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CONTENTS

Page

Annual report of the Economic Commission for Europe (E/1674, E/1674/Add.1, E/ECE/114/Rev.1, and E/ECE/116/Rev.1) . . . . . 201

*President:* Mr. Hernán SANTA CRUZ (Chile).

*Present:* Representatives of the following countries:  
Australia, Belgium, Brazil, Canada, Chile, China, Denmark, France, India, Iran, Mexico, Pakistan, Peru, United Kingdom of Great Britain and Northern Ireland, United States of America.

Representatives of the following specialized agencies:

International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development, World Health Organization.

**Annual report of the Economic Commission for Europe (E/1674, E/1674/Add.1, E/ECE/114/Rev.1, and E/ECE/116/Rev.1).**

1. The PRESIDENT drew the attention of the members of the Council to the following documents: the annual report of the Economic Commission for Europe (E/1674); the financial estimate (E/1674/Add. 1) submitted by the Secretary-General in accordance with rule 33 of the rules of procedure of the Economic and Social Council; the report to the fifth session of the Economic Commission for Europe by the Executive Secretary on the future work of the Commission (E/ECE/114/Rev.1); and the *Economic Survey of Europe in 1949* (E/ECE/116/Rev.1), prepared by the Research and Planning Division of the Economic Commission for Europe.
2. He called on the Executive Secretary of the Economic Commission for Europe to introduce the annual report of the Commission.
3. Mr. MYRDAL (Executive Secretary of the Economic Commission for Europe) recalled that, at its fourth session, the Economic Commission for Europe had asked its various technical committees and the Executive Secretary to re-examine the Commission's work programme in the light of changing economic conditions, and to make recommendations with regard to the work programme after 1950. As the results of that inquiry were set out in detail in his report to the fifth session of

ECE, he felt it was unnecessary for him to go further into the matter.

4. It would be noted from the Commission's report (E/1674) that the Commission had approved almost every substantive proposal regarding the programme of future work, and had added several items to that programme.

5. He pointed out that, at the time it had held its fifth session, the Economic Commission for Europe had been the only United Nations organ on which the countries of eastern and western Europe were still represented. The political tension had naturally been reflected in the debates over various general issues, but when the Commission had taken practical decisions on its future work programme a considerable amount of agreement had been reached.

6. The Commission's programme of work, which had been approved at its fifth session and which was already under way, reflected the longer-term problems of European economy which had emerged as the period of post-war shortages receded into the background. The potentialities of continued inter-regional co-operation in the changed circumstances were substantial. As the report indicated, the Commission had authorized its secretariat to continue its inquiries into the possibility of expanding trade between eastern and western Europe. In particular, interest had been shown by member governments of the Commission in an expansion of trade in grains, and preliminary conversations were already in progress.

7. The Commission had maintained close co-operation with the specialized agencies—in particular with the Food and Agriculture Organization of the United Nations—and increased emphasis was being given to co-operative projects to be undertaken with the Economic Commission for Latin America and the Economic Commission for Asia and the Far East. He hoped that practical results would emerge from those efforts.

8. Mr. BEITH (United Kingdom) said his Government continued to lend full support to the work of the Economic Commission for Europe.

9. At the fifth session of the Commission, the United Kingdom delegation had been particularly concerned to

offer practical suggestions as to how the ECE secretariat could be best employed, and in that connexion he referred members of the Council to the detailed comments<sup>1</sup> made at that session by the United Kingdom representative on the work of the various technical committees.

10. He wished to emphasize once more the esteem in which the United Kingdom authorities held the work of the Research and Planning Division of the Commission's secretariat, and in particular the quarterly economic bulletin for Europe and the annual surveys for which that division was responsible.

11. The United Kingdom Government was satisfied with the work of the Coal, Timber and Inland Transport Committees of the Commission, but was disappointed at the failure of the Committees on the Development of Trade, and on Agricultural Problems, and the Industry and Materials Committee to achieve results in any way commensurate with the time and trouble expended by governments and the Commission's secretariat upon them.

12. Referring to resolution 4 on technical assistance, in part IV of the Commission's report to the Council (E/1674), he said his delegation accepted that resolution on the understanding that it would not entail any duplication of work, and that no new machinery or funds would be required to carry it out.

13. With regard to the draft resolution relating to the Council's action on the annual report of the Commission, contained in part V of the report, he said that although prepared to vote for it, the United Kingdom Government wished to make it clear that it reserved its position regarding any proposals for increased expenditure—particularly in connexion with resolution 2 concerning secretariat studies on factors affecting international price formation—until such proposals had been examined in the Fifth Committee of the General Assembly.

14. Finally, the United Kingdom delegation strongly endorsed the decision of the Commission, recorded in paragraph 169 of its report, to request the Executive Secretary to present, at an early stage during the course of the sixth session of the Commission, a plan and outline of the report in order to permit the Commission to reach a more satisfactory result. The secretariat of the Commission was well equipped to produce a report of the kind required, and the United Kingdom Government deprecated the practice, which had been introduced during the discussions on the Commission's draft reports to the Council, by which certain delegations had endeavoured to secure the insertion in the draft reports of lengthy passages from their statements, when such passages had already been fully recorded in the summary records of the Commission.

15. Mr. BORIS (France) emphasized the great interest his country took in the work of the Economic Commission for Europe. The discussion on the Commission's report would, no doubt, not be so far-reaching as in previous years, both because the more important resolutions adopted at the Commission's fifth session had been carried unanimously, and because it would be impossible for

the Council to hold a fruitful discussion on certain subjects of vital importance in the absence of the delegations of the eastern European countries. The representatives of the western European countries would thus not have the opportunity of explaining to their colleagues from eastern Europe that they hoped to see those countries more frequently represented at the meetings of the subsidiary bodies of the Commission; that they also hoped the statistical information requested from the eastern countries by the secretariat would be furnished, and that it would be submitted in the desired form.

16. It was the duty of the Economic and Social Council nevertheless to take stock of the work of its senior regional commission. It was essential for it to keep itself informed of the development of that commission, so that in the following year, when the time came to decide whether the Economic Commission for Europe should continue to exist or not or whether its terms of reference should be revised, the Council could take that decision in full possession of the facts.

17. In that connexion, the report submitted by the Executive Secretary to the fifth session of the Economic Commission for Europe (E/ECE/114/Rev.1) was of great value, since it contained most useful information and was completely impartial and sincere. Among the observations made in part three of the report was the following: "In spite of an unfavourable political climate, the Commission has undoubtedly taken roots." A little further on, the Executive Secretary, however, stated: "I should in my own eyes be guilty of a dereliction of duty if I reported to you that the Economic Commission for Europe is as yet a success. . . . the accomplishments so far cannot be deemed sufficient. In none of the important general economic problems facing Europe has appreciable progress been made". The frankness of that statement was worthy of attention.

18. Without attempting to place the responsibility upon anyone for those shortcomings, he would like to point out that, as a result of the refusal of a certain number of European countries to take part in the programme of economic co-operation sponsored by the United States of America, the potential activities of the Commission had been reduced to their lowest common denominator. The countries of western Europe had formed the Organization for European Economic Co-operation which, with the means made available through the emergency assistance, had undertaken the economic reconstruction and recovery of that part of Europe. The countries of eastern Europe had, on the other hand, set up their own organ of economic collaboration, about which very little was known.

19. Geneva remained, none the less, the place where the representatives of the two parts of Europe could meet together to endeavour jointly to foster intra-European trade to the common benefit of all. The efforts made towards that end had not yet borne fruit. Nor was it the time to discuss the reasons for that, the more so as those efforts had not been abandoned. He recalled in that connexion the preliminary work undertaken by the Executive Secretary with a view to arriving at an agreement on cereals; an agreement which the French Government was most anxious to see concluded.

<sup>1</sup> See document E/ECE/SR.5/3.

His Government considered that the development of economic relations between East and West could be only to the advantage of both parties and, ultimately, of benefit to the whole world.

20. Born under unfavourable auspices, the Commission had, notwithstanding, never ceased to give evidence of its vitality, as was shown by the successful accomplishment of a number of important tasks which had fallen to its lot as part of the heritage it had taken over from the interim international bodies formerly entrusted with the same duties.

21. In the period of acute shortages that Europe had experienced in 1947 and 1948, the Commission had played a beneficent role in the allocation of essential raw materials and in its efforts to eliminate the main bottlenecks in European industry. At the same time, it had carried out studies and published works, the quality of which had quickly won for it a universal reputation. Such studies had since served as a basis elsewhere for other work leading in many cases to action on a national or international level.

22. However, Europe had achieved a remarkable recovery which had resulted in the chief shortages giving way to relative abundance. In 1949, the Economic and Social Council, and the Commission, had already considered the possible repercussions of such development on the tasks of the Commission and, hence, upon its structure. It was doubtful whether certain of the subsidiary bodies set up by the Commission still had any reason for existing, and whether it would not be advisable, in any case, to re-orientate their activities. As a result of the work undertaken by the Commission, a number of unanimous decisions had been taken. For certain committees entrusted from the outset with the study of long-term problems, there was no ground for contemplating any revision or reform. Such was the case, for example, with the Committee on Electric Power and the Inland Transport Committee. With regard to the bodies which had so far devoted themselves to combating shortages, the question arose whether the disappearance of the tasks for which they had been called into being should lead to their dissolution. It was generally recognized that such was not the case.

23. The problems raised by shortages were comparatively simple: the short-term remedy being equitable distribution, and the long-term solution the taking of measures to develop production. The problems which arose in a period of relative abundance were infinitely more complex and involved study of their essential characteristics and of possible remedies. It was to such types of research that committees such as the Steel Committee, for example, would henceforth devote their activities, studying the supply situation, production and consumption trends and the evolution of the principal components of production costs. Similar tasks would be carried out by the Coal and Timber Committees, which would, in addition, continue the work already begun on the classification and end-uses of those materials. His delegation recognized the importance of such work, and was pleased to note that the Economic Commission for Europe had succeeded in giving to its activities the new direction appropriate to the circumstances.

24. It was nevertheless clear from the aforementioned considerations that, in the new period that was opening, the Commission would not be in a position to take or to recommend any of those sensational measures so dear to public opinion. But if the Commission could not aspire to measures of that type, it was largely because the European economy had made immense strides towards complete recovery. As the *Economic Survey of Europe in 1949* (E/ECE/116/Rev.1) showed, pre-war production levels had been exceeded in the majority of countries, and former consumption levels regained. The greater part of the serious difficulties still to be surmounted were of a type which went beyond the framework of a purely regional organization.

25. Geneva had become, and would remain, a place where technicians of various countries met and exchanged views and where the bases of fruitful collaboration were laid. Furthermore, Geneva was a unique centre of study and research on the main problems of Europe. He mentioned in that connexion certain studies published by the Economic Commission for Europe, among them in particular, *European Steel Trends in the Setting of the World Market* (E/ECE/112), a study which had served in many countries, and in France in particular, as the starting point for much reflection, discussion and research, the far-reaching repercussions of which might be considerable. He also mentioned the studies on the problems of the utilization of timber and the development of electric power. France was awaiting with interest the appearance of the other studies undertaken by the Commission, among them the new study on timber, and the two studies on financial problems and the problem of international price formation—i.e., the question of monopolies, cartels and restrictive practices.

26. The annual economic surveys of Europe provided the governments concerned, and international bodies as well, with a basis of inestimable value for their own work and decisions. The chapters in the survey for 1949 devoted to problems of the balance of payments and international equilibrium had already proved, and would continue to prove, of great assistance to those responsible for taking measures in that field.

27. Even if the role of the Economic Commission for Europe were only that of a pathfinder, Member States of the United Nations would nevertheless owe it a great debt of gratitude for the manner in which it was accomplishing its tasks. There was, however, reason to hope that it might do more, and he himself was convinced that, if it had the opportunity, the Commission would be equal to such a mission.

28. Mr. Arnold SMITH (Canada) said that, although Canada did not participate officially in the work of the Economic Commission for Europe, it had very close links with the European economy and was very interested in its development. The Canadian Government was actively associated with the work of the Organization for European Economic Co-operation, and followed the work of ECE with great attention.

29. The report of the Economic Commission for Europe showed that the Commission had already accomplished much useful work in the face of great political difficulties.

Not all its technical committees had met with equal success, but most of them—in particular the Inland Transport Committee and the Coal Committee—had done much constructive work which the Canadian delegation believed had made an important contribution to the remarkable recovery of the European economy since the war. The nature of the problems before the technical committees was likely to be different in the future. With the end of the first phase of post-war economic recovery, the need for international economic co-operation at technical level, although no less urgent, had tended to become less clearly defined, as bottlenecks or specific shortages had been overcome, and in their place the problem of a balanced development of trade and production had emerged. The programme presented by the Economic Commission for Europe indicated that it was adapting itself to that change in the situation.

30. Referring to the valuable work done by the Commission in the field of research, he mentioned the annual surveys and quarterly economic bulletins published by the Research and Planning Division of its secretariat. The analyses contained in those reports were of great value, not only to European governments but to governments in other parts of the world.

31. The *Economic Survey of Europe in 1949* contained very useful information on current economic developments in Europe and also, in chapter 7, an analysis of the international payments problem of Europe which, although written from the European angle, analysed the payments problems of the world as a whole, and emphasized the position of Canada and other non-European countries in the pattern of international payments. That chapter made an important contribution to the understanding of a central problem with which Member States were confronted, and its analysis was highly relevant to the discussion of the measures for the stabilization of international investments and payments proposed by the group of experts in their report, *National and International Measures for Full Employment (E/1584)*. It illustrated the extent of the fundamental adjustments which would be required in world trade if it was to resume the stable and non-discriminatory form which the Canadian Government, like so many others, earnestly desired.

32. The conclusions drawn in chapter 7 of the survey might provoke disagreement, and, in the light of the recent improvement in international payments, it might be felt that they were too pessimistic. A year ago they might have appeared to many to be too optimistic. He felt, however, that it was unimportant whether that analysis erred on the side of optimism or pessimism compared with the value of its contribution to the understanding of the nature and size of the problem.

33. He hoped that, in future reports, the Commission's secretariat would bring its analyses up to date, and would find it possible to continue its investigations of the position of so-called "third" countries, such as Canada, which formed a link in the main flow of settlements between Europe on the one hand and the United States of America on the other.

34. Referring to the general subject of regionalism, he pointed out that the basic concept underlying the United

Nations Charter, which reflected the fundamental attitude of the Canadian Government and that of most democratic countries towards international problems, was that efforts must be made to make the world a community, an effective expression of a real brotherhood of mankind. The main approach to all problems should therefore be a world-wide one. That did not in any sense preclude the use of regional organizations and instruments to complement wider associations. The regional approach in such cases was important, but it should be realized that there were several methods of grouping nations, and that those various groupings might, and did, overlap. Although the land-power theory of grouping nations assumed that logical groupings, or regions, were always made up of contiguous land masses, and that oceans were elements which divided mankind, the experience of Canada had stressed the opposite approach. Canada felt that throughout history the oceans had been for many peoples elements of union, channels for the cheap transport of foodstuffs, routes for migration, and lines of cultural contact. In many respects it had been true for centuries that the associations between the peoples of western Europe and those of North and South America had been no less close or intimate than the associations between eastern and western Europe.

35. Several early illustrations of the vitality of communities built around seas were to be found in the civilizations of the Mediterranean basin; a modern illustration was provided by the growing development of the North Atlantic community. The recent new associations of Canada and the United States of America with the Organization for European Economic Co-operation was one illustration of the vitality of the North Atlantic community of interests.

36. It should be realized that no regional grouping, whether based on a land or a sea concept, must develop to the point where it became exclusive and thus tended to hinder rather than encourage the achievement of the overriding objective, which must remain the development of a world-wide and multilateral community.

37. The Canadian delegation welcomed the valuable co-operation which existed between the Economic Commission for Europe and other United Nations bodies, such as the Food and Agriculture Organization, the International Labour Organisation and the World Health Organization, and hoped that, although no reference was made in the Commission's report to the Organization for European Economic Co-operation, adequate means existed whereby the Economic Commission for Europe and that body could co-ordinate related activities and exchange views when it was mutually advantageous to do so.

38. Mr. DAHLGAARD (Denmark) said that, as the fifth session of the Economic Commission for Europe had been held so recently, he would make only a few general observations on the Commission's work.

39. He wished first to express the Danish Government's general satisfaction with the work done by the Economic Commission for Europe. It was an important body, as it was the only international organization for economic

co-operation between eastern and western Europe. Although eastern European countries had not found it convenient to participate a great deal in the practical work of the technical committees, or to assist the secretariat of the Commission by submitting adequate information, the Commission offered the only possibility for negotiations between eastern and western Europe in the economic field; and that possibility should not be abandoned. The recent promising development in multilateral trade negotiations between eastern and western Europe under the auspices of the Commission pointed to the wisdom of exercising the utmost patience.

40. Referring to the decision adopted by the Commission at its fifth session, that its technical committees should continue their work after 1950, he said that it involved recognition of the fact that the Commission had been able to develop its functions beyond those more immediate short-term objectives which were the principal reasons for its establishment in 1947.

41. The development of the work of the various committees during the past year had been characterized by a change of emphasis from increased production, bottlenecks and the alleviation of the inequitable distribution of scarce raw materials, to the problems of stimulating consumption, the organization of markets, prices and such typical long-term problems as the co-ordination of inland transport.

42. The Danish Government continued to follow the activities of most of the Commission's committees, and wished to express its appreciation of the work done by the Inland Transport Committee, which had not only given practical consideration to a large number of international transport problems, but had, in many cases, enabled governments to conclude binding agreements.

43. The research work undertaken by the Commission's secretariat was of a high standard, as was evidenced by the *Economic Survey of Europe in 1949*, the quarterly economic bulletins and the study on European steel trends. Those publications were of great interest to member States when formulating their policies.

44. The Danish delegation suggested that those parts of the annual economic surveys which were devoted primarily to an analysis of statistics regarding production, allocation of resources, investments and intra-European trade should, in future, be made less detailed in order to give more space for the analysis of major international economic problems. His delegation also felt that the Commission's secretariat should give most careful attention to the question of priorities in selecting problems for analysis, in order that only the most reliable and comprehensive statistics would be made available to the public.

45. Referring to the question of inter-regional co-operation, he said his delegation had learned with interest that that aspect of the Commission's work would be expanded in the future and stated that the existence of three regional commissions offered a unique opportunity in that respect.

46. The Danish delegation greatly regretted the fact that statements of numerous minority views had been inserted in the annual report of the Commission. That

action had made it impossible for a factual and short account of the discussions at the fifth session of the Commission to be presented. His delegation felt, however, that no action by the Council would expedite the preparation of future reports of the Commission, as the problem was one of good will and confidence between the members of the Economic Commission for Europe, and should therefore be solved by the Commission itself.

47. Mr. LUBIN (United States of America) said his delegation joined with other members of the Council in their comments relating to the substantial contributions to the understanding of European economic problems and to the solution of those problems that had been made by the Economic Commission for Europe during the previous three years.

48. Each of the three annual economic surveys of Europe prepared by the secretariat of the Commission had been noteworthy. That was true in spite of the decreasing availability of significant economic data from certain parts of Europe. The quarterly economic bulletins supplemented the annual surveys with up-to-date statistics and with reports on specific aspects of the European economy. Special studies on basic industries such as the widely-discussed analysis *European Steel Trends in the Setting of the World Market* (E/ECE/112) provided a foundation for more informed discussion and more intelligent action at the technical committee level.

49. The technical committees of the Commission, which were concerned with steel, coal, inland transport, timber, etc., continued to make steady progress toward the more rational and efficient use of Europe's economic resources. The acute supply shortages of the immediate post-war period had, by and large, been overcome. The transition to the analysis and solution of the more fundamental longer-term problems was being made, in orderly fashion. Useful work remained to be done. The steady expansion of production, trade and consumption would require continued attention to problems involved in increasing productivity, widening and deepening markets, eliminating trade barriers, reducing costs and improving services to consumers.

50. He did not wish to discuss in detail the work done by the various committees of the Economic Commission for Europe, but supported the remarks of the French representative in his general comments upon the excellent work they had performed.

51. In connexion with the work done by the Committee on the Development of Trade, he pointed out that the United States representative at the fifth session of the Commission<sup>2</sup> had welcomed the recently expressed Soviet Union interest in increased trade between the East and the West in wheat and coarse grains, and had pledged his delegation's co-operation in consultations to be undertaken on the matter. His delegation believed that, given genuine good will on the part of all countries concerned, an expansion of intra-European trade in grains could be achieved without conflicting in any way with the provisions of the Havana Charter.

<sup>2</sup> See document E/ECE/SR.5/12.

52. A careful review of the research and technical activities of the Economic Commission for Europe showed that much useful work had already been done and that much was scheduled for the coming year. His delegation looked forward to the study on timber supply prospects and consumption trends, and the somewhat similar study on electric power resources and consumption, as well as to the proposed work on factors affecting international price formation.

53. The United States delegation agreed with certain remarks made by previous speakers who had referred to the Commission's annual report (E/1674). His delegation considered that that report did less than justice to the Commission. Although the final version was a great improvement on the document originally submitted to the Commission for approval, the report still contained, in paragraphs 143 to 165, a number of contentious statements which were entirely inappropriate in a report of that nature, even though they were attributed to, and clearly represented only the views of, certain countries. Because of the unsatisfactory character of that section of the report, the United States delegation was glad to see that the Commission had decided to conclude part III of the report with a request that the Executive Secretary should submit a plan and outline for future reports early in the proceedings of the sixth session.

54. His delegation hoped that that outline would enable the Commission to submit to the Council an adequate summary of the action taken and new work proposed, and that no section of the annual report would again be permitted to become a vehicle for the repetition, out of context, of controversial statements made during the course of the discussion. The summary records of the debates were public documents and provided a full account of the views expressed by individual delegations. It was therefore inappropriate and unnecessary to include a selective repetition of those views in the Commission's report to the Council. If other members of the Council agreed with the United States delegation, he thought the Council might wish to give the Economic Commission for Europe some formal guidance concerning the type of annual report it would prefer to receive in the future.

55. The draft resolution in part V of the Commission's report asked the Council to note the annual report and to recommend "that the necessary funds be allocated for the purpose of implementing decisions of the fifth session of the Commission." The United States delegation naturally wished the Commission to be allocated sufficient funds to enable it to discharge its responsibilities properly. In agreeing to that paragraph of the draft resolution, however, his delegation reserved its right to make more detailed inquiries concerning the financial requirements of the Commission when the full budgetary position of the Economic Commission for Europe was being considered by the Fifth Committee of the General Assembly.

56. The endorsement by the United States delegation of the major undertakings of the Economic Commission for Europe to date and of its programme for the following year should not be interpreted as a commitment for the indefinite continuation of a European regional commis-

sion. That longer-term problem deserved the Council's most careful consideration when it came up for review at its thirteenth session. Meanwhile, he felt the Council might be satisfied with the manner in which the Commission was carrying out its mandate.

57. Mr. VAN TICHELEN (Belgium) stated that his delegation was satisfied with what the Economic Commission for Europe had accomplished. The studies published by the Commission's secretariat figured prominently in European economic thought. For their part, the Belgian experts had found in those studies a year-to-year survey of the European economic situation, co-ordinated statistical data and critical reviews of the economic policy pursued by each State.

58. Those reviews were at times coloured by the doctrinal preferences of the authors, a fact which had given rise to some controversy. The authors of the studies published by the secretariat often tended to judge the national policies pursued by various governments. Although it had the effect of making States more fully aware of their responsibilities towards the international community, he hoped that the secretariat would not seek to resolve itself into a "jury" awarding good marks to the countries which followed its economic theories, and bad ones to those which refused to do so. In that connexion, he said that he had been instructed to reaffirm the reply given earlier by his Government. But he did not propose to enter into the details of that reply.

59. It was precisely because of the ever-increasing importance which those studies were assuming that he wanted the secretariat to go still further beyond the stage of economic theory and to embark upon research on current European problems.

60. He considered that Geneva could become a centre where European economic policy could be conceived and formulated. If governments had their eyes fixed upon Geneva it was not solely to see how their policies were judged but above all to find fresh ideas, methods and suggestions designed to establish international collaboration. They hoped that, with the assistance of the organs in Geneva, they might bring their policy into line by methods which they were incapable of evolving by themselves.

61. In that connexion, he wished to mention three problems which the secretariat might examine in greater detail.

62. In the first place, Europe was at present on the eve of, if not already involved in, a tariff war. Despite numerous protestations of good will and the existence of conventions, the customs tariffs of certain countries again amounted to 50, 75 and even 150 per cent *ad valorem*. It was clear that the countries which had put those tariffs into effect must expect reprisals by other countries; that might have important consequences to the economic structure of Europe and might encourage its fragmentation into self-sufficient units.

63. Secondly, there was a conflict both on the theoretical and practical level between the principle of free trade and national policies of full employment. For many years the mention of free trade at an international conference was countered by full employment, and vice

versa. Should those two concepts always conflict? Were they indeed irreconcilable and was there no way of making progress in the examination of the problem, in defining those two concepts and in establishing whether they could be reconciled? To approach the problem of full employment in an international and not narrowly nationalist spirit did not exclude the acceptance of free trade between European countries in so far as they had no reason to renounce their economic interdependence. It was clear that political frontiers which divided Europe were of historical origin and did not correspond with the economic divisions of Europe.

64. The third problem was that of European integration, which hitherto had been handled outside the framework of the Commission for reasons of which he was aware. He took the opportunity of paying tribute to the statesmen who had taken the initiative of proposing the unification of the two basic industries. Generally speaking, European integration was not progressing with the necessary speed because certain European countries were already members of economic groups which included non-European countries.

65. That obstacle appeared to be insurmountable to those who were satisfied with simplified formulae. The problem could perhaps more easily be solved if detailed studies were undertaken to establish how States could enter into a new European confederation without leaving older historical unions which had been reinforced by powerful commercial ties. If instead of uniform conditions of integration for all members special ones appropriate to each were devised it would be possible to make some progress. The secretariat should therefore initiate studies of a new type, and abandon empty and nebulous theorizing. The ground would then be cleared for governments to examine together different plans of a sufficiently detailed character and to compare their relative usefulness. He believed that the Executive Secretary had already considered such a course. Doubtless, caution had prevented him from mentioning it. He assured the Executive Secretary that he could always count on the support of the Belgian delegation if, casting prudence aside, the risk were taken of launching bold and constructive projects.

66. Sir Ramaswami MUDALIAR (India) said that he had refrained from speaking earlier because, in his opinion, it was the prerogative of European countries to initiate the discussion on the report of the Economic Commission for Europe, and to carry its consideration as far as possible before representatives of countries outside Europe intervened. On much of the report he would say little, but he proposed to comment on some aspects and the consequences flowing therefrom inasmuch as they affected extra-European countries.

67. The Economic Commission for Europe had been the first commission of its kind to have been set up by the Economic and Social Council in 1947. Its terms of reference were well known. In the beginning, the request had been made that the Commission should give prior consideration to the reconstruction of war-devastated countries; that work had been well carried out and was nearly complete, so that the activities of the Commission were being very properly directed towards the

integration of European economies. Despite violent speeches that had been made in the Commission, he felt that the Commission deserved commendation on its very satisfactory work.

68. The question inevitably arose in the mind of the non-European observer whether the work of the Commission might not become too parochial, by reason of a tendency to consider everything from the European point of view. Unless a careful watch were kept on policy, that tendency unconsciously, no doubt, but inevitably, would become a drift towards economic self-sufficiency. He noted that the Canadian representative had shown some apprehension of the same process, and he also wished to sound a note of warning. It was essential that, in its effort to regain prosperity, Europe should not look too much to itself for an expansion in its economy, but should take into account broader aspects of those problems, due regard being paid to other countries.

69. The Commission had made considerable efforts to bring about greater co-operation and co-ordination between eastern and western Europe, particularly in the grain trade. It seemed to him that, in that case also, a note of caution should be struck; it had been sounded by the Canadian representative and no doubt would be repeated by other delegations similarly placed with regard to raw materials. While it was desirable to co-ordinate the economies of eastern and western Europe, since closer economic co-operation would be desirable, he still felt that the Commission and its Executive Secretary should keep the broader aspects of the question in mind. He had been pleased that the United States representative had given the warning that the principles of the Havana Charter should not be forgotten and that the Commission's policies should not run counter to them. In the same way, world economic considerations should figure largely in other projects of the Commission such as the development of trade, on which he noted that a committee had been set up. He hoped that the terms of reference of that committee did not ignore the wider aspects of the problem. The United Nations Charter, while recognizing and recommending the formation of regional organizations, had stressed the underlying fundamental principle of a world economy that would benefit all and harm none.

70. According to appendix III, part one, III, of the Executive Secretary's report (E/ECE/114/Rev.1) to the fifth session of the Commission, the Executive Secretary, on his own initiative, had invited States not members of the Commission, such as the Union of South Africa and Australia, to participate in the work of the Steel Committee. He wondered if the Executive Secretary had considered inviting India, which was a steel producer of importance in the East. A member of the Economic Commission for Europe had acted as a liaison officer with the Sub-Committee on Iron and Steel that had been set up by the Economic Commission for Asia and the Far East, and had attended the last session of that body. That initiative was worthy of praise. While the Economic Commission for Europe should naturally keep primarily in view the interests of Europe, it should bear in mind, in its own interests and in those of the other countries of the world, that wider and larger problems

existed. If Europe were to embark on the attainment of self-sufficiency as a short-term policy, it might live to regret it in the future.

71. Another point he would raise concerned the fact that there were three regional commissions: the Economic Commission for Europe, the Economic Commission for Asia and the Far East and the Economic Commission for Latin America. The fourth, that for the Middle East, had not so far materialized because of extraneous circumstances. No specific relationship between the three Commissions had so far been prescribed, and it was now time for a consideration of what mutual relations should exist between them. The Economic Commission for Europe had made considerable progress and was at present dealing with long-term problems; the Economic Commission for Asia and the Far East and the Economic Commission for Latin America had made some significant progress, which was admittedly not comparable with that of the Economic Commission for Europe. Under its terms of reference, the executive secretary of a regional economic commission could occasionally send liaison officers or observers to the other commissions, but no greater degree of co-ordination and co-operation among commissions had been provided for. He would therefore suggest, and would indeed make a specific proposal at an appropriate time, that when the Council undertook a special review of the terms of reference of its regional commissions, that the Secretary-General should, in the light of the work done by the three Commissions, review the question of how far the experience of one commission could be used by the other two, and how far the Commissions' terms of reference might be extended to enable the body of knowledge built up by the senior commission—which had, after all, started with the advantage of being able to benefit from the work of various pre-war and post-war organizations—to be made available to the others. He believed that such knowledge would be of great use to the other commissions, and that, if the Economic Commission for Europe were to act as adviser to them, the benefit would not be wholly one-sided.

72. He congratulated the Executive Secretary of the Economic Commission for Europe on his clear statement of the activities of the Commission, and particularly on the manner in which he had guided its fortunes. Sir Ramaswami said he attached the greatest importance to the work of the executive secretaries of such organizations, for delegations were limited in their outlook by the briefs they received from their governments and by national feelings, whereas the secretariats, and in particular the executive secretaries, were in a position to view the picture as a whole.

73. Mr. VALENZUELA (Chile) said that his delegation was keenly interested in the economic situation in Europe, because economic progress in Latin America, and in particular in Chile, was closely linked with progress in Europe.

74. Latin-American countries were able to follow that progress through two sources of information. First, they had at their disposal the copious documentary material published by the Economic Commission for Europe and by other intra-European organs such as the Organization

for European Economic Co-operation, and, secondly, they witnessed the supply of the many European commodities offered on the American markets, and the flow of investments from Europe.

75. So far as the documentary material supplied by the Economic Commission for Europe was concerned it was rather inadequate, since a large range of economic events in Europe were outside the actual field of activity of the Commission. Therefore, his remarks on the economic situation in Europe would be based, not only on the reports of the Economic Commission for Europe, but also on those of the Organization for European Economic Co-operation and the European Payments Union, and on actions initiated by certain European governments.

76. At the outset, he wished to state that the Schuman Plan launched by the French Government had received a very warm welcome in the countries of Latin America. Whatever political or technical views might be expressed on the subject, the plan represented a real revolution in economic thought in Europe.

77. Referring to the Belgian representative's statement, he thought that it opened up very interesting perspectives. He agreed that the reconstruction of Europe had been accomplished not only through the efforts of governments, but also through intra-European co-operation with the assistance of the United States. The tendency toward co-ordination and integration of the European economy was patent.

78. He agreed with the Indian representative that it was essential to establish close links between the various regional commissions of the United Nations. When the Economic Commission for Europe had been created, the Chilean delegation had urged that it should also include representatives of other economic areas. The proposal had been rejected then; but when the question had arisen of setting up the Economic Commission for Latin America, the Chilean delegation's view had prevailed and, accordingly, four European countries were members of that Commission.

79. His delegation was anxious that the Economic Commission for Europe should continue and expand its efforts to intensify trade exchanges between Europe, Asia and Latin America.

80. Referring to the various studies published by the Economic Commission for Europe, he said that the study on steel had caused certain misgivings in the countries of Latin America. The recommendations it contained were valuable in that they invited countries which were not members of the Economic Commission for Europe to co-operate in the work of the Steel Committee. However, if European countries continued to pursue their current policies with regard to their exportable products, a clash of interests was likely to ensue with countries in Latin America, whose steel production was increasing.

81. So far as the report itself was concerned, the chapters dealing with the pattern of consumption and trade and with intra-European payments aroused keen interest in the countries of Latin America, since all such questions had a direct bearing on their economic structure.



82. He was also very gratified at the treatment in the report of European production problems and the role of public investment in European production. The chapters in question presented an economic doctrine of which account would certainly have to be taken in the future.

83. Generally speaking, he approved of the recommendations formulated in the report by the Executive Secretary, although he recognized that many aspects of the European realities lay somewhat outside the actual activities of the Economic Commission for Europe, since the latter was obliged to submit uniform recommendations which were sometimes at variance with the policies followed by the various European countries.

84. After paying tribute to the Executive Secretary for his excellent work, he said he wished to raise three questions. First, whether the Executive Secretary thought it was really possible to expand trade between western and eastern Europe; secondly, whether the Commission's secretariat had studied the possibility of co-ordinating the trade of the various European countries with that of countries in Latin America and Asia; and, thirdly, whether he could supply any information as to the intra-European monetary and customs situation, and as to the danger—which had been pointed out by the Belgian representative—inherent in the tendencies towards self-sufficiency which were alleged to be appearing in certain European countries.

85. Mr. QURESHI (Pakistan) said that, although it was a great distance away, his country was keenly interested in economic trends in Europe. Pakistan had had close trade connexions with Europe and a substantial portion of its import and export trade was with that continent, its exports being mainly of raw materials, its imports of consumer goods. He hoped, however, that considerable imports of capital goods would materialize in the future.

86. As had been said by the Canadian and Indian representatives, other countries were interested in economic trends in Europe and affected by them. He himself believed that prosperity and adversity were indivisible, and that the effects of either were spread throughout the world.

87. He had observed with interest the improvement in the European economy in the last few years, whereby, in a very short time, losses had been made good and the shattered economies of the various countries rebuilt. An important, if not the most important, factor in that rehabilitation had been the external help that Europe had received, which showed to what extent reconstruction could be achieved when adequate funds were available. Countries in the East had also suffered as a result of the war, but similar help had not been forthcoming. While, therefore, he did not begrudge the help given to Europe, he felt that if similar help were given to under-developed countries such as his own it would greatly contribute towards their economic development.

88. An important consequence of the rehabilitation of Europe's economic situation, he believed, would be that that continent would, in the near future, be able to help with the provision of capital goods and technical experts. His country would welcome help from technical experts

in rebuilding its economy and, in that connexion, would offer shelter to refugees, stateless persons or people without homes who had the necessary qualifications, and were looking for a home in Pakistan.

89. As in the case of other representatives, he had observed that the trend towards self-sufficiency in Europe was increasing. It had to be emphasized that, if such a trend were allowed to persist, its repercussions might be extremely serious, particularly on the economies of those countries that were dependent on exports to Europe. The painful experiences of the 1930's had shown that a fall in agricultural prices affected industry adversely. Even in the United States of America the slump had begun by a decline in the prices of wheat and cotton, which had led in turn to a contraction of demand for industrial products, and hence to widespread unemployment. He hoped that the world would learn its lesson, and in that connexion emphasized the need for the Economic Commission for Europe to study the question of an expanding economy from the angle of countries, such as his own, which exported raw materials.

90. In conclusion, he congratulated the Commission on its excellent report and its survey, which was a model of research. However, he wished to emphasize that economic policy in Europe should be so planned as to help the under-developed countries in their programme of economic development which, in turn, would both lead to fuller employment in European countries, and increase the demand for their goods.

91. Mr. MYRDAL (Executive Secretary of the Economic Commission for Europe), replying, at the request of the PRESIDENT, to the various points that had been raised during the discussion, expressed his appreciation of the favourable references to the work of the Commission, and said that the views expressed during that and other meetings of the current session of the Council would be carefully studied by the ECE secretariat.

92. First, in reply to the question put by the Chilean representative as to whether there was a real possibility of increasing trade between eastern and western Europe, he said that, from the economic point of view, such an increase would no doubt raise European standards of production, investment and consumption, and would be of great help, both to the West, in its efforts to solve the problem of its dollar shortage, and to the East, in the courageous production and investment programme it had embarked upon. Summing up the efforts made in the past, he recalled that, in May 1948, the Commission had set up its Committee on the Development of Trade, and that action had been approved by the Council. It had functioned at first as an *ad hoc* committee, and then for the past year as a regular committee, and had held, in all, four sessions. Some eighteen months previously, it had looked as if that committee would succeed in getting to grips with the problem, but at its last session in May 1949 a deadlock had been reached. The full story of that deadlock and of the subsequent developments was found in his report, document E/ECE/114/Rev.1, part two, and especially in appendix IV.

93. Following the deadlock in the Committee on the Development of Trade, the ECE secretariat had adopted

a policy of convening no further meetings of that committee unless there was an agreement among the interested governments as to the need for such action and on a procedure by which it could be undertaken. The problem had not been shelved, however. A memorandum had been sent to governments in August 1949, and an *aide-mémoire* in November 1949, to ascertain whether, in spite of the political deadlock, governments might be prepared to undertake negotiations at the technical level.

94. As shown in appendix IV, member governments had, in principle, agreed to the secretariat's proposal of entering into a European multilateral trade agreement which might serve as the framework within which subsequent bilateral negotiations could more effectively take place.

95. From the answers of the governments, it appeared that an agreement on grains might well lead to practical results. He wished to point out that no meetings would be called before governments had declared their general agreement to begin constructive negotiations on the basis of a plan to be drawn up by the secretariat. The answer to the Chilean representative's question whether an increase in trade between eastern and western Europe was possible was therefore that, while fully aware of the great difficulties of the problem, the Commission considered it to be of such importance that every effort should be—as indeed it was being—made to improve trade between eastern and western Europe.

96. With regard to the question of the possibility of co-ordinating the work of the Commission and the Commissions for Asia and the Far East and for Latin America, that problem had been the concern of the Commission for a long time. There had been numerous contacts and correspondence between the Commission and its sister regional commissions both directly and through Headquarters. For instance, the Executive Secretary of the Economic Commission for Latin America was shortly going to Geneva to discuss some specific aspects of co-operation between the two Commissions. He welcomed the Indian representative's suggestion that the time had come to widen and enlarge the scope of inter-regional co-operation between the existing regional economic commissions of the Council.

97. It was impossible to answer satisfactorily, in the limited time at his disposal, the three points raised by the Chilean representative in his last question. With regard to the intra-European monetary situation, he had little to add to what had been said in the annual surveys and the quarterly economic bulletins issued to date, but it seemed to him that recent developments might make an increase in inflationary pressures more likely than had been forecast in the last annual survey. With regard to the tariff situation, little work had been done by the secretariat in that field, partly because no government had proposed an examination of the question, but also because the Interim Commission for the International Trade Organization and its meetings in connexion with the General Agreement on Tariffs and Trade were constantly occupied with it.

98. With regard to the question of whether the trend in Europe was towards economic self-sufficiency, the

critical discussion in the survey for 1948 had revealed that the situation was developing in that direction in both eastern and western Europe. That trend had been continuous since the First World War—recent developments might change that trend, although it was too soon to say so with conviction.

99. With regard to the apprehension expressed by various representatives that the attitude of the Commission might become too regional or too parochial, he wished to stress, as an old free-trader, that the dangers of regionalism were constantly in his own mind, and that the ECE secretariat was deeply concerned to avoid such a trend in the Commission's work. The Commission's terms of reference made it possible for any Member State of the United Nations to attend any of its meetings. For example, representatives of Canada and the Union of South Africa and certain governments of the Middle East area had attended meetings of the Timber Committee and at least two non-European countries maintained permanent delegations to the Commission. The Indian representative had referred to the fact that the Indian Government, although interested, had not been invited to attend meetings of the Steel Committee. He (Mr. Myrdal) was not fully informed on the matter but he believed that the Indian Government had been invited. However, if he were mistaken and no invitation had in fact been issued, he assured the Indian representative that it was due to an oversight and was not deliberate. It had been the policy of the Commission to welcome the participation of any non-European member country in its work. As to the reason why the Commission attached importance to east-west trade in Europe, he pointed out that, because of the dollar shortage, Europe had been compelled to a measure of self-sufficiency in order to cut down imports from dollar countries; but that problem was not confined to Europe, nor could Europe become viable except by expanding its trade with other countries suffering from a similar dollar shortage. The secretariat agreed with the views expressed by the representatives of non-European countries to the effect that those problems should be dealt with in the broadest perspective.

100. He was grateful for the constructive and interesting suggestions put forward by the Belgian representative, and for the spirit in which they had been conveyed. The secretariat of the Commission, in its attempts to be objective and at the same time fully effective, had at times arrived at conclusions that were not always welcome. It was therefore grateful for encouragement to continue its research in the spirit of truth and objectivity.

101. Mr. VALENZUELA (Chile) thanked the Executive Secretary for his replies to his questions, and said that his delegation would, in due course, submit a draft resolution seeking to bring about a greater degree of co-ordination between the Economic Commission for Europe and the Economic Commission for Latin America.

102. The PRESIDENT thanked the Executive Secretary for his exposition of the work that had been done by the Commission in the face of very considerable

difficulties, and for the excellent work which he had carried out in his official capacity.

103. There being no more speakers, he declared the general discussion on the annual report of the Economic Commission for Europe closed.

104. He drew the attention of the Council to the draft resolution contained in part V of document E/1674, and

the financial estimate submitted by the Secretary-General (E/1674/Add.1) in connexion therewith.

105. There being no comments, he put the draft resolution to the vote.

*The resolution was adopted unanimously.*

The meeting rose at 1 p.m.