



Tuesday, 6 March 1951, at 7.30 p.m.

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

*Present:* The representatives of the following countries:

Belgium, Canada, Chile, China, Czechoslovakia, France, India, Iran, Mexico, Pakistan, Peru, Philippines, Poland, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

The representatives of the following specialized agencies:

International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, World Health Organization.

**World economic situation (E/1907, E/1910, E/1910/Add.1 and 2, E/1912, E/1912/Add.1-3 and E/C.2/280) (*continued*)**

[Agenda item 3]

1. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that, as the Council had been able to note, the statement by the United States representative (457th meeting) had been bellicose and boastful. It had contained many arguments and much slander of the USSR and the People's Democracies, but nothing about the matters which should engage the Council's attention in accordance with Article 55 of the Charter. It was, however, precisely the implementation of that Article by the Members of the United Nations which had to be dealt with in the Council in discussing the world economic situation.

2. Unfortunately the statement by the United States representative had been of a wholly different nature, in no way to be distinguished from the statements by American military leaders who were calling for mobilization and preparation for war. Distorting and falsifying the facts, the United States representative had referred to aggression in Korea and to the threat of aggression in Berlin, Greece, Turkey and elsewhere. By his slanderous declamations about "communist aggression" he had attempted to distract the Council's attention from the vital tasks of international economic co-operation and to mislead public opinion.

3. With regard to the foreign trade prospects, for example, the United States representative had stated unambiguously that his country would continue its policy of discrimination in foreign trade against certain countries, which he described as aggressors or potential aggressors.

4. For understandable motives the United Kingdom and French representatives had spoken in the same spirit as their United States colleague. The representatives of those countries had crudely attacked the People's Democratic Republic of Korea and the Chinese People's Republic, continuing to hurl slanderous charges of aggression against them. It was obvious to all that the Korean people was waging a war of liberation for its national unification and was not interfering in the affairs of other States. It was also obvious to all that the Chinese People's Republic was defending its legitimate national interests, in support of its right to the Chinese island of Taiwan and in defence of its frontiers, against the Anglo-American forces which had invaded Korea and were threatening the frontiers of China.

5. The aggressors were not China or Korea, which were defending their national interests and national territory. The aggressors were the United States and the United Kingdom which had sent their troops several thousand miles from their own frontiers to Korea, where for several months already those forces had been destroying Korean towns and villages and killing Koreans.

6. The Ministry of Foreign Affairs of the Korean People's Democratic Republic had published a collection of documents exposing the preparation and organization of American aggression in Korea. From those documents it was clear that the decision to attack North Korea had been taken as early as in 1949 and had been planned during July and August of that year. The documents revealed that in May 1949 the United States Ambassador to Korea, Mr. Muccio, had told the then Minister of Foreign Affairs of the Syngman Rhee puppet Government and the Minister of Defence of that so-called Government that the United States was behind them, that the problem could be solved only by the forces of the United States, and that the United

States hoped Syngman Rhee's Government would soon be ready to attack North Korea.

7. The USSR delegation at the fifth session of the General Assembly and at the resumed eleventh session of the Economic and Social Council had demonstrated with the help of abundant factual material that the war in Korea had been unleashed by the United States and its puppet Syngman Rhee.

8. The United States, United Kingdom and French representatives had complained about the alleged large number of divisions which had been formed in the USSR. In answer, he would refer them to Generalissimo Stalin's replies to the *Pravda* correspondent in connexion with Mr. Attlee's statement about the alleged increase in the armed forces of the USSR. Generalissimo Stalin had indicated that he regarded Mr. Attlee's statement as a slander against the Soviet Union. Demobilization in the USSR after the war had taken place in three stages, the first two in 1945, and the third in 1946. Demobilization of the higher age groups had been begun in 1946-47 and completed in 1948. Mr. Attlee should know that no State could undertake huge hydro-electric projects, could lower prices, and in general reconstruct and develop its civilian economy, and at the same time spend large sums on war industry. Any such policy would lead to bankruptcy. As Mr. Attlee should know from his own experience, an increase of armed forces and an armaments race lead to increased taxation and diminution in the consumption of civilian goods.

9. The militarization of the economies of the United States, the United Kingdom and a number of other countries had been explained in the Council as being in the nature of a reply to the alleged increased which was to have taken place in the armed forces of the USSR. The unfounded nature of such explanations was quite obvious. The representatives of those countries were obliged to concoct fairly tales to justify the switch-over of their national economies to a war basis, the armaments race and the preparations for a new war.

10. As already demonstrated, the Government of the Soviet Union had carried out the demobilization of its forces, and had released 33 age-groups from the army. No one needed such an extensive demobilization so much as the USSR, for if millions of demobilized soldiers had not returned to the country's fields and factories, the USSR would have been unable to achieve such a degree of economic progress after the war and restore so quickly its economy, which had been destroyed by the German occupiers.

