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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following Member States: Brazil, Indonesia, Iran, Israel, Mexico.

Observers from the following non-member States: Federal Republic of Germany, Hungary, Switzerland.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, Interim Commission for the International Trade Organization.

AGENDA ITEM 2

World economic situation (E/2674, E/2684, E/2706, E/2712, E/2726 and Add.1 to 5, E/2729, E/2737, E/2738, E/2739, E/2740, E/2756, E/2771, E/2772 and Add.1, E/CN.12/359, E/CN.12/AC.25/5, E/ECE/194; E/L.634, ME/284/55, ME/285/55) (*continued*)

1. Mr. LOKANATHAN (Executive Secretary, Economic Commission for Asia and the Far East) said that the most important factor in the world economic situation was not so much the over-all stability which had been achieved, as the lack of progress, or even stagnation, evident in some areas. It was true that the continued state of full employment in the industrially advanced countries had had repercussions elsewhere, for prosperity was indivisible. Yet there was one vital lesson which must be learned—that progress was not self-perpetuating, but depended on continuing efforts. It was disquieting that in a generally favourable year such as 1954 economic conditions in Asia and the Far East had not been so satisfactory as in the rest of the world. Some satisfaction could, however, be felt at the favourable agricultural situation, which had been due not only to certain fortuitous factors, but also to the efforts of the Asian countries to improve their agriculture through irri-

gation and other developments. There had also been a marked increase in industrial output. Throughout 1954 the balance had been held between inflationary and deflationary factors, and Governments had maintained their development projects.

2. On the other hand, it must be a matter of serious concern that many Asian countries were faced with surpluses of raw materials. The United States policy of price support had had a favourable influence throughout the world. Whatever principles were adopted for the disposal of surpluses, and however sound those principles were, the losses must ultimately be borne by the peoples of the producing countries. Many Asian countries were not in a position to bear the losses. Rice exports were of particular importance in the balance-of-payments position. It was an unfortunate fact that the freeing of dollar imports by western European countries had rendered the position of Asian countries more difficult. Inroads had been made into foreign assets, and there was even a foreign exchange crisis in some Asian countries.

3. The really disquieting factor, seen against the background of post-war efforts, was the continuance, ten years after the end of the war, of deplorably low income levels in most Asian countries. They were mostly dependent on specialized crops and primary products; there had been no diversification of their economies. That was the basic problem in Asia.

4. In order to overcome the basic weaknesses in Asian economy many different measures were necessary. The Council and its commissions had done great work in that field, and the importance and extent of the problem were fully recognized. Economic development involved social development and adjustments. That would not be achieved in a day. Certain strategic factors in the problem of economic development were, however, known. The most important was the question of investment. Very little progress had been achieved in that respect, owing to both internal and external factors. The possibilities for internal saving were slight: on the average no more than 5 per cent of the national income was saved in Asian countries. Total external financial resources available to the area probably did not exceed \$1,000 million. There was a gap between available resources and investment needs, although the actual amount of capital investment required was not easy to determine.

5. In projects for economic development in Asia, emphasis had been laid on those which ensured the employment of the largest possible labour force. There could be no excessive dependence on investment in heavy industry. Asia was an area of high population density, and the need was not only to increase output, but also

to use large reserves of unemployed and under-employed labour. Another interesting development in that connexion related to the community projects which had been initiated in many Asian countries. Because of the primary need to absorb labour, the total amount of capital required was less than in the advanced countries. But even with the smaller requirements there was still a wide gap to be filled if standards of living in Asia were to be raised.

6. It was there that international action could be most effective. It was necessary to accelerate and assure the flow of capital, and the solution of that problem should be one of the main preoccupations of international organizations. Responsibility for economic development rested primarily on the Asian countries themselves, but without the necessary financial resources there was no possibility of planned progress. Another important field for international action was the stabilization of prices for Asian exports.

7. Attempts had been made to diversify agricultural production in Asian countries. That had been difficult because the advantages of specialization were still very real. Markets had to be found for the new products, and it was not easy to persuade producers to abandon the certain returns from specialization for the doubtful advantages of diversification.

8. The General Assembly had accepted responsibility for the development of the under-developed countries. As the Secretary-General had emphasized in the *World Economic Report 1953-54* (E/2729), the efforts of the Asian countries were now being reinforced by the efforts of the more developed countries. The basic problem which still remained to be solved, however, was how to quicken the pace of development in Asia and the Far East.

