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## ECONOMIC AND EMPLOYMENT COMMISSION

## Fourth Session

## SUMMARY RECORD OF THE EIGHTY-SECOND MEETING

Held at Lake Success, New York,  
on Friday, 20 May 1949, at 10.30 a.m.

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(E/CN.1/W.56) (discussion continued)

<u>Chairman:</u>	Mr. WILSON	Australia
<u>Members:</u>	Mr. de SELLIERS *	Belgium
	Mr. NUNES GUIMARAES	Brazil
	Mr. ASTAPENKO *	Byelorussian Soviet Socialist Republic
	Mr. DEUTSCH	Canada
	Mr. HO	China
	Mr. SILVERIO	Cuba
	Mr. BYSTRICKY	Czechoslovakia
	Mr. RUEFF	France
	Mr. SAKSENA	India
	Mr. BOE	Norway
	Mr. MORCZOV	Union of Soviet Socialist Republics
	Mr. HALL	United Kingdom
	Mr. LUBIN	United States of America

\* Alternates

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Representatives of Specialized Agencies:

Mr. EZEKIEL	Food and Agriculture Organization (FAO)
Mr. EVANS	International Labour Organization (ILO)
Mr. LOPEZ HERRARTE	International Bank for Reconstruction and Development
Mr. HORSEFIELD	

Consultants of Non-Governmental Organizations:

Category A:

Mr. STOLZ	American Federation of Labor (AF of L)
Miss SANSOM	International Chamber of Commerce (ICC)

Secretariat:

Mr. CAUSTIN	Secretary of the Commission
Mr. VARLEY	Assistant Secretary of the Commission

RAPPORTEUR'S DRAFT REPORT ON ITEM 5 OF THE AGENDA (E/CN.1/W 56)

(discussion continued)

Paragraph 18 (discussion continued)

Mr. CAUSTIN (Secretary of the Commission) read the various amendments which had been proposed, including a proposal for a new sentence to be placed at the beginning of the paragraph: "The Commission considers it unnecessary to create a new international body in the field of international finance".

Mr. LUBIN (United States of America) asked for the second sentence of the paragraph to be amended so as to read: "Certain members of the Commission while recognizing...nevertheless felt that there was a need...".

Mr. BYSTRICKY (Czechoslovakia) said that judging by what was said in paragraphs 17 and 18 the International Bank was fulfilling its task adequately. He could not agree with that point of view, however. So far the Bank had not granted loans -- either for reconstruction or development -- to a single Central European country, including Czechoslovakia, although those countries had fulfilled all the required conditions. The Bank's Charter laid down that it must not be influenced by political considerations, yet its credit policy had been guided by such considerations, in complete disregard of its obligation.



Mr. de SELLIERS (Belgium) strongly disagreed with the Czechoslovak view. It was absolutely wrong to suggest that the Bank was guided in its activities by political considerations. Furthermore, if the Government of Czechoslovakia had any criticisms to make about the Bank, it should do so through its representative in the Bank and not its representative on the Commission. Finally, if Czechoslovakia had not yet received credits from the Bank, it was because reasonable and detailed plans had not been submitted by that country's Government to the Bank in time. Those plans were now under consideration.

Mr. MOROZOV (Union of Soviet Socialist Republics) remarked that every member of the Commission had the right to criticize the Bank's activities if he thought they were incompatible with the purposes and principles of the United Nations Charter.

Mr. BOE (Norway) said that as the first sentence of paragraph 18 contained the essence of that paragraph, a vote should first be taken on that sentence.

The first sentence of paragraph 18 was adopted by 7 votes to 2, with 3 abstentions.

The remainder of paragraph 18 was adopted by 8 votes to 3, with one abstention.

It was decided to insert a footnote to paragraph 18 to the effect that the Czechoslovak representative considered that paragraphs 17 and 18 gave the impression that the International Bank was fulfilling its task satisfactorily, and that he could not agree with that view.

