

ECONOMIC AND EMPLOYMENT COMMISSION

THIRD SESSION

SUMMARY RECORD OF THE FORTY-SEVENTH MEETING

Held at Lake Success, New York,
on Thursday, 22 April 1948, at 3 p.m.

<u>Chairman:</u>	Mr. WILSON	Australia
<u>Members:</u>	Mr. de SELLIERS	Belgium
	Mr. GARRIDO TORRES	Brazil
	Mr. BAKOUNOV	Byelorussian Soviet Socialist Republic
	Mr. POLLACK	Canada
	Mr. HO	China
	Mr. SILVERIO	Cuba
	Mr. BYSTRICKY	Czechoslovakia
	Mr. DEVINAT	France
	Mr. KARMARKAR	India
	Mr. MOE	Norway
	Mr. LUTCSLOWSKI	Poland
	Mr. MCROZOV	Union of Soviet Socialist Republics
	Mr. FLEMING	United Kingdom
	Mr. LOBIN	United States of America

Representatives of specialized agencies:

Mr. EVANS	International Labour Organization
Mr. LUSHER	Food and Agriculture Organization
Mr. GORDON AND MR. RIST	International Bank for Recon- struction and Development
<u>Observer:</u> Mr. WYLDHAM-WHITE	ITO (Interim Committee)

Consultants from non-governmental organizations:

Miss L. SPIEGEL	World Federation of Trade Unions
Miss T. SENDER	American Federation of Labor
Mr. BOLTON	IFCT

Secretariat:

Mr. WEINTRAUB	Secretary of the Commission
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REPORT OF THE SUB-COMMITTEE ON ECONOMIC DEVELOPMENT (document E/CN.1/47)
(Continuation of the discussion)

The CHAIRMAN asked the Commission whether it wanted to discuss the relations of the Commission and the Sub-Committee on Economic Development with other bodies, particularly with the International Trade Organizations.

Mr. KARMARKAR (India) thought that, under its terms of reference, the Commission should discuss the essential problems of world economic development such as they had been defined by this Sub-Committee and should not, for the moment, embark on a study of the possible co-ordination of its activities with those of the International Trade Organization. Certain countries represented on the Commission had not taken part in the Havana Conference and, moreover, the charter establishing the International Trade Organization had not yet been ratified by all the Governments concerned.

Mr. MOE (Norway) agreed with the Indian representative.

Mr. de SELLERS (Belgium) pointed out that the International Trade Organization which was to be set up on a permanent basis, and which would have a permanent committee, would itself be able to do effective work for economic development, whereas the Commission which had existed for over two years and which had held three sessions, had not yet achieved any vital results. He paid a tribute to chapter 3 of the Havana Conference report and the practical elements which it contained; on the other hand, the report of the Sub-Committee on Economic Development offered, in the final analysis, only three recommendations, which he considered of little use; even were they to be adopted by the Economic and Social Council they would have no effect on production.

/Despite

Despite the opposite opinion of some of the members, Mr. de Selliers was convinced that the Commission should attach the greatest possible importance to establishing contact with the International Trade Organization in the interests of the success of its own work.

Mr. LUTOSLWSKI (Poland) thought that it was the Commission's duty to lay down the principles of a plan of economic development and to issue directives to the various specialized agencies, including the International Trade Organization, but not to that body alone.

The International Trade Organization would not be finally established until its charter had been ratified by the various countries represented at the Havana Conference. Some Member States of the United Nations, moreover, remained outside the International Trade Organization.

During an earlier meeting, the representatives of Australia, France and the American Federation of Labor had submitted interesting suggestions regarding the work which could be done by missions of experts who, after carrying out investigations on the spot, would make recommendations to the interested governments and would assist them in their negotiations with other governments or with the various international organizations. Such missions had already been carried out by some of the specialized agencies, including the Food and Agricultural Organization and the International Bank. The results thus obtained covered only limited fields: agricultural development in the first instance and financing in the second, whereas governments were entitled to expect the missions of experts to report on economic development as a whole. From this general standpoint, the Commission could achieve more comprehensive results than the International Trade Organization which was only concerned with international trade. There was, therefore, no need at present to consider the relations between that organization and the Commission.

/Mr. POLLACK

Mr. POLLACK (Canada) wanted the Commission to resume the discussion of the report of the Sub-Committee on Economic Development so that it might draw up the recommendations to be submitted to the Economic and Social Council and provide the Sub-Committee with directives based on the views expressed by members of the Commission. In regard to the first point, the Commission should confine its attention to **most** urgent questions, such as technical assistance.

That in point of fact, was the Commission's real work, whereas the Sub-Committee, assisted by the Secretariat and the specialized agencies should pursue detailed studies of the various long-term problems connected with the development of world economy.

Mr. Pollack also wanted the Secretariat to prepare a draft report on the recommendations to be submitted to the Economic and Social Council and on guiding principles for the Sub-Committee, and agreed with the timely suggestion of the Indian representative that for the time being the Commission should not consider the question of relations with the International Trade Organization.