9. Mr. HSIA (China) said that the eighteenth session had been much preoccupied with the economic recession which had begun to develop in the United States of America from about the middle of 1953. The detailed analyses, set out in the documents before the Council, of the repercussions of that recession would be invaluable to all countries having trade or other relations with the United States. Although at that session some representatives had expressed concern over future economic developments in the United States, he himself, in common with the United States representative, had urged confidence and optimism. None of the conditions which might have led to adverse effects of the recession upon the outside world had, in fact, arisen. Why that was so was clear from the data and analyses given in the *World Economic Report* and the regional surveys. He wished to discuss the question with special reference to western Europe, since it was there that most information was available.

10. The main reason why the United States recession had not spread overseas was the fact that it had not worsened in that country itself after the first quarter of 1954 and that recovery had begun to set in during the last quarter of that year. Apart from the slowing down of the rate of inventory liquidation, the causes of economic recovery in the United States had been expanded private consumption and new construction. The United States of America was still in the midst of the upswing

of a building cycle. The building boom had accounted for the relative mildness of post-war United States recessions, and it gave ground for confidence in the economy of that country in the immediate future.

11. That short-lived recession had none the less had its effect on United States imports from abroad. At first, European economists had anticipated a decline in United States imports from Europe of from 20 to 30 per cent. The actual decrease, however, had been only 13 per cent in the first three quarters of 1954 compared with the same period in 1953, while the value of imports from the world as a whole had fallen even less. As pointed out in the *Report*, the moderate character of the fall in United States imports had been due to the rising level of private consumption in the United States and to the fact that commodity prices had been falling before the recession started, with the consequence that there had not been any great accumulation of stocks of imported raw materials which could be drawn down.

12. The effects of the United States recession on the outside world had also been cushioned by the economic expansion of western Europe. The economic boom in that region had made special measures to offset the effects of the United States recession unnecessary; during the first nine months of 1954, Europe's exports to other overseas countries had increased by \$800,000,000, which was almost four times the amount of the decrease in European exports to the United States of America. Western Europe's imports, however, had risen still more, with a corresponding increase in its trade deficit. In spite of that, the monetary reserves of western Europe, including the United Kingdom, had risen by \$1,479 million during the first nine months of 1954.

13. As was well known, the explanation for that apparent paradox was to be found in United States military expenditure in, and the United States Government's grants to, Europe, which had been another moderating factor. Such expenditure was not normally regarded as a regular item in the balance of payments, but in the present international situation it was difficult to see how it could be dispensed with in the immediate future. It was true that, of all the factors which he had outlined, the building and consumption booms might be cyclical in nature and liable to be reversed. Provided that inventories moved in a normal way, the United States and western European economies could be expected to remain healthy and strong.

14. The experience of Latin America during that recession presented interesting features, and in particular an opportunity to verify the theory of contra-cyclical lending. That theory, set out at length in the experts' report, *Commodity Trade and Economic Development* (E/2519), could be briefly summarized as a call for the industrialized countries to continue making their currencies available to the outside world during a business recession. During 1953 the demand for many primary commodities had declined. That might have been expected to lead to a decline both in prices and in Latin American exports of primary commodities. In fact, however, the value of Latin American exports had risen in that period owing to export promotion, the sale of surpluses and a recovery in Argentina's agricultural production. The increase in exports, together with

United States Government credits and grants, might have been expected to ensure the maintenance of the level of Latin American imports and development efforts. Such, however, had not been the case, for imports and investments had both declined. That experience indicated the need for a re-examination of the theory of contra-cyclical lending, which was one of the principles of the International Monetary Fund. The *World Economic Report* attributed the decline in Latin American investments to a worsening of the business outlook and a fall in foreign trade profits. It was clear that the mere availability of foreign exchange was insufficient. International measures acting more directly on the various factors determining investment were also needed, as well as the most desirable measures to maintain primary commodity prices.

15. He agreed with the previous speaker that the feature which distinguished under-developed countries in Asia and the Far East was their relative economic stagnation and low *per capita* income. The capital investments required to overcome that stagnation could come only from the expansion of trade, the improvement of prices of primary commodities, and the inflow of foreign capital, private or public.