11. At the same time it should be pointed out that the armed forces of the United States, United Kingdom and France were several times greater than they had been before the Second World War and at the present time were more than twice as large as the USSR armed forces. In view of the foregoing, the references made in the Council to the allegedly large armed forces of the USSR were but a gross slander designed to mislead public opinion throughout the world and justify the armaments race in the United States, the United Kingdom and France. Those States required their armed

forces to be twice as great as those of the USSR not for purposes of defence, but for aggression, to unleash a new world war.

12. The representatives of the United States, the United Kingdom and certain other countries, disagreeing with the USSR delegation's appraisal of the ruinous effects of the so-called Marshall Plan on the economies of the "marshallized" countries, had referred to its allegedly noble aims. His delegation had opposed the Marshall Plan, not because it promised financial aid to certain countries but because, under it, financial aid was given to certain countries on condition that those countries renounced their economic independence and national sovereignty. Moreover, the United States had used the Marshall Plan to disrupt normal international trade by illegal means and to impose a system of discrimination against such States as the USSR and the People's Democracies, which were resolved to defend their legitimate economic interests and had repulsed all attempts at interference in their domestic affairs.

13. He wished to quote a number of additional facts to confirm the rightness of the USSR appraisal of the Marshall Plan given in the first statement made by the USSR delegation (452nd meeting).

14. The report of the Joint Congressional Committee on Foreign Economic Co-operation admitted that the peoples of Europe were still suffering from the poverty caused by the war, and that the results of the two-year activity of the Marshall Plan Administration were disappointing. He quoted from Senate document No. 142 of 3 March 1950.

15. Henry Hazlitt, an editor of *News Week* and author of articles on economic questions, had told the House Foreign Affairs Committee that he believed the Government programme of aid to foreign States was having precisely the contrary effect to that anticipated by its supporters. It was slowing down, not speeding up, the rate of economic recovery, and hindering, not helping, economic freedom.<sup>1</sup>

16. An article by Senator McCarran in the *Saturday Evening Post* of 8 April 1950 stated that the Marshall Plan was a monstrosity which had put Europe back two years.<sup>2</sup>

17. A *New York Times* correspondent had written in the Danish newspaper *Politiken* on 26 August 1950 that after two years of Marshall aid Denmark was still unable to stand on its own feet and no one could say whether, if it continued its present line of economic development, it would ever succeed in doing so.

18. In the United Kingdom the vitally important cotton industry was in an unsound position. The mean monthly output of textiles in the United Kingdom in 1949 was not more than 55 per cent of the 1937 level, and in 1950 the output of textiles had remained on the average of the 1949 level.

19. The British coal industry had still not reached the pre-war level. In October 1950 the output of hard coal

<sup>1</sup> See *Congressional Record*, 25 April 1950, page 5793.

<sup>2</sup> *Ibid.*, 24 April 1950, pp. 5638-5641.

in the United Kingdom had been some 13 per cent below the pre-war level and one per cent less than in October 1949.

20. On 27 July 1950 the *Wall Street Journal* had openly stated that the Marshall Plan was becoming a means of preparation for war. Further evidence of that was to be found in the United States 1951 Budget Act which provided that Marshall Plan aid would be denied to those members of the Plan which did not provide men, materials or services in support of the United States intervention in Korea.

21. Many statements emphasizing the military aspect of the Marshall Plan had appeared in United States publications, including the *US News and World Report*. The Marshall Plan was clearly being used to prepare a third world war. In October 1950 a leading article in *The Times* of London had declared that, in future, the OEEC would have to assume new obligations in connexion with the North Atlantic Treaty, particularly as regards the distribution of defence obligations, defence expenditure, and the allocation of strategic raw materials in short supply.

22. The new slogan of the Marshall Plan was "Guns and bread". Guns came first, since United States Government officials considered that the greatest task of the Marshall Plan was to help in bolstering European industry for rearmament, so as to strengthen the defence of the West. Those facts proved that the USSR had not misunderstood the true significance of the United States plans.

23. The United States representative had tried to refute the USSR delegation's contentions regarding the falling standard of living of United States workers and their further impoverishment as a result of the United States armaments race and preparation for a new war by declaring that the data given by the USSR were out of date. The facts he (Mr. Chernyshev) had cited, however, were taken from statistics published in 1950. If the United States representative wanted further proof, he would remind him of Mrs. Roosevelt's well-known statement to the effect that every seventh person in the United States suffered from hunger.

