia, of any opportunities which may arise as a consequence of improved balance of payments or monetary reserve positions, the maturing of newly-developed industries, or an easing of international tensions.

NOTE: The passages underlined incorporate the following amendments already submitted to the original joint draft resolution:

Verbal amendments proposed by the delegation of Australia, together with the substitution of a "summary" for an "analysis" in the request to the Secretary-General in paragraph A 1 (b).

The Venezuelan amendment (see E/AC.6/SR.134, Annex, part III) as amended by agreement with the delegation of Venezuela.

The Turkish-United States amendments (see E/AC.6/SR.135, Annex, part I).

Amendments numbered 1, 2 (b) and 3 of the Egyptian amendments (see E/AC.6/SR.135, Annex, part II).

The Swedish sub-amendments (see E/AC.6/SR.135, Annex, part IV).

They also include a new amendment to Section A of the draft resolution which reads as follows:

"Having in mind the need for continuing efforts to achieve and maintain high levels of employment".

II

Consolidated joint amendment proposed by the delegations of Argentina, Belgium, France, the Philippines, India, Sweden, the United Kingdom, the United States of America, and Venezuela to the foregoing revised joint draft resolution.

20 July 1953

Section A

Replace the second considerandum by the following:

Considering that the problems of reconciling the attainment and maintenance of full employment in the industrialised countries, and the acceleration of the economic development of the less economically-developed countries, with the need of avoiding the harmful effects of inflation, deserve further consideration.