Mr. MOROZOV (Union of Soviet Socialist Republics) pointed out that the Sub-Committee had been instructed to prepare a report on methods of international co-operation calculated to ensure economic development, and that that had been done. The Commission should therefore, resume the consideration of that report and make a special study of its conclusions, taking into account the observations and criticism made by members.

The Commission then discussed the order in which the various parts of the report should be considered. After a debate in which the representatives of the Union of Soviet Socialist Republics, Canada, the United Kingdom, India, France and Brazil and the Chairman of the Commission all took part, the Canadian proposal to consider part VI first was rejected.

/The CHAIRMAN

The CHAIRMAN opened the discussion on chapter V of the Sub-Committee's report.

Mr. MOE (Norway) drew the Commission's attention to part I (iii) of the Commission's terms of reference, as follows: "Studying the effects of industrialization and changes of a technological order upon the world economic situation."

Part V (4) showed some confusion in the interpretation of the term "industrialization". That part included the following two phrases:

"There can be no economic development in the sense of optimum utilization of resources without the use of capital equipment and modern technological methods."

"Not only does industrialization promote a rapid rise in national income, but its influence tends to radiate throughout the economic structure, thus stimulating the development of other centres of the economy."

The first of these put a much broader interpretation on the word "industrialization" than the second. He would like the representative of the Secretariat or the USSR representative to clear up that point.

Mr. KARMARKAR (India) thought that, taken as a whole, part V which stated the essential principles of the problem of world economic development, seemed to have the approval of the members as criticism had related only to certain points. Approval had been given to paragraph 2, paragraph 6 (a to g) and paragraphs 7 to 10, 13 and 14.

Paragraph 5 was in accordance with the purposes of the United Nations, the Commission itself and Article 3 of the Havana Charter.

In conclusion he stressed the necessity of assistance for under-developed countries and the need for international co-operation in that connexion, and reminded the Commission that it must not overlook the following essential principles:

1) That economic

- 1) That economic development means full utilization of the natural resources of the world in the interest of the world as a whole.
- 2) That economic development includes in the case of the highly industrialized countries the maintenance of the stability of their economic advancement, and in the case of the under-developed countries, the development of the resources of the country to the fullest possible extent so as to serve the interests of those countries with a view to bringing about universal advancement.
- 3) That it is the duty of the developed countries to give all the necessary co-operation and aid to the under-developed countries in the fulfillment of their economic development, as it is in the interest of the under-developed countries to assist the developed countries in the stabilization of their economies.
- 4) That such economic development can best be promoted by international action.
- 5) That it shall be considered the function of international organizations to promote the economic development of the world as a whole, and to promote measures for the achievement of such development; and that all States should co-operate.

Mr. FLEMING (United Kingdom) agreed with the Indian representative's statements on point 2 and with those of the Norwegian representative in regard to the ambiguous use of the term "industrialization" which could be confused with the word "equipment" used in the same sentence. The importance given to industrialization was, moreover, exaggerated. He approved of paragraph 6 (a) but felt, on comparing sub-paragraphs (b) and (f), that the report attached too much importance to diversification and not enough to the need for international co-operation to solve international economic problems.

/He formally

He formally objected to the following sentence of paragraph 3:

"In the case of non-self-governing territories, political dependence has been a major factor in the retardation of economic development."

Furthermore, he expressed doubt that the under-developed countries would be able to carry out the planning schemes mentioned in the report.

Mr. de SELLIERS (Belgium) said that parts V and VI lent too much importance to some points while neglecting others and thus distorted the general aspect of the question.

The representative of Belgium was particularly critical of part V, paragraph 3 which stated that: "In the case of non-self-governing territories, political dependence has been a major factor in the retardation of economic development." He asked that this sentence should be deleted and referred to the economic progress achieved in the Congo by his Government.

When the Belgians first occupied that territory, slave traders were wont to take their toll of the population which lived under the dictatorship of Negro chieftains and the domination of sorcerers. The health situation was deplorable and infant mortality very high. On the whole, the population led a wretched existence until the Belgian Government made plans for the economic development of the territory and for the formation of public health and education. Nowadays, the Belgian Congo had reached a higher stage of economic development than that of some independent countries.

Mr. de Selliers believed that although industrialization was on the whole an element of economic development it was by no means the only one to be considered. It was to the advantage of world economic development that countries should specialize in those branches of production they were most capable of developing and that, to obtain the goods they lacked, they should organize a system of exchange with other countries on the

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basis of a co-operative plan. The example of Belgium proved that economic independence was not necessary for economic development.

It was essential to create an international atmosphere favourable to the investments which the most advanced countries should make in countries still economically backward, but some countries had carried out expropriations and thus created an atmosphere unfavourable to investments.

Mr. HO (China) believed that the word "industrialization" should be given the widest interpretation possible and should include the development of both agriculture and transport. He criticized the sentence in point 6 of part V which dealt with the need for establishing key industries, even though such industries might not satisfy strictly economic criteria, and thought that the report of the International Bank had analyzed this question better.