24. The *New York Post* had reported that housewives were complaining they could no longer afford to buy sufficient eggs, milk and bread for their families and that they were being compelled to pawn their belongings in order to continue to exist. Those facts showed what was happening to the workers in the United States, while the profits of the United States monopolies were soaring to new heights.

25. The United States Department of Labor had discovered that workers were being exploited by many employers who did not pay them the minimum wage fixed by law. Mexican labourers had been brought in as strikebreakers and had been paid incredibly low wages. Many other facts could be cited to show the miserable conditions of workers in the United States.

26. In his statement the United States representative had attempted to show the rapid increase in production in that country as compared with other nations of the world.

27. In order to provide a more objective picture of the rate of increase of industrial production in the USSR on the one hand and in the United States, United Kingdom and France on the other, the USSR representative wished to quote the following indices, with 1929 equalling 100. In 1937, industrial production in the USSR had been 428.9; 1938 — 478.5; 1946 — 466.4; 1947 — 570.8; 1948 — 720.9; and 1949 — 862.0. In the United States, however, production in 1937 had been 102.7; 1938 — 80.9; 1946 — 154.5; 1947 — 170.0; 1948 — 174.5; 1949 — 159.5. In the United Kingdom, in 1937, industrial production had reached 123.7; 1938 — 115.5; 1946 — 111.2; 1947 — 121.1; 1948 — 135.0 and 1949 — 142.0. In France, industrial production in 1937 had been only 81.7; 1938 — 76.1; 1946 — 69.0; 1947 — 75.0; 1948 — 82.3; 1949 — 90.3.

28. Those figures indicated that despite the favourable effect of the war on the development of the United States economy, the level of production in that country had risen by only 59 per cent in twenty years, namely an average of some 2 per cent a year, whereas over the same twenty-year period the mean annual increase in the USSR under the Stalin Five-Year Plans had been 20 per cent. Thus the effect of the economic laws of industrial development showed that the rate of economic growth of the socialist society was ten times as strong and rapid as that of the most powerful capitalist State.

29. On the basis of the figures he had given, it was clear that between 1929 and 1949 in the United Kingdom, the level of industrial output had risen by only 42 per cent or an annual increase of 1.8 per cent; on the basis of the period 1913-1949, the rate would be 0.9 per cent, or less than 1 per cent.

30. In addition, those figures showed that France, which had suffered comparatively little from the war, was quite unable to reach the level it had attained twenty years earlier.

31. The peoples of the Soviet Union were engaged in peaceful constructive work. In 1950, in pursuing the development of a peace time economy, remarkable new achievements had been made in the rate of growth of industrial production.

32. The people of the Soviet Union were resolutely defending the cause of peace. Expressing their will, the Supreme Soviet of the USSR, in June 1950, had supported the Stockholm Appeal of the Permanent Committee of the World Peace Congress. That Appeal had been signed by more than 115 million Soviet citizens — the whole adult population of the USSR — who had thus declared that they wanted peace and would fight for a lasting peace.

33. He wished once again to emphasize that the USSR was in favour of extending trade and economic relations between all countries, irrespective of their social and economic systems. Under the Charter, the Economic and Social Council was required to take effective steps to develop world economic co-operation, so as to promote higher standards of living and to strengthen peace and security.

34. Before concluding, he wished briefly to answer certain points made by the representative of the United States and the United Kingdom.

35. The United States representative had questioned the figures he had mentioned regarding unemployment in the United States. Nevertheless, all the facts he had given had been taken from United States sources.

36. The United Kingdom representative had been unable to refute any of the facts and figures adduced by the USSR delegation in support of its contentions but had merely attempted to introduce facts extraneous to the discussion. His reference to Manchuria had been entirely out of place. If the United Kingdom representative wished to initiate a debate along those lines, ample reference could be made to the United Kingdom's long history of exploitation of the colonial areas. For example, reliable sources had compiled data indicating that the United Kingdom's annual profits in India had amounted to 750 thousand million pounds on an investment of five thousand million pounds. As a result of that exploitation, the Indian economy was at an extremely low level and would need considerable assistance in developing its resources and industrial potential.

37. Mr. KATZ-SUCHY (Poland) wished to reply to the French representative's remarks with regard to the effects of a war economy on France. The French representative had made it clear himself that the war economy and war expenditure was a detrimental influence on the social services and standard of living in France (457th meeting). Mr. Katz-Suchy quoted figures to emphasize that point. Only 6.6 per cent of the budget for 1951 had been devoted to education, as compared with 7.1 per cent in 1950, and only 1.2 per cent was allocated to public health in 1951 as compared with 1.4 per cent in 1950.