16. He agreed with the conclusions of the Economic Commission for Asia and the Far East (ECAFE) that the outlook for increased export earnings and improved prices for primary commodities was uncertain, even for such commodities as rubber, cotton, jute and tea, whose prices had already risen. Private foreign investments in the area had not been large; on the other hand, there had been a net outflow of private foreign capital. If ECAFE's pessimistic view regarding prospects for improved trade, higher prices and more foreign private capital were accepted, the only remaining source of additional foreign exchange for Asian countries must be foreign Governments and international organizations. The report that the United States was planning to make substantial sums available to Asian countries over a period of years was therefore welcome news.

17. Developments in the province of Taiwan had followed the same general trend in 1954 as in other Asian countries. They could be summed up as higher output, increased payments difficulties and relative monetary stability. The output of main food crops had increased by 3 per cent and industrial production by 12 per cent. After Japan, Singapore and Hong Kong, Taiwan now ranked highest in the ECAFE region in *per capita* power output. Imports had increased in 1954, but the value of exports had been lower owing to falls in the prices of sugar and rice; there had consequently been a widening in the trade deficit. Prices had remained remarkably stable: in spite of the rapid growth of population and heavy expenditure for defence, wholesale prices had risen by only 2 per cent, and retail prices hardly at all.

18. In conclusion, he asked the Council to note that during the eleventh session of ECAFE in Tokyo the World Federation of Trade Unions had taken advantage of its consultative status to circulate a statement which he described as political propaganda against the Chinese Government and other members of the Commission. That was a flagrant violation of the rules governing

the participation of non-governmental organizations in the Commission's work. His delegation wished to urge the Executive Secretary of ECAFE to pay close attention to the circulation of documents, as required by rule 49 of the Commission's rules of procedure.

19. Mr. SINGH (India) observed that never before had the international climate been so favourable to the realization of United Nations aims. It was possible to face the future with a new optimism. The past year had seen an easing of international tension and a general effort to achieve understanding between the nations. Among its outstanding events had been the Bandoeng Conference, the cease-fire in Indo-China and the signing of the Austrian State Treaty. Now the coming meeting "at the summit", held out fresh promises, the realization of which must be the earnest desire of all men of goodwill.

20. Progress had been even more marked in the economic than in the political field. Whereas 1953 had been a year of economic stability, 1954 had witnessed an advance towards prosperity. The volume of world trade in 1954 had been 7 per cent greater than in 1953, itself a peak year. The industrial countries of western Europe had accounted for the greater part of that increase. In addition, they had succeeded in making good their war-time losses, and their industrial production had risen by some 7 to 8 per cent. As a result of that balanced development of their trade and industry, they had achieved stability of prices and an equilibrium in the balance of payments.

21. Outside Europe, however—particularly in Asia and Africa—the picture was by no means so rosy. In that connexion he endorsed the views expressed by the Executive Secretary of ECAFE, particularly on the subject of foreign capital investment.

22. In the countries of Asia and the Far East, agricultural production—and particularly the production of food grains—had substantially increased, and industrial production had developed still more rapidly; but the goal of securing even minimum standards of living was still on the distant horizon. Increases in agricultural production, owing to the general improvement in the world food situation, had merely aggravated the problem of stabilizing prices and disposing of surpluses. While they had helped some countries to reduce expenditure on imports of food grains, in other countries they had brought about a fall in government revenues and foreign exchange earnings. According to available statistics, the aggregate foreign exchange assets of the countries of the region had been 11 per cent lower in June 1954 than at the end of 1952, owing to decreased exports and increased development expenditure. Shortage of foreign exchange resources had caused many countries to tighten their restrictions on imports and payments. The inadequacy of foreign exchange earnings in the face of an expanding volume of import requirements was a problem which called urgently for solution.

23. In most of the countries of the region *per capita* incomes, despite the efforts that had been made, were as low as or even lower than before the war. An analysis made by the United Nations Secretariat, based on national income estimates for seventy countries, showed that in the high income group of countries, representing

18 per cent of the world population, the average *per capita* income was a little under \$1,000 a year. In the middle income group of countries, comprising Argentina, Uruguay, South Africa, Israel, the Soviet Union and some countries of eastern Europe, which accounted for 15 per cent of the world population, it was a little over \$300. In the under-developed countries, which accounted for 67 per cent of the world population and produced a very large proportion of the world's raw materials, it was only a little over \$50. Although comparisons of real income were a delicate matter, it was clear that very wide divergencies in real incomes and consumption existed as between the different groups of countries. The divergencies were continuing to grow, and lay at the root of many of the world's difficulties at the present time.