Mr. MOE (Norway) agreed on the whole with part V of the report of the Sub-Committee. He urged, however, that economic development should be carried out in accordance with a comprehensive plan, thus avoiding over-development in certain branches of economy which later might necessitate reconversions.

The sentence in point 6 dealing with the need for international economic co-operation with a view to progressive economic development was too vague, and that important question should be studied anew. The wording of point 14 of part V relating to the economic and social progress of under-developed countries was too vague to be effective.

In conclusion, Mr. Moe praised the system of "national budgeting" as a means of fixing the rhythm to be given to economic development.

Mr. BAKOUNOV (Byelorussian Soviet Socialist Republic) thought that the assistance to be given to the least developed countries in

/accordance

accordance with the spirit of the Charter was the most important problem before the Commission, although it was necessary that members should first agree on some essential points. Industrialization which, it was known, meant the manufacture of goods or of the means of production, and the utilization to that end of qualified technicians, formed the basis of all economic progress.

Mr. Bakounov called attention to the interdependence existing between political independence and economic development, and ^{criticized} the way in which the representative of Belgium had described the blessings of colonization, which he found contrary to facts. The numerous publications describing the abuses of the colonial system were in striking contrast with the idyllic picture Mr. de Selliers had sketched for the Commission.

The Member States of the United Nations should concentrate first of all on defending the countries' rights to self-determination in accordance with the noble principles of the Charter.

The representative of Byelorussia agreed on the whole with part V of the report.

Mr. LUBIN (United States of America) said that the main question before the Commission was that of the economic development of all countries -- which had thus to find the means required to raise the standard of living of their peoples -- and not only that of non-self-governing territories.

Referring to the instructions which had been given to the Sub-Committee Mr. Lubin expressed surprise at the report not emphasizing more than it did -- in part V -- the responsibility incumbent on the countries concerned as regards their own economic development. He felt, therefore, that the Sub-Committee should stress, in paragraph 2 for instance, the initiative which should be displayed by the Governments of the under-developed countries. The Sub-Committee should enlarge further on the

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notions expressed in the first sentence of paragraph 9: "the Sub-Committee is aware that there is a great deal which can be done toward the promotion of economic development by individual citizens of the countries concerned acting in their private capacities", and also in the second sentence of paragraph 11: "the fact remains, however, that there are a number of countries where not much has been done by the Governments concerned in either initiating or speeding up the pace of their economic development." The sub-paragraphs (i), (ii), (iii) and (iv) of paragraph 12, sub-paragraph (c) of paragraph 15, and, finally the last sentence of paragraph 17 should also be dealt with in greater detail.

The insufficiency of international co-operation should, no doubt, be stressed, but it was necessary not to forget the spirit of enterprise which had to be shown in the countries concerned, both by governments and private citizens, as that spirit was an essential factor in economic development.

Mr. LUTOSLAWSKI (Poland) pointed out that while the report affirmed the need for raising standards of living it did not mention the possibility of raising the level of consumption, although point (ii) of paragraph 1 of the terms of reference of the Sub-Committee contained precise instructions on that subject.

Quoting paragraph 6 (b) of the report, which outlined the need for establishing key industries inside the countries concerned, Mr. Lutoslawski disagreed with the criticism which the report of the International Bank had levelled against that part of the Sub-Committee's report. In some cases, ^{conditions} justified the establishment of key industries in certain countries, even though such industries might not satisfy strictly economic criteria in terms of production costs.

/Mr. MOROZOV

Mr. MOROZOV (Union of Soviet Socialist Republics) said that some delegations did their best not to express any opinion on important questions such as industrialization and the influence of political dependence on economic development. It seemed, therefore, that the Commission on the whole did not agree on certain questions of principle, as some members seemed to adopt Belgium's point of view, against which Mr. Morozov protested because he considered it was contrary to the principles of the Charter.

The representative of the USSR asked that paragraphs 12 to 16 of part V should be deleted because they were dealt with in paragraph 17. He agreed with the representative of Norway that the wording of paragraph 5 was not clear. He also felt that the wording of sub-paragraph (f) of paragraph 6 was not clear and that it could be interpreted in a way contrary to the national interests of some countries. Lastly, he asked for the deletion of sub-paragraph (d) which dealt with the part played by the spirit of enterprise in the course of history; account had to be taken of the political system and economic structure of all countries and not merely of those obtaining in certain given countries.

The CHAIRMAN asked the Secretariat to prepare a summary on the opinions expressed, showing the points on which agreement had been reached and where there had been divergencies of opinion.

After a debate in which the representatives of Brazil, the Union of Soviet Socialist Republics, Belgium, India and the United Kingdom took part, the Chairman's proposal was adopted.

Mr. WEINTRAUB (Secretary of the Commission) said that the task entrusted to the Secretariat was a difficult one owing to the wide differences of opinion expressed during the course of the discussion, but it would do its utmost to submit as objective a survey as possible to the Commission.

The meeting rose at 5.20 p.m.