38. In connexion with the review of economic conditions in Africa (E/1910/Add.1), the representatives of France, Belgium and the United Kingdom had attempted to paint an impressive picture of what the metropolitan Powers had done for their colonies. Their remarks tended to show that the colonial system had been of immense profit to the colonies. It was undeniable that the metropolitan Powers were investing money in their colonies. It was only during the early period of colonization that colonies had been used solely as a market for finished goods. They were now being used as a market but also as a source of raw material and cheap labour. They provided cheap profits for the colonial Powers but those profits were of no benefit to the populations of the colonies. The products of the colonies were sold on foreign markets and the profits from such transactions also went abroad. Consequently, however large the sums invested in the colonies, those sums did not help to build up the domestic market or raise the standard of living of those peoples.

39. In the Belgian colonies, for example, the rate of investment was so high that investments were repaid in an extremely short time. One Belgian mining company in Africa had reported a net profit of 847 million Belgian francs in 1949, as compared with a profit of 330 million in 1944; in other words profits had increased two and

a half times in five years. The Unilever Company had shown a profit in 1949 of 19,580,000 pounds as compared with 10,458,000 in 1948. Other figures could also be quoted showing that profits were generally at a rate of 17-20 per cent. Those profits were not being spent in the countries in which they were made and, therefore, could not be considered as a means of developing the colonies since they did not lead to any direct benefit for the people of the colonies.

40. The transport facilities which had been developed in the colonies by the metropolitan Powers were primarily for military purposes or to provide an access to ports for exporting firms. In that connexion, he evoked the fate of migrant workers in Africa, who were compelled to travel many miles on foot. That situation had been inadequately described in the report on Africa which had omitted to mention the main problem: the raising of the standard of living of the people. He hoped that the next report submitted would be on a broader basis and would take such facts into account.

41. The United States representative had accused several delegations, including that of Poland, of distorting figures. His delegation, however, had in nearly all cases quoted figures taken from official sources such as President Truman's Economic Report to Congress.

42. The United States representative had attempted to give a picture of the United States as being a veritable paradise despite the war economy prevailing in the country. It was surprising that such a statement should have been made by an economist to a body which supposedly was well informed on economic matters. The United States had devoted 45 thousand million dollars to military expenditure but according to the United States representative that had had no serious influence on American civilian economy. It was true that there had been a slight recession in 1949-1950, that there were about 4 million unemployed, and that there had been a drop in the rate of investment, but according to the United States representative, that was not due to armaments expenditure but was merely the sign of a healthy and dynamic economy. The United States representative had said that the production of television sets, refrigerators and similar products had increased by about 20 per cent, but had not stated what proportion those items constituted of total production. If a country was switching to a war economy, it was naturally obliged to limit its production of civilian goods, and no one could consider the Council so naive as to accept the United States representative's statement that the conversion to a war economy had not influenced production for civilian consumption. The same was true of the standard of living in the country. The United States representative could not and did not deny that the cost of living in the United States had risen. Taking the index of the cost of living in 1935-39 as one hundred, the report of the Federal Reserve Board showed that, in 1941, the cost of living index had been 105, and in 1950, 178. It was well known that prices had risen, and the *Wall Street Journal* of 3 March had stated that the cost of living had soared to a new record high in January 1951. Concurrently with the rise in prices there had been a drop in the purchasing power of the dollar. In 1939, the purchasing power of the dollar had been 1.006 as compared

with 0.575 in September 1950. In view of those facts, he wondered how the United States representative could explain his statement that the standard of living had not changed.

43. An analysis of the latest statement by the United States Administration and of the proposals of 5 February showed that those proposals were highly disadvantageous to the lower income groups. Corporate taxes had been kept at roughly the same level, but taxes on lower incomes had increased by some 20 per cent. Although those facts could not be denied, the United States representative had asserted that the Polish delegation's conclusions were false and were based on distorted figures.

44. The United States representative had also attempted to tell the Council that profits in the United States had not increased. However, according to the Council of Economic Advisers, profits before taxation had amounted to 42 thousand million dollars and after taxation to 24 thousand million, which showed an unusual increase.

45. Although the United States representative had denied his statement with regard to the use of migrant labour in the United States, he (Mr. Katz-Suchy) had quoted a report from an official source saying that it was the intention of the United States to employ three to four hundred thousand workers from abroad. The United States also intended to have foreign military units to fight for it. *The Washington Post* had stated that Latin American troops could prove of great service to the United States in the next world war.

46. In speaking of United States help for the development of under-developed countries, the United States representative had not mentioned the latest profits being made by the United States in many countries, particularly in Latin America. In 1949, the average rate of profit in the United States had been 11 per cent, whereas in Latin America the average had been 17 per cent.