24. Fortunately, the highly developed countries were becoming increasingly aware of the problems of the under-developed countries, and at the same time, thanks to their own improved situation, were now more ready to grant them economic aid. They were also beginning to realize more fully that the development of the under-developed countries would make possible a greater volume of mutually beneficial trade. The time had accordingly come for the Council to give practical demonstration of its intention to aid the rapid recovery of the under-developed countries. If the highly developed countries were to sustain their own economic activity at its present high level, world trade would have to expand, and its expansion was to be achieved by increased consumption and production in the backward areas. The economic stability of any one region depended for its security on the stability of all the others.

25. Foreign trade was vital to most countries in Asia and the Far East. But their economies were centred in most cases around a few primary commodities, so that a fall in world prices and in international demand had an immediate effect on their whole economic structure. That inhibited long-term planning. Yet in the long run the situation called for a greater diversification of economies, despite the fact that the low levels of real income and capital formation limited the possibility of development. Meanwhile, from the short-term point of view, positive steps were required to cushion the economies from the vicissitudes to which they lay open, and to open avenues for an expansion of trade both within the region and between it and other regions.

26. The under-developed countries were resolved to do their utmost to help themselves. India, for example, had a plan which relied mainly on self-help. But external assistance was essential if the under-developed countries were to be vitalized in the near future: the slow rate of the progress so far achieved had to a large extent been due to the small scale of external assistance.

27. The studies made by ECAFE showed that an investment of \$5,000 million a year was required to provide for a 2 per cent *per annum* growth of income in the region. In order to achieve that, the countries of the region, excluding China and Japan, would have to obtain \$3,000 million a year from external sources, which would be required for a period of from five to seven years. The total annual amount of external financial resources at

present available from all sources was estimated at only \$1,000 million a year.

28. Whereas between 1949 and 1953 the United States had been giving an average of \$2,343 million a year in economic aid to the countries of western Europe, the non-European countries had been receiving an average of only \$715 million a year; in other words \$13 *per capita per annum* had been provided for the 260 million people of western Europe, as against no more than \$0.50 for the 1,500 million people elsewhere. The situation was much the same with regard to loans from the International Bank for Reconstruction and Development: the under-developed countries of Asia and Africa had received between \$0.30 and \$2.30 *per capita*, whereas various countries of western Europe had received between \$9 and \$40 *per capita*.

29. It had of course been only natural to devote a large amount of resources to Europe's pressing needs for reconstruction after the war, and it was true that the under-developed countries were beginning to receive more assistance. In that respect, the recommendation of the President of the United States that Congress should establish a special fund for Asian development was most welcome. Nevertheless, a great deal more needed to be done. The experience of western Europe had shown how rapid economic progress might be achieved through the organization of large scale international aid.

30. Two objections were sometimes made to the granting of such aid to the under-developed countries. In the first place, it was said that their lack of technical personnel and of adequate administrative machinery limited their capacity to absorb foreign capital. That was not untrue, but it pointed to a vicious circle which must be broken. Secondly, it was said that the scope they provided for profitable investment was limited. That, however, was rather an argument for helping them to obtain the skills and technical knowledge they required, as well as capital. Moreover, the progress achieved by India in the last four years had challenged the whole idea that under-developed countries were unable to develop through their own efforts. However that might be, it was much to be hoped that they would receive a greater flow of aid in the future. Now that the International Finance Corporation had virtually become a reality, it was most desirable that the Council should take steps to establish the Special United Nations Fund for Economic Development.

31. The unsatisfactory foreign exchange position of the region had been due to factors affecting both exports and imports. The constant fluctuations in the prices of its major exports had rendered export earnings highly unstable. Twelve ECAFE countries had achieved export earnings of only about \$5,400 million in 1954 and, since there was little prospect of their earning more except under conditions of unstable export prices, their essential imports had necessarily had to be limited. Whereas world exports had risen from \$30 thousand million to \$72 thousand million between 1928 and 1952, Asian exports had only risen from \$5 thousand million to \$7½ thousand million. The need to stabilize and promote both inter- and intra-regional trade was accordingly clear. The study of commodity problems at present being made by the

Interim Co-ordinating Committee for International Commodity Arrangements and by the contracting parties of the General Agreement on Tariffs and Trade constituted a most welcome development. It was to be hoped that means would soon be found to avoid excessive fluctuations both in demand and in prices of primary commodities. Meanwhile he trusted that at any rate the problem of disposing of accumulated surpluses available outside the region would be tackled in a way that would not interfere with the region's export potential.

32. Although the economies of the countries in the region were largely complementary to one another, it might not be unrealistic to look forward to a considerable expansion of trade between Asia and the Far East and other regions in a not too distant future as a result of diversification of production in the various countries of the region. The other obstacles which had prevented inter-regional trade had been the inadequacy of indigenous agencies of foreign trade, finance, insurance and shipping.

33. Restrictive business practices continued to hamper the free development of trade both within and without the region. The search for synthetics and the diversion of trade from normal sources of supply for non-economic reasons still tended to limit the freedom of trade. Schemes for economic co-operation within a region could sometimes result in discrimination against trade with countries outside the region, and it was to be hoped that care would be taken to ensure that the interests of countries outside the region were safeguarded in such schemes. Even shipping could sometimes operate in a manner detrimental to the interests of the trade it served. He hoped that the study of discriminatory freight rates which ECAFE was to undertake would be carried out without delay. Shipping companies ought to recognize their responsibility towards the development of world trade and adopt policies calculated to encourage the maximum movement of exports and imports.

34. In connexion with the development of inter-regional trade, he welcomed the endeavours of the Economic Commission for Europe to evolve trade consultation procedures, and looked forward to a detailed discussion on the subject in the Economic Committee.

35. Much of what he had said with regard to economic co-operation followed the lines of the final communiqué issued by the Bandoeng Conference, which he commended to the Council's attention.

36. As far as India was concerned, 1954 had been a year of progress attended by stability. Agricultural production had been 18 per cent higher in 1953-54 than in 1950-51, while production of food grains had been 66 million tons in 1953-54, $4\frac{1}{2}$ million tons above the target of the five-year plan. Industrial production had also increased, the 1954 index being 146.3 as against 135.3 in 1953. The targets for cotton, textiles and cement had been exceeded, and many new items had been brought under production. Exports in 1954-55 had been Rs.5830 million as against Rs.5340 million the year before, and imports had been Rs.6360 million as against Rs.5810 million. The deficit on trade account had to a large extent been met from investable earnings, so that the position of sterling balances had continued to be satisfactory.

37. 1954-55 was the fourth year of the plan. It was estimated that in March 1956, the end of the plan period, about Rs.20,000 million would have been spent, the target being Rs.22,550 million. In view of India's administrative, technical and financial difficulties, that represented a considerable achievement. Production and prices were in better balance than at any time since the war, controls on prices and on movements of most essential commodities had been removed, and inflationary tendencies had been held in check, in spite of huge development expenditure. Multi-purpose river schemes were turning deserts into cultivable land, and cheap electricity was removing one of the greatest handicaps to industrial development. In addition, the national extension schemes and community projects were changing the face of rural India; they relied on co-operative self-help by the villagers, assisted with supplies, services and credit from the Government. As a result, millions of farmers were organizing themselves into co-operatives, practising scientific agriculture on a considerable scale, and finding supplementary occupation in various cottage and small-scale industries. The schemes and projects were thus not only of economic, but also of great social value.

38. India would soon be embarking upon its second five-year plan. The problems that remained to be solved were immense. The national product had been increasing at the rate of only 3 per cent per annum—slow progress in view of the leeway to be made up. Accordingly, the second five-year plan aimed at increasing the national income by 25 per cent. Employment remained a matter for concern, despite the fact that total employment had increased. About one-tenth of the active population of 150 million was regarded as available for absorption in new jobs, which meant that fresh jobs would have to be found for 15 million people in addition to the probable increase of 9 million in the employable population due to normal growth. Thus a total of 24 million jobs had to be found to achieve full employment. The employment target of the second five-year plan was 12 million new jobs. Since the average *per capita* income per annum in the non-agricultural sector was estimated at Rs.1,000, due allowance being made for the investment in agriculture needed to sustain the increase in the non-agricultural sector, the total investment required was estimated at Rs.10,000 million a year.