#### Paragraph 19 and Annex A

Mr. de SELLIERS (Belgium) thought it would be preferable to include the text proposed by the Norwegian representative (E/CN.1/W.56/Add.2) in the part of the report dealing with economic stability and employment and, therefore, to postpone its examination until that part was considered. On the other hand, he suggested that the words "the Norwegian representative" be replaced by "the Commission" in paragraph 19 of the draft report.

Mr. BOE (Norway) thought that reference might be made to his text in both parts of the report.

Mr. LUBIN (United States of America) pointed out that sub-paragraph 1 of the draft resolution (E/CN.1/W.56/Add.2) did not appear to take into account the actual situation in France, the United Kingdom and a number of other countries in which certain shortages still existed. In regard to sub-paragraph 3, it might be assumed that the effective purchasing power and the amount of money available were still very great and did not always lead to a reduction in effective demand. In the United States a large proportion of the purchasing power was directed into savings rather than into consumption.

Mr. de SELLERS (Belgium) suggested inserting the words "in several fields" after the words "having observed" in sub-paragraph 1.

Mr. BOE (Norway) suggested adding "and the difficulties related to balance of payments" after the words "effective monetary demand" in sub-paragraph 3.

Mr. DEUTSCH (Canada) said that the question of balance of payments would have to be more closely examined by the Commission. In the circumstances, it would be better not to refer to that subject.

Mr. BOE (Norway) withdrew his amendment.

Mr. MOROZOV (Union of Soviet Socialist Republics) thought that paragraph 19 of the report and Annex A concerned economic stability and employment rather than the economic development of under-developed countries. Referring to sub-paragraph 5 of the draft resolution, he thought the recommendation contained in that paragraph lacked clarity. In particular it was difficult to understand why countries which could increase their production should think of curtailing it, and should take, in advance, measures of a different kind. He also wondered whether those measures were of a national or international order. As the draft resolution was not satisfactory as a whole he would vote against it.

Mr. BOE (Norway) said that when economic depression began to make itself felt the various Governments would incline to adopt a policy of limiting production; that was an undeniable fact; on the other hand Governments' replies to the questionnaire sent to them by the Secretariat (E/1111) showed that similar restrictive policies were contemplated in various countries.



Other measures which Governments might consider could include, for example, compensatory payments, systems of differential prices which would allow the execution of social plans, the organization of markets and so forth.

Mr. LUBIN (United States of America) suggested adding the following to sub-paragraph 5 of the draft resolution: "limit international commercial exchanges and thus" after the words "which might..."

Mr. BOE (Norway) asked that the words "and thus" be deleted.

Mr. LUBIN (United States of America) could not accept that request.

Mr. de SELLIERS (Belgium) agreed with the United States representative.

Mr. BOE (Norway) withdrew his draft resolution.

Mr. de SELLIERS (Belgium) re-introduced the resolution as his own and asked for a separate vote to be taken on the words "limit international commerce and thus" proposed by the United States representative.

The words proposed by the United States representative were rejected by 6 votes to 4, with 4 abstentions.

Mr. BOE (Norway) regretted that the vote had not been taken before he had been induced to withdraw his resolution, since in that case his decision would have been different.

After Mr. HALL (United Kingdom) had requested the Secretariat to revise the wording of sub-paragraph 6 of the draft resolution, Mr. CAUSTIN (Secretary of the Commission) suggested replacing the first word of paragraph 6 by "Invites". Moreover he felt some doubts about the mention of regional economic commissions, as the Secretary-General could transmit only recommendations to inter-governmental bodies. The Commission might insert an additional paragraph stating that the Council invited regional economic commissions to assist the governments of the Member States to achieve the aims of the resolution. The words "such a form of" in the fourth line were useless and could be deleted. Finally, the last clause of the paragraph was redundant and could be replaced by the words "and to submit a report to the Council on this subject".

Mr. de SELLIERS (Belgium) accepted these amendments and proposed to insert in addition "productive" before "capacity".

Mr. RUEFF (France) was struck by the apparent modesty of the Commission in its recommendations: it confined itself to handing over to the Secretary-General the entire problem of action in matters of economic development. The representative of France thought that the Commission's task was one of action and not a purely theoretical one. It should introduce requests for assistance from Governments, examine and co-ordinate them, etc.

In the circumstances, Mr. Rueff did not think that the Commission could leave the task of selecting the measures to be taken to promote economic development entirely to the Secretary-General: that would mean shirking its obligations and quite misunderstanding the relations<sup>which should exist</sup> between the Commission, the Secretary-General and the Economic and Social Council. The Council and the Commission took decisions, the Secretary-General prepared the work for them, established contacts and transmitted the decisions and recommendations that had been taken. For those reasons the representative of France proposed that paragraph 6 begin with the words "Invites the Secretary-General in close contact with the Economic and Employment Commission..."

Mr. de SELLIERS (Belgium) recognized this serious defect of the draft resolution and proposed the following wording: "Invites the regional economic commissions and the Secretary-General, in co-operation with the specialized agencies, to submit to the Economic and Employment Commission a study on... and invites the Commission at its next session to present its conclusions on this subject."

Mr. RUEFF (France) said the commission was continuing to deal with theoretical matters that had no immediate urgency. It should devote itself to the study of a concrete case; it would then be much easier for it to come to an agreement on the recommendations to be made. To undertake a new theoretical study would only mean a further loss of time.

/Mr. de SELLIERS



Mr. de SELLERS (Belgium) wondered whether the regional economic commissions could not submit some practical cases at the request of the Commission.

Mr. RUEFF (France) thought that was a task for the Governments themselves, and not for the commissions.

Mr. MORCZOV (Union of Soviet Socialist Republics) observed that the regional economic commissions were not subsidiary organs of the Economic and Employment Commission. They could address their recommendation directly to the Governments of the Member States; it would be incorrect to transform them into auxiliary organs of the Economic and Employment Commission.

The CHAIRMAN put to the vote the first five sub-paragraphs of the Belgian draft resolution (previously proposed by the Norwegian representative) (document E/CN.1/W.56/Add.2, point 4); sub-paragraph 6 (sub-paragraph 2 of Annex A in document E/CN.1/W.56) would be put to the vote when its final text had been distributed.

Sub-paragraph 1 was adopted by 7 votes to none, with 6 abstentions.

Sub-paragraph 2 was adopted by 8 votes to none, with 5 abstentions.

Sub-paragraph 3 was adopted by 7 votes to 2, with 5 abstentions.

Sub-paragraph 4 was adopted by 6 votes to none, with 8 abstentions.

Mr. LUBIN (United States of America) asked that a vote might be taken separately on each of the two sentences of sub-paragraph 5 (E/CN.1/W.56 Annex A, sub-paragraph 1).

Mr. BOE (Norway) asked that the vote be taken by roll-call in both cases.

A vote was taken by roll-call on the first sentence of sub-paragraph 5.

Cuba, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Cuba, France, India, Norway, United Kingdom,  
United States of America, Australia, Belgium,  
Brazil, China.

Abstaining: Czechoslovakia, Byelorussian Soviet Socialist Republic,  
~~Canada~~, Union of Soviet Socialist Republics.

The first sentence of sub-paragraph 5 was adopted by 10 votes to none, with 4 abstentions.

/A vote by

A vote by roll-call was taken on the second sentence of sub-paragraph 5.

Canada, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: China, Cuba, France, India, Norway, United Kingdom, Australia, Belgium.  
Against: United States of America.  
Abstaining: Canada, Czechoslovakia, Union of Soviet Socialist Republics, Brazil, Byelorussian Soviet Socialist Republic.

The second sentence of sub-paragraph 5 was adopted by 8 votes to 1, with 5 abstentions.

Mr. DEUTSCH (Canada) declared that he had abstained in the last vote because of the manner in which the principle contained in that sentence was stated, although he admitted the correctness of the principle.

Mr. LUBIN (United States of America) and Mr. GUIMARAES (Brazil) associated themselves with the statement of the representative of Canada.

The CHAIRMAN proposed the deletion, in paragraph 19, of any reference to the representative of Norway and the substitution of a reference to the Commission as a whole.

At the request of the representative of the USSR, the Chairman declared that the vote on the whole of paragraph 19 would be taken after the vote on sub-paragraph 6 of the draft resolution.

It was so decided.

#### Paragraph 20

Mr. SAKSENA (India) proposed the addition of the following text to paragraph 20:

"While recognizing that the bulk of financial resources required for development had necessarily to come from the countries themselves, he stated that attention should be paid to the position of countries which for the reasons indicated below do not have adequate supplies of domestic capital:

1. countries which, on account of dislocation and devastation caused by the war and the low level of economic life, do not have sufficient savings;

/2. countries



2. countries which, as a result of fall of production have an adverse balance of trade, and for this reason do not have an accumulation of capital;

3. countries which, like India, have balances accumulated in soft currencies during the war which have been rendered ineffective because of restrictions on convertibility and also on withdrawals owing to difficulties in the countries in which such assets are held.

In the case of countries falling under the above-mentioned categories he felt that it would be necessary to explore various other methods of financing economic development."

Mr. NUNES GUIMARAES (Brazil) supported the proposal of the Indian representative. He recalled the statement he had made at the third meeting of the Sub-Commission on Economic Development (E/CN.1/Sub.3/10), and he suggested that the following problems should be added to the list proposed by the Indian representative: fuel and power, health and sanitation, trade in primary products and the conservation of natural resources.

In reply to a remark by the Belgian representative, Mr. SAKSENA (India) pointed out that the hopes expressed in paragraph 20 were not entirely platonic inasmuch as they were addressed to the Sub-Commission. They would be reconsidered if it was decided not to maintain the Sub-Commission.

Mr. MOROZOV (Union of Soviet Socialist Republics) suggested that if the Commission supported the views expressed in paragraph 20, the following item might be added to the list of problems appearing in that paragraph: "An urgent problem which the Economic and Employment Commission and the Sub-Commission on Economic Development should study is the nature of the obstacles to the industrialization of under-developed countries and the necessary measures to overcome them."

Mr. LUBIN (United States of America) pointed out that the problems mentioned by the representatives of India and Brazil were specific problems, whereas the USSR representative was merely proposing a reaffirmation of the Commission's terms of reference.

/Mr. de SELLERS

Mr. de SELLERS (Belgium) said he would not vote in favour of paragraph 20 as it contained recommendations addressed to a body, which in his opinion, should not exist. On the other hand, if all mention of the Sub-Commission were eliminated, the paragraph would merely consist of platonic hopes addressed to no one in particular.

Mr. DEUTSCH (Canada), Mr. BOE (Norway), the CHAIRMAN, speaking as representative of Australia, and Mr. HO (China) associated themselves with the statement of the Belgian representative, pointing out at the same time that they did not object to the actual substance of the question.

By 8 votes to 2, with 3 abstentions, the Commission decided not to include paragraph 20, as amended, in the report, as it did not reflect the opinion of the Commission as a whole.

Mr. SAKSENA (India) proposed the inclusion of paragraph 20 in the report, beginning with the words "Some members of the Commission were of the opinion...", as an expression of the views of those members.

Mr. NUNES GUIMARAES (Brazil) supported the proposal of the Indian representative.

The proposal of the representative of India, without the USSR amendment, was adopted by 10 votes to 1, with 3 abstentions, paragraph 20 thus remaining in the report as an expression of the views of certain members.

Mr. MCROZOV (Union of Soviet Socialist Republics) submitted anew his amendment prefixing the words "Some members of the Commission also felt that...".

Mr. BYSTRICKY (Czechoslovakia) supported the proposal of the USSR representative.

The proposal of the USSR representative was rejected by 6 votes to 4, with 4 abstentions.

Mr. BYSTRICKY (Czechoslovakia) proposed the insertion of the same sentence, but with the words "The representatives of the USSR, Czechoslovakia and the Byelorussian Soviet Socialist Republic..." instead of "Some members of the Commission".



The Czechoslovakian proposal was adopted by 9 votes to 1, with 4 abstentions.

Mr. de SELLERS (Belgium) explained that he had voted against the last two proposals because he thought they bore no relation to the substance of paragraph 20. He would have voted in their favour if they had referred to another passage in the report.

The meeting rose at 1.50 p.m.