47. If the United States representative wished to talk of the development of under-developed countries, he might quote the case of a country which had been under United States rule for many years: Puerto Rico. In 1948, 95 per cent of all Puerto Rican imports had come from the United States, and Puerto Rico had bought 330 million dollars' worth of goods from the United States. In 1948, sugar corporations in Puerto Rico had earned 5,366,000 dollars. Despite those profits, labour in Puerto Rico was greatly underpaid and the standard of living was one of the lowest in the Western Hemisphere. Over the last fifty years, United States corporations had received from Puerto Rico 1,263 million dollars, which they had not reinvested in local industries. When attempts had been made to develop domestic industries in Puerto Rico they had been immediately squeezed out by United States firms.

48. Furthermore, in other countries under United States influence restrictions had been placed in the way of the development of national industry. As evidence of that it was sufficient to mention the obstacles the Peruvian Government was facing in obtaining machinery to develop its foundries, or the difficulties Mexico was

experiencing in procuring the necessary machinery to develop its oil resources.

49. The United States representative had pointed to his country's contributions to technical assistance. Those contributions were meagre in comparison with the enormous profits which United States monopolies had extracted from under-developed areas. It should also be borne in mind that if that country was contributing to the Technical Assistance Programme it was with the hope that further benefits to the United States would result.

50. As regards the United States representative's claim that the USSR and the Popular Democracies had not contributed to certain United Nations relief funds he pointed out that when the question of relief for Korea had first been raised, the Polish delegation had made it quite clear that it was sheer hypocrisy to talk about helping the stricken Korean people while the United States was waging savage and destructive warfare on an unprecedented scale in that country. The scorched-earth policy of the United States forces exceeded anything which had been known during the Second World War. The United States forces were wilfully destroying peaceful cities of no military value. The citizens of those towns were dying because they had dared to challenge United States power in Asia.

51. The United States representative had also accused the USSR of refusing to assist other nations to develop their economies. Speaking for his own country, Mr. Katz-Suchy said that the Polish economy had developed at a rate unsurpassed in its history. It had received unstinting, friendly assistance from the USSR given with no conditions attached. The USSR had aided not only Poland but all the People's Democracies and the under-developed areas within its own territory to expand their economies. If the Council wished to see what true assistance was it should compare those facts with the meagre payments the United States had contributed to the United Nations Technical Assistance Programme.

52. In his statement the United Kingdom representative had made several misstatements concerning Poland. He had said that the Polish flow of trade was regulated by a treaty concluded with the USSR in 1948. If the United Kingdom representative had been referring to the agreement of 1948 under which Poland had been granted a loan of more than 450 million dollars, that agreement had been published and could be read by anyone. That loan had been granted on an entirely unselfish basis. Those funds had helped Poland to erect a huge steel mill and increase its production of steel. It was that assistance which had enabled Poland to exceed the targets for steel production set under its national plan. The Secretary-General's report also showed that trade with the USSR and the countries of the Popular Democracies was directed at promoting the industrialization of the regions in question.

53. The United Kingdom representative had tried to refute the Polish allegations by asking for deeds, not words. Mr. Katz-Suchy stressed that the USSR had offered deeds but that those offers had been rejected. Since the end of the Second World War the USSR had

attempted to alleviate world tension and promote international peace and the security of all nations irrespective of their social and economic ideologies. Its proposal for a peace pact between the five great Powers had been rejected, so had its offer to extend the Anglo-Soviet Trade Treaty and its proposals for the drafting of other treaties, while its draft resolutions for the promotion of international peace and security had remained unheeded.

54. An offer to conclude a treaty was a deed such as the United Kingdom representative had requested. Such offers had not been met with serious consideration but with wild propaganda and the usual distortion of facts. The Popular Democracies were working for peace. The best evidence of that was the enormous programmes of peacetime reconstruction being undertaken in those countries. The USSR had been accused of maintaining its armed forces at wartime strength and of adhering to a war economy. Generalissimo Stalin, however, had clearly shown that such charges were without foundation. The gigantic reconstruction programmes undertaken in the USSR, the rebuilding of Stalingrad and Leningrad, the rising standard of living and the lowering of prices in the USSR were proof that that country was working for peace. Nevertheless, persons calling themselves economists were attempting to claim that the USSR was carrying out all those programmes at the same time as it was maintaining itself on a war economy. During the Second World War the USSR had of course converted its economy into a war economy in order to save the world from the nazi aggression. It was only its reconversion to a peacetime economy after the war which had made its impressive record of peacetime reconstruction possible.

55. *The New York Times* correspondent, Harrison Salisbury, writing in that news paper in October 1950 had reported on the prodigious building programme he had found under way in Moscow, commenting:

“It is hard not only for Soviet citizens but for foreigners long resident in Moscow to believe that the Kremlin would continue the programme on this vast scale if it seriously believed that atom bombs might soon be falling on Soviet territory.”

56. That correspondent had also pointed out that in the 1950 Soviet budget of 427,937 million rubles 135,600 million was provided for capital expenditures, including housing and only 79,400 millions rubles for national defence. The USSR federal budget also included an allotment of 5,600 million rubles for housing to the sixteen Republics of the Soviet Union which was in addition to the expenditure of the Republics themselves for that purpose. The people of the USSR were focussing their attention on peaceful enterprises. They were following the progress of the power and irrigation projects in the USSR and Central Asia with great interest. At a time when tension throughout the world was at a peak, the USSR had been steadily devoting its energies to peaceful aims and the same correspondent had noted that there was in the Soviet Union “an overwhelming desire for continued peace”.

57. Those statements were in sharp contrast to the views constantly being expressed in the United States

that a preventive war should be launched against the USSR. They made a striking impression at a time when the United States was attempting to build a ring of military bases from which to bomb Soviet cities and when United States spokesmen were constantly stating that war with the USSR was inevitable.

58. The foreign policy and the actions of the USSR clearly showed that its only aim was peace. He pointed out that the Conference of the Deputy Foreign Ministers currently in session in Paris had been convened at the request of the USSR. Peace-loving nations would not have rejected the USSR proposals. Propaganda against the USSR could not conceal the true facts of the situation.

59. In his earlier intervention (455th meeting) he had mentioned the spectacular economic development in Poland since the end of the Second World War. The United States could not admit that without agreeing that the socialist system in Poland was functioning successfully. In its attempts to find an explanation of that fact the United States had claimed that the change in the industrial potential of Poland was due solely to the changes in Polish frontiers. Mr. Katz-Suchy did not deny that the new boundaries fixed after the Second World War had increased Polish industrial potential to a certain extent. It should also be borne in mind, however, that the Polish economy had been almost totally destroyed during the war. Many of the western provinces which had been returned had suffered tremendous destruction. Mines had been flooded and industrial plants had been reduced to rubble. In order to see the true progress which had been made in Poland, therefore, the 1949 figures could not be compared with the figures for 1938. The achievements in 1949 should be compared with figures for 1945. The great progress of the Polish people under the socialist economy which had eliminated foreign exploitation and developed the economy for the benefit of its people would then become apparent.

60. In developing socialism the Polish people were serving the cause of peace, for peace and socialism were inseparably linked. By promoting the cause of peace, Poland was strengthening the bases of its social economy. In that connexion the President of Poland had stated that:

“For the Polish nation the struggle for peace is closely bound up with the tasks of the Six-Year Plan. Our Six-Year Plan is a plan for the liquidation of centuries-old backwardness. It is the Plan of eradication of the economic weakness which is the heritage of the old system of landlordism and capitalism. The struggle for peace and the realization of the Six-Year Plan are the most important questions which will determine the consolidation and security of our independence, which will determine our strength, our national wealth, the rose and the future of our homeland. In a lasting peace, in an alliance with the USSR and in the gigantic development of the productive powers of our nation which are multiplied by the implementation of our Six-Year Plan lies an indestructible and power-giving source of strength...”

61. That statement illustrated the close connexion between the Polish Government's efforts to develop a strong economy and the establishment of international peace. The Polish people were united in pursuing those high aims. Again, in the words of the President of Poland:

"Putting into effect our Six-Year Plan, and building the foundation of socialist Poland, we are carrying out the testament and realizing the dreams of entire generations of Polish revolutionaries, of Polish fighters for freedom and social justice, the best sons of the Polish nation who died on the slopes of the Citadel, on the barricades of Polish towns, in struggling against Polish fascism, in the fight against the nazi invader and in encounters with the fascist underground and imperialist agents."

62. In conclusion, he stressed that the Polish Government and the Polish people abhorred warmongering and war propaganda and were working steadfastly for the cause of peace and international security.

63. Mr. ADARKAR (India) wished to reply briefly to the comments which had been made on the Indian delegation's statement concerning the *World Economic Report 1949-1950*, and the general world economic situation.

64. He welcomed the United States representative's assurance that the more advanced countries would not neglect the needs of the under-developed countries. The Indian delegation had not wished to question the willingness of the United States or any of the more advanced countries to aid the under-developed countries but it had questioned the ability of the economically advanced nations to carry such a heavy burden. In time of crisis the advanced countries might find it difficult or even impossible to aid the more backward nations. Essentially the choice would be between guns and butter. The logic of that proposal was quite clear: increased production of guns would result in less butter unless overall production were increased. The Indian delegation feared that in the event of a third world war every nation would be faced with the same difficult choice and, in the process, the needs of the under-developed countries might be neglected. Of course, everyone was aware that the consequences of a third international conflict would be disastrous. It was not within the competence of the Economic and Social Council to discuss the political aspects of the current world situation but it was most certainly within the Council's purview to consider the economic consequences of another international conflict. It was for that reason that the Indian delegation had raised the issue.

65. On the question of the economic situation in Africa and particularly the economic conditions of the indigenous population, the representatives of Belgium, France and the United Kingdom had attempted to refute some of the Indian delegation's conclusions. He wished to point out that the report on Africa (E/1910/Add.1) had been circulated very recently. The Indian delegation, therefore, had only made some preliminary remarks: it had not taken a firm position on any of the suggestions it had put forward.

66. Sir Ramaswami Mudaliar's comments (453rd meeting) had been based largely on facts contained in the Secretary-General's report. The conclusions to be drawn from those data were that, in effect, a dual economy existed in certain parts of Africa, namely a subsistence economy and what might be termed an export economy.

67. It was possible that the report contained certain errors. The Belgian representative had attempted to refute the statement that internal capital formation was almost entirely lacking in certain parts of Africa (457th meeting). Mr. Adarkar welcomed the statement that under the new programmes for economic development of that area a large percentage of the capital invested in those projects would come from local sources. He wondered how much of the internal savings accumulated in certain parts of Africa were actually owned by persons falling within the subsistence economy. How much of the investments in the economic development of those areas was derived from the people? How much of the profits earned were ploughed back into the economy of the region? A more detailed study of the problem was desirable and more information should be provided.

68. The representative of France had stated (457th meeting) that a new period in colonial economy was contemplated and that the old colonial policy of law and order had given way to a fresh, new approach. In that connexion, the plans for the economic development of Africa put forward by the colonial Powers were most desirable and should be publicized to the fullest possible extent. Nevertheless, to the regret of the Indian delegation, the French and Belgian representatives had opposed further consideration of the economic situation in Africa at the fourteenth session of the Council. It should be borne in mind, however, that for the first time, the Council had detailed information on economic conditions in Africa and he felt that the Secretary-General's report merited the Council's fullest attention. It was for the United Nations to take the lead in promoting the welfare of the inhabitants of the African continent.

69. The United Kingdom representative had said (457th meeting) that his Government did not favour the idea of a survey of economic conditions in Africa or the establishment of an economic commission for that area. The Indian delegation had merely proposed that the matter should be considered more fully but it had not made up its mind on the question. The United Kingdom argument against the Indian suggestion was that usually economic commissions were set up at the request of the countries concerned. He pointed out that there were only four independent countries in Africa, namely Egypt, Ethiopia, the Union of South Africa and Liberia. As a matter of fact Egypt really pertained more to the Middle East area than it did to Africa. There was also some doubt as to whether Ethiopia really could be included in the African region. In view of the policies of the Government of the Union of South Africa, the Indian delegation doubted whether it would welcome the establishment of an economic commission for Africa, and it was doubtful whether the metropolitan Powers would welcome such a proposal.

either. His delegation did not see therefore who would be in a position to raise the question of the establishment of an economic commission for Africa. On the other hand, it was doubtful whether an economic commission would be of any real value to Africa unless it were dominated by local governments. In any other circumstances, it was open to question whether it would be instrumental in raising the standard of living of the peoples of Africa.

70. Lastly he stressed that it was in the best interests of the metropolitan Powers to have the proposed plans of economic development for the under-developed areas discussed as fully as possible. It was also preferable to keep the question of the establishment of an economic commission for Africa or the preparation of a survey of the economic situation in Africa entirely open. Those items in the Indian delegation's view could be further considered at the following session of the Council and his delegation might propose in the Economic Committee that some action to that effect should be taken in connexion with the Secretary-General's report.

71. Mr. NOSEK (Czechoslovakia) said that at the previous meeting certain representatives of the capitalist countries had felt it necessary to attack the USSR, Poland and Czechoslovakia in an attempt to detract from the achievements of the socialist States. The remarkable advances made under the socialist system were obvious to all impartial observers who had had an opportunity to compare the economic and social situation in the socialist countries, where the aim of the governments was to raise the standard of living of their peoples and to strengthen peace throughout the world, with that of the capitalist governments which were attempting to meet the crisis facing them by resorting to a cold war and possibly to actual warfare.

72. The representatives of the capitalist countries could not fail to resent the peaceful reconstruction and development taking place in the USSR, the People's Republic of China and the other People's Democracies. They did not wish to hear of the ever-growing peace movement which was being supported by peace-loving peoples throughout the world.

73. There had been some misunderstanding regarding his original statement concerning France's dependence on imports of wool from the United States. In point of fact he had said that, in France, the annual consumption of 280,000 tons of cotton depended on the import of 250,000 tons of cotton mainly from the United States. Of the 126,000 tons of wool used in France every year, approximately 6,000 tons were obtained from the domestic market. The remaining 120,000 tons had to be imported from abroad primarily from Australia.

74. As regards the United States representative's remarks, he pointed out that Mr. Lubin had readily admitted that the Marshall Plan had been primarily a means of reviving slackening United States production. That was also the purpose of the expanded rearmament programme in the United States. The United States representative had illustrated that fact

by citing United States coal output and exports under the Marshall Plan.

75. Turning to the statement of the United Kingdom representative, his remarks on the price policy in Czechoslovakia indicated how unfamiliar he was with the principles of distribution and prices in a planned economy.

76. The unselfish co-operation and assistance of the USSR and the People's Democracies, the establishment of a planned economy with planned production and distribution had enabled the Czechoslovak people to repair the extensive damage resulting from the Nazi occupation and the Second World War in an incredibly short period without the so-called assistance of the Marshall Plan of foreign loans and their attendant political conditions.

77. Mr. KATZ-SUCHY (Poland) stated that his delegation reserved the right to submit as a formal resolution in the Economic Committee the proposal relating to standards of living introduced by the WFTU representative in connexion with the discussion of the World Economic Report.

78. Mr. OWEN (Assistant Secretary-General in charge of the Department of Economic Affairs) said the debate on the world economic situation had, in general, been interesting and useful. He was gratified to note that the Secretariat's report had been so well received and appeared to have been of assistance to representatives in facilitating their discussion of the subject. He thanked the French-speaking members of the Council for their forbearance in view of the fact that it had only been possible to submit the French translation of the document shortly before the debate.

79. He wished to comment specifically on several points raised during the debate. One observation had been made which might be interpreted as meaning that in preparing its report the Secretariat had deliberately distorted the available official statistical data. He emphatically rejected such an interpretation, and was sure that the comment must have been due to a misunderstanding. The comment referred to table 2 (1) on production in Eastern European countries in chapter 2 of the report. Despite the fact that the figures cited by the USSR representative covered a slightly different period from that of the Secretariat's table, there was very little difference between the two sets of figures. He would be glad to discuss the matter with the USSR representative and, should it be found that there had been some mistakes in the Secretariat's presentation, they would be corrected.

80. With regard to the allegation that the Secretariat had deliberately minimized the rate of growth of the Eastern European countries, he again emphasized that it had merely restated the facts as it knew them and would gladly correct the figures if they proved to be wrong. However, as in the economies of Western Europe, maintenance of the 1945-48 rate of growth had become more difficult in some Eastern European countries after 1949, when the problem had no longer been that of rehabilitation of war-damaged plants and equipment but one of investment in new



plants and equipment. He did not mean to imply that that would necessarily be true in all Eastern European countries in the future, nor that the rate of growth of the Eastern European countries was slow, but he drew attention to the official figures given in table 2 (4) which showed that the economic targets for the next few years took those facts into account and that the planned rate of growth in several instances was slower than the rate prior to 1949 and 1950.

81. The USSR representative had criticized the use of the data on *per capita* national income. International comparisons of national income figures were very difficult owing to the fact that the countries compared were of widely differing economic structures, and their economies represented different types of economic systems and different degrees of economic development. In addition, the coverage and reliability of the available data left much to be desired. The qualifications of the figures used in the introduction to the report had been set out in detail in the *Statistical Papers*, Series E, No. 1, October 1950 prepared by the United Nations Statistical Office. Mr. Owen agreed that some available official data had been adjusted by the Secretariat; it had made some estimates with respect to certain elements of national income which had not been available. Use was made of the data with the object of illustrating as graphically as possible the tremendous gap in *per capita* incomes between populations in different parts of the world.

82. With regard to the remarks made by the representative of China (456th meeting), he pointed out that the Secretariat had produced a survey of China

which it believed to be as objective as possible. He emphasized that the inclusion of that economic study in the report was of course not intended to have and should not be construed as having any implications regarding the question of representation of China in the United Nations. He also agreed that an appropriate editorial note would make that clear in the printed report. While no data had been included in the report on the Island of Taiwan, the Economic Commission for Asia and the Far East was currently preparing its extensive annual survey of economic conditions in its region, including the Island of Taiwan. He would however attempt to add a section to the chapter on China in the present report utilizing materials to be provided by the ECAFE secretariat.

83. In conclusion, he expressed his appreciation of the comments made by members on the report and was very happy to know that it had helped to provide an effective basis for the discussion of the important economic issues facing the peoples of the world.

84. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said he would gladly accept the Assistant Secretary-General's suggestion that they might hold private consultations to dissipate any misunderstandings which had arisen with regard to the figures used in the World Economic Report. He regretted that he had not had more time to study the report, but wished again to confirm the views of his delegation as already stated.

The meeting rose at 9.45 p.m.