39. Such were his country's economic problems, and some of the ways in which it was endeavouring to deal with them.

40. Mr. EGGERMANN (International Federation of Christian Trade Unions), speaking at the invitation of the PRESIDENT, said that the IFCTU considered that restrictions on imports, exports and international payments were too often due to the lack of a spirit of international co-operation. Although all countries recognized their international responsibilities, they sometimes failed to shoulder them, and that was the cause of the economic difficulties mentioned in the *World Economic Report*. Certain industrialized countries which were doing their utmost to market their products abroad adopted measures to prevent the importation of certain foreign products. It was usually the under-developed countries that were the first to suffer the ill effects of that policy, not only in the economic and financial, but also

in the social and political fields. The under-developed countries then found themselves obliged to impose restrictions, although it would be to their advantage to take a full share in international trade in order to consolidate their economies. Of course, in the case of countries which were not yet strong enough to face international competition, some measures were justified. Nevertheless, it was the duty of the industrialized countries, in order to help the others to develop their economies, not to erect impassable tariff walls.

41. The second part of the *World Economic Report* showed that, in economically developed countries whose economies were based on private enterprise, the State had not yet shouldered all its responsibilities towards the people. The IFCTU was disturbed by the fact that increased productivity had not always been reflected in a higher level of real wages. That, it believed, was because efforts to increase productivity were too often inspired by the desire for gain, while too little was done to increase the number and to improve the quality of goods and services. The fresh rise in prices recorded in many countries after a period of stability was an additional cause of anxiety.

42. In the IFCTU's view, the radical economic changes to which the industrial use of atomic energy would give rise necessitated greater security of employment and greater stability in the workers' wages and standards of living. The Federation trusted that the Council would give its full attention to the proceedings of the International Conference on the Peaceful Uses of Atomic Energy. It hoped that the economic and social consequences of that second industrial revolution could be assessed in time. To anticipate those consequences was the most important task of the twentieth century. The workers refused to accept the proposition that technical progress should not lead to a constant improvement in their conditions. In that connexion, the IFCTU noted with regret that in many industrialized countries the increase in production during the years 1953 and 1954 had not resulted in a corresponding increase in employment.

43. The IFCTU welcomed the recovery in the prices of industrial raw materials which had taken place in 1954, and hoped that all States would support the efforts of the Commission on International Commodity Trade to prevent excessive fluctuations in the prices of raw materials and to stabilize prices at a reasonable level. Much remained to be done in that direction.

44. The IFCTU regretted, however, that no marked changes had occurred in the field of investments. It had always held that the under-developed countries should endeavour to ensure such a measure of political, financial and social stability as would encourage foreign investments, and should also endeavour to introduce a savings system. The vital role to be played in that field by the Special United Nations Fund for Economic Development should be stressed.

45. While appreciating that the future economic development of under-developed countries called for a considerable measure of investment and that there could be no question of devoting the first profits earned to consumption, the IFCTU wondered whether the general hardening of prices of industrial raw materials in 1954 ought not to have had more encouraging effects on

investment and consumption. It considered that, if the workers were not allowed to share directly in profits, there was a danger that economic development would not result in an improvement of the workers' standard of living. Experience had taught the industrialized countries that no policy of increasing productivity could be successful without the collaboration of the workers. Such collaboration was also essential for the economic expansion of the under-developed regions.

46. With regard to international trade and payments, dealt with in part II of the *Report*, the IFCTU was pleased to note that the situation was on the whole satisfactory. At the same time, there was no room for undue optimism. It was certainly encouraging to see that the falling-off of United States imports had not had any serious repercussions on the economy of the rest of the world, but, as the Secretary-General had pointed out in his statement, the extent of the progress attained in the economic sphere must not be over-rated.

47. The IFCTU wished to state that it unreservedly supported the main argument of the *Report* that freedom of trade was encouraged by the expansion of markets and that the present difficulties facing the world economy could be resolved only in an expanding international economy.

48. The IFCTU had carefully studied the *Review of Economic Activity in Africa—1950 to 1954* (E/2738), and was pleased to see that the value of exports had increased and that expenditure on industrial equipment had been maintained at a high level. It regretted, however, that the *Review* did not give any full and detailed information concerning manpower, employment, wages, standards of living, and investments. Without such information, it was impossible to gain an exact idea of the African economy. That lack of data was all the more regrettable because only a balanced economic development, