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CONTENTS:

Financing economic development of under-developed countries:

Report of the Group of Experts appointed by the Secretary-General under Economic and Social Council resolution 290 (XI) on measures to reduce unemployment and under-employment in under-developed countries in the light of requirements of economic development (E/1986) (General discussion -- concluded).

Method of work.

Report of the Group of Experts appointed by the Secretary-General under Economic and Social Council resolution 290 (XI) on measures to reduce unemployment and under-employment in under-developed countries in the light of requirements of economic development (E/1986).

* Chairman: Mr. NUNES GUTIMARAES

Brazil

Members: Mr. BUNGE

Argentina

Mr. BURY *

Australia

Mr. MASOIN *

Belgium

Mr. WOLFSON *

Canada

* Alternate

Members (continued):

Mr. HSIU CHA *	China
Mr. GLOZAR *	Czechoslovakia
Mr. DAYRAS *	France
Mr. SAKSENA	India
Mr. GARCIA *	Philippines
Mr. OZGUREL	Turkey
Mr. CHERNYSHEV	Union of Soviet Socialist Republics
Mr. WILSON *	United Kingdom of Great Britain and Northern Ireland
Mr. STINEBOWER	United States of America
Mr. LANG	Yugoslavia

Representatives of specialized agencies:

Mr. DAWSON	International Labour Organisation (ILO)
Mr. EZEKIEL	Food and Agriculture Organization (FAO)
Mr. LOPEZ HERRARTE	International Bank for Reconstruction and Development (Bank)
Mr. WANG)	International Monetary Fund (Fund)
Mr. MERWIN }	

Representatives of non-governmental organizations:Category A:

Miss KAHN	World Federation of Trade Unions (WFTU)
Mr. WOODCOCK	International Co-operative Alliance (ICA)
Mr. HEILPERIN)	International Chamber of Commerce (ICC)
Miss SANSON }	

Category B:

Miss STAPELTON	National Association of Manufacturers (NAM)
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Secretariat:

Mr. WEINTRAUB	Secretary of the Commission
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* Alternates

FINANCING ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES: REPORT OF THE GROUP OF EXPERTS APPOINTED BY THE SECRETARY-GENERAL UNDER ECONOMIC AND SOCIAL COUNCIL RESOLUTION 290 (XI) ON MEASURES TO REDUCE UNEMPLOYMENT AND UNDER-EMPLOYMENT IN UNDER-DEVELOPED COUNTRIES IN THE LIGHT OF REQUIREMENTS OF ECONOMIC DEVELOPMENT (E/1986) (GENERAL DISCUSSION -- concluded)

Mr. GARCIA (Philippines) replied to some of the arguments put forward during the general debate. It had been said, for instance, that foreign investment was not the best way of stimulating economic development and might lead to exploitation. In recent years, he might point out, under-developed countries had gladly welcomed foreign capital which they had used in the true interest of their populations. Under-developed countries had, moreover, made every effort to create in their countries an atmosphere conducive to such investment. He was happy to hear that the Colonial Powers had started putting into effect development plans in the territories under their administration and, in particular, that Belgium had announced its intention to encourage international financing through existing bodies. It was quite clear from the debates that members of the Commission realized that there was much to recommend such a method of financing.

The Argentine Government should be congratulated on its announcement that it would participate in the execution of any programme directed to the improvement of living conditions and that to the extent of its resources it would contribute to economic development. The Turkish Government too deserved praise for its announcement that it supported, as a whole, the principles of economic development; the representative of Turkey had nevertheless emphasized the need for realizing that the various countries were at different stages of development. The representative of India was to be commended for ^{narrowing down} those aspects of the problem on which there was most general agreement. The representative of the International Bank for Reconstruction and Development had made a very clear statement on which he too should be complimented. He had pointed out that there could be no economic development unless a population was firmly determined to bring about such development. Several members of the Commission had said, in that connexion, that countries should be encouraged to

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rely on their own resources. There was much truth in those observations but determination was not enough without the necessary resources. The Bank's representative had also pointed out that there had been an appreciable increase in its loans. He hoped that that would continue; it had not been stated, however, which countries had received loans. During the current financial year the Bank had granted 18 loans amounting to 290 million dollars. Out of that amount, however, 100 million dollars had been allocated to a country with the highest per capita income. Similarly, out of the 109 million dollars loaned during the financial year 1949, 40 million dollars had gone to countries in that category. In 1948 16 million dollars had been loaned to countries in the second category and 12.5 million dollars to those in the third. His delegation viewed that state of affairs with considerable concern particularly since in that way the Bank's operations tended to widen further the gap between the developed and the under-developed countries.

Like the Bank, the Experts considered that expenditures for economic development were essentially intended to enable the countries concerned to supply goods and services. That was obviously desirable but the representative of the Bank had gone on directly to say that the increase in income resulting from an increase in production would lead to a greater demand for imported goods. It was difficult not to accept that conclusion in itself, but countries could always resort to restrictive exchange and trade measures to counteract any possible harmful effects arising from the situation referred to by the Bank.

Several members of the Commission had pointed out that national resources could be increased by trying to bring about a more favourable relationship between import and export prices. He quoted several passages from economic treatises, relating in particular to South America, which showed that quite often after paying for imports, the proceeds of exports were insufficient to meet the needs of economic development. As ^{the} Brazilian representative had said, at the General Assembly's fifth session, bulk purchases of raw materials of strategic importance could improve the trade balance of under-developed countries but a lack of equipment, on the other hand, might retard the development of those countries. Such a situation was not encouraging, as it merely accentuated the disequilibrium which

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existed between developed and under-developed countries, particularly as the requirements of international security took precedence over economic development. The problem assumed immense proportions for under-developed war-devastated countries such as the Philippines, and a development programme might well remain a dead letter unless the country received international assistance. A plan to regularize the circulation of capital should be drawn up at once. Increases in the price of certain essential commodities and stock-piling of such commodities would have repercussions on the price of other products. Were under-developed countries to sell their produce at current high prices, their trade balance would tend to become stable; on the other hand, economic development was hampered and the under-developed countries were placed in a very difficult situation by their concentration on a small number of crops. FAO's report for 1950 showed that, apart from rice, cotton and one or two other products, production could not be increased from one year to the next; a period of seven years was required for some crops. That observation was of particular interest to the under-developed countries. For them the solution was very simple: they needed technical assistance and international investment, in particular, through intensified operations by the Bank, which should grant loans even for unprofitable projects. The Bank should grant credits up to 1,000 million dollars. That amount would be ample and would make a great contribution to the well-being of humanity.

A situation that was neither war nor peace was certainly not favourable to economic development, but the most important point was to avoid leaving people with a feeling of disappointment.

Mr. Garcia read several passages from articles in the American Press which showed how serious the situation was both from the social and human points of view. The articles particularly stressed the fact that two thirds of the world's population were suffering want and concluded that peace would be in danger so long as that situation lasted. Those ideas were not platitudes; they were the expression of deep feelings for humanity, and the Commission should give heed to them. The Council was proposing not to continue the Commission after 1951. The Commission would therefore have to try to achieve concrete results.

/Mr. CHERNYSHEV

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) wished to correct a misinterpretation of his remarks on the part of the United States representative. He had not said that he was opposed in principle to foreign investment, but he had said, on the subject of such investment, that it was primarily by mobilizing and making better use of the national resources of under-developed countries that their economic development and independence of foreign capital would be ensured. He had added that international investments were acceptable as an additional means of developing the national resources and strengthening the independence of the countries concerned.

It was wrong to claim, as the Chairman had done, in his capacity as Brazilian representative, that foreign capital investments, in particular French investments, in Russia had facilitated the latter's economic development; the sole motive of the investments made in Russia before the great October revolution had been exploitation, and Mr. Chernyshev could not accept the Chairman's conclusion.

The CHAIRMAN, speaking as the representative of Brazil, said he had merely recalled the fact that the first steel works in Russia had been installed by French capital.

Mr. DAYRAS (France) feared that the Commission would lose patience if he were to attempt the bare enumeration of the industrial enterprises and railway developments financed by French investments in Russia.

Mr. MASOIN (Belgium) reminded the USSR representative that various enterprises such as the Odessa tramways, the Nicolas railways, the Donetz glassworks and others had been established in Russia by Belgian capital, and their value in 1913 had amounted to 1,000 million Belgian gold francs.

The CHAIRMAN declared the general debate closed.

METHOD OF WORK

The CHAIRMAN said the Commission had before it two proposals for its method of work: a proposal by the Philippines, seconded by Chile, that the Commission should begin by examining the recommendations of the Group of Experts about international financing and then pass on to the recommendations

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regarding international trade and national action; and a proposal by the Chairman that the recommendations should be examined in the order in which they had been submitted by the Experts.

Mr. MASOIN (Belgium), speaking as Rapporteur, noted that in all their statements the members of the Commission had thus far more or less followed the plan of the Experts' recommendations. That was not surprising, since the arrangement was extremely logical. He advocated following it in discussing the recommendations, without, however, overlooking the Philippine proposal, which was based on the recommendation of the Economic and Social Council. It might be possible to reach agreement by assuring the author of that proposal that the study of the international aspect of financing would not be neglected even if the chronological order of the recommendations were followed. Mr. Masoin considered that the recommendations should be studied according to groups of ideas, under the headings suggested in the Experts' Report, as those recommendations contained related ideas which could not be examined separately.

Several members of the Commission had drawn attention during the discussion to certain points not included in those recommendations, namely the dangers of inflation, the need for carrying out economic development under conditions of stability, the necessity for utilizing existing foreign currency holdings and the advisability of laying more stress on private capital, the conditions on which loans were granted and the other functions that the Bank might perform (in particular the guaranteeing of investments). Accordingly, in order to allow for those new points and to see to what extent they could be fitted into the Experts' recommendations, the discussion should not be confined to a study of the recommendations.

Mr. CHERNYSEEV (Union of Soviet Socialist Republics), while he saw no reason why the Commission should not refer to the Experts' recommendations, considered that the specific recommendations which the Commission was supposed to make to the Council should be based upon the formal proposals made by its members.

Mr. GARCIA

Mr. GARCIA (Philippines) hoped that the Commission would organize its work in such a way as to afford efficient preparation for the work of the Council's Economic Committee. He recalled that the Council's resolution asked the Commission to give priority to the problem of the international financing of the economic development ^{of} under-developed countries. The Commission should try to work out a broader plan for international financing. Its task was to see that economic development was sufficiently rapid to reduce the disequilibrium between developed ^{and} under-developed countries. Both the national and the international action to be taken would call for important political decisions by Governments, decisions which could only be taken on the basis of a thorough study of the question. Such a study was essentially within the terms of reference of the Commission, which should give priority to the problem of international financing, although Mr. Garcia recognized that domestic measures were also important. He reiterated his belief that the problem of full employment in economically developed countries, and that of the economic development of less-developed countries, were parts of the same problem, and that in order to solve them both it was essential to narrow the gap between the two groups of countries by means of rapid economic development. He therefore considered it preferable to start with a consideration of recommendation 14. Governments would have to take a decision of principle concerning the body provided for in that recommendation. That particular question raised practical problems such as the size of the sums to be collected, the origin of the funds, the way in which they would be distributed and the status of the organization to be set up. All those problems ought to be studied by the members of the Commission in their capacity as experts, and Mr. Garcia thought that a sub-commission might be set up to examine recommendation 14. He was sorry to have to press his proposals once again, but the Commission had only a limited time at its disposal and might be wasting time on details to the detriment of essential matters. He recalled the origin of resolution 342 (XII) which the Economic and Social Council had adopted unanimously; that resolution, which combined two different points of view, instructed the Commission to give priority to problems

/of financing

of financing economic development. In view of rule 61 of the rules of procedure he asked that the Commission should vote first on his proposal.

Mr. WOLFSON (Canada) agreed that the procedure suggested by the USSR representative would be justified if the Commission were already preparing its recommendations to the Economic and Social Council. That, however, was not its task for the time being. It had now to study the Experts' Report and recommendations, suggest changes, simplifications or amplifications of certain points, and lastly, in the light of that study, consider its own recommendations to the Council. If the members of the Commission thought that the work would be made easier by studying related subjects or recommendations in the Report together, he saw no objection to following the method suggested by the representative of Chile, but in the order suggested by the Belgian representative. He suggested that the Commission should follow that course.

In his opinion, members of the Commission were mistaken in fearing that, if that procedure were adopted, the Commission would not be devoting sufficient time to the study of questions which they regarded as of primary importance. They could always ask the Commission to speed up its discussions and reach quickly the questions which they regarded as particularly important.

Mr. SAKSENA (India) was not sure that he had fully grasped the Rapporteur's proposal which, if it involved making a general study of every subject dealt with in the report, seemed to him to be rather confusing. The recommendations in the Report offered a better field for study. In that connexion he supported the suggestion of the Canadian representative. The Commission could examine any other recommendation which it regarded as important or, to follow the suggestion of the USSR representative, disregard those recommendations in the Report which seemed ^{to it} superfluous.

/With regard

With regard to the order in which the Commission would examine the Experts' recommendations, he was willing to accept either of the two methods proposed, i.e., to follow the order chosen by the Experts or to begin with the recommendations for international financing. Both had advantages and disadvantages. If it began with international financing, the Commission would, of course, be tackling the problem to which the Council had given priority, but it would be doing so before the basic factors had been defined. On the other hand, if it followed the order chosen by the Experts, there might obviously be long discussions on the first recommendations. However, he would prefer the Commission to follow the order of the Report, but at the same time decide to pass as rapidly as possible over the recommendations in sections A and B.

Mr. WOLFSON (Canada) supported the Indian representative's proposal.

The CHAIRMAN also supported the proposal. In order to speed up consideration of the recommendations in sections A and B, he proposed that representatives should make their suggestions in writing.

Mr. MASOIN (Belgium) would prefer not to have the members of the Commission obliged to submit written texts before they had even made suggestions. The members of the Commission were sitting as experts rather than as Government representatives, and in addition, the Commission would not be drafting immediately the text of the final resolutions which it would send to the Council. He suggested therefore that the Commission should exchange views on the recommendations grouped under each of the three headings indicated by the Experts.

The CHAIRMAN said that the Commission had to decide whether it would adopt the Chilean proposal, which was to group the recommendations in a certain order, or whether it would examine them one by one in the order given by the Experts.

Mr. HSIU CHA (China) thought there would be no point in the Commission regrouping the recommendations, since the Experts had already done that. He also

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supported the Philippine proposal, since the Commission's most important task was to formulate and suggest to the Council practical methods of international financing. It might not be able to devote sufficient time to that task if it began by examining the recommendations in sections A and B.

Mr. SAKSENA (India) said that a clearer impression of the views of the members of the Commission on each part of the Report would be obtained if it were studied chapter by chapter. If the discussion was not too detailed, parts one and two could be finished fairly quickly. That procedure would have the additional advantage of clearly defining the basis upon which the Commission would discuss the matter most important to it, that is, part three of the Report.

Mr. WEINTRAUB (Secretary of the Commission) said that, under rule 61 of the rules of procedure, the Commission must consider the various procedural proposals in the order of their presentation. The representative of Chile had certainly made his suggestion first, but he had made it clear that it was only a suggestion, not a formal proposal. The other procedural proposals presented to the Commission came from the representative of the Philippines and from the representatives of India and Canada. If the representative of the Philippines wished to have his proposal voted on, that would be done.

Mr. STINEBOWER (United States of America) felt sure that all the members of the Commission were fully aware of the order of priority imposed upon them by the resolutions of the Economic and Social Council and of the General Assembly. The Commission would, therefore, give particular attention to the question of the financing of economic development in under-developed countries. At its twelfth session the Council had assigned priority to the question of financing in general, not to that of external financing. That, however, did not mean that the other aspects of the report should be neglected. The members of the Commission should make their comments brief, and should consider all the recommendations made. He would not formally support either of the two procedures recommended to the

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Commission, but he thought it possible, in any event, to complete fairly rapidly the consideration of recommendations 1 to 7 and 9 to 12, which dealt with subjects other than financing, before taking up the detailed study of the latter question.

Mr. GARCIA (Philippines) pointed out that the most important part of the Experts' Report was that which contained their recommendations, and they should be very carefully studied by the Commission. Since the Commission did not appear to be very much in favour of his procedural proposal, he would not press for a vote on it. Instead he would suggest the following compromise: he would agree to the Commission beginning its consideration of the recommendations with section A, followed by section B, before taking up the study of the recommendations in section C, which he considered the most important; but in order to expedite the work, he proposed that the Commission should examine the recommendations in the first two sections together.

Mr. SAKSENA (India) said he had no objection to the Philippine proposal.

Mr. WOLFSON (Canada) concurred.

Mr. STINEBOWER (United States of America) asked whether it was the Commission's intention to make a quick study of recommendation 8, which he thought particularly important. He would like to know whether the decision which the Commission was about to take implied a quick study of the recommendations in sections A and B.

Mr. WOLFSON (Canada) asked the representative of the Philippines whether the purpose of his proposal was simply to defer consideration of sections A and B of the recommendations until later.

/Mr. GARCIA

Mr. GARCIA (Philippines) replied that that was not his intention; he was merely asking the Commission to study those recommendations as quickly as possible in order to shorten the discussion.

The CHAIRMAN, speaking as representative of Brazil, said he would not press his proposal that the recommendations should be considered one by one. It was for members themselves to decide how long a time they wished to devote to that task. With reference to the Philippine proposal, however, he thought that the recommendations in section B were exceedingly important and should be given close study.

Mr. EZEKIEL (Food and Agriculture Organization) pointed out that the wording of some of the recommendations in section A should be modified before they were submitted to the Economic and Social Council. Most of those recommendations mentioned measures which might be taken by the different countries, but recommendation 1, for example, contained no such suggestion. The same was true of the entire chapter which dealt with population. The Commission might make a quick study of the recommendations in section A, and amplify them where necessary for submission to the Economic and Social Council.

In reply to Mr. GARCIA (Philippines), the CHAIRMAN proposed that the Commission should make a quick study of the recommendations in sections A and B in order to be able to devote as much time as possible to the recommendations in section C.

It was so decided.

REPORT OF THE GROUP OF EXPERTS APPOINTED BY THE SECRETARY-GENERAL UNDER ECONOMIC AND SOCIAL COUNCIL RESOLUTION 290 (XI) ON MEASURES TO REDUCE UNEMPLOYMENT AND UNDER-EMPLOYMENT IN UNDER-DEVELOPED COUNTRIES IN THE LIGHT OF REQUIREMENTS OF ECONOMIC DEVELOPMENT (E/1986) (ITEM 4 OF THE AGENDA)

The CHAIRMAN, speaking as representative of Brazil, said that in his opinion the wording of recommendation 1 was rather vague.

/Mr. MASOIN

Mr. MASOIN (Belgium) agreed, and thought that the text of recommendation 1 should be revised if it was to be included in the Commission's report. Accordingly, he proposed the deletion of the words preceding the phrase "to remove the obstacles to free and equal opportunity", so that the recommendation would make a positive proposal for certain reforms which might be considered by under-developed countries.

Mr. CHERNYSHEV (Union of Soviet Socialist Republics) understood that for the time being the Commission was not taking concrete decisions, but limiting itself to comments on the recommendations set forth in the Report of the Group of Experts. He reserved the right therefore to submit his observations later; the fact that he would make no further remark did not mean that he approved the text of the recommendations.

Mr. WOLFSON (Canada) suggested that the words "or sex" should be inserted after "... based on race, colour, caste, creed" in the text of recommendation 1.

Mr. STINEBOWER (United States of America) said he had not foreseen the turn which the discussion would take; he therefore reserved the right to transmit to the Commission later some suggestions relating to the text of recommendation 1, particularly on land reform, so that it could be included in the Commission's report. He added that official and private circles in the United States both felt that the questions dealt with in recommendation 1 fell within a sphere in which the United Nations could play a very important part, but where the initiative lay with governments themselves. Those complicated questions raised many difficulties with regard to their scope and consequences, and involved individual decisions by the governments concerned. As an example, he referred to the land reforms recommended by the Group of Experts and pointed out that those were problems which affected not only the under-developed countries: in the United States, for instance, it was only in the last twenty years that the greatest advances had been made in the matter of

/land

land reform. He added that he would submit some comments on that subject very shortly and that the specialized agencies, the Secretariat and the members of the Commission could usefully examine the question. He also asked what was the status of a report on that subject which had been requested under General Assembly resolution 401 (V):

Mr. WEINTRAUB (Secretary of the Commission) said, in reply to the United States representative's question, that the resolution recommended the Secretary-General, in co-operation with the Food and Agriculture Organization, to prepare and submit to the thirteenth session of the Economic and Social Council an analysis of the extent to which unsatisfactory forms of agrarian structure and, in particular, systems of land tenure, in the under-developed countries and territories impeded economic development, and also asked the Economic and Social Council to submit recommendations to the General Assembly.

The Secretary-General had prepared the report requested, in co-operation with the FAO, but without making a detailed study of the question. The draft report had recently been sent to the specialized agencies, which had been asked to submit their comments. The report would be revised and sent in a few days to the reproduction services, so that the members of the Economic and Social Council would be able to have it six weeks before the opening of the July session. The report studied defects in the agrarian structure in several fields (land tenure, fiscal policy, problems of agricultural economy, the question of agricultural credit, etc.). It was essentially an incomplete document but it did contain a summary of the various steps taken by governments during the last few years; in that connexion it limited itself to analysing those measures without evaluating them. It was for the Economic and Social Council to judge their effect. The conclusions of the report showed that it was impossible to recommend any single course of action; governments would have to adopt a number of different measures and principles. He added that it would probably not be possible to distribute the complete report to the members of the Commission before the current session closed.

/ Mr. EZEKIEL

Mr. EZEKIEL (Food and Agriculture Organization) thanked Mr. Weintraub for his statement. He emphasized that a study of the Experts' recommendations showed that there was no universal panacea and that each country must make its own decisions (land tenure, fiscal reforms, agricultural credit policy, etc.). It was therefore difficult for the Commission to make any decision. He felt, however, that it would be necessary to alter the text of the recommendation in question before submitting it to the Economic and Social Council. The text could contain recommendations to governments to initiate the formulation of programmes of co-ordinated reforms and to develop a time schedule for carrying such reforms into action. He was thus brought to make a second suggestion: the fact of including such aspects of rural development in recommendation 1 raised a problem of propaganda and education. He suggested therefore that recommendation 1 should be divided into two parts, the first concerning the programme of development and activity affecting farmers individually, and the second concerning the preparation of a programme of general education.

Mr. DAYRAS (France) associated himself with those two suggestions which he felt were wise.

Mr. WOLFSON (Canada) suggested that when the Commission submitted its recommendations to the Economic and Social Council, it should bear in mind legislation on systems of inheritance, which had a direct effect on the distribution of land and the agrarian structure. He thought it would be advisable to draw the attention of governments to possible changes which they might make with a view to reducing the effects on agriculture generally of the splitting up of landed properties. He reserved the right to formulate further remarks or recommendations in due course.

The meeting rose at 5.30 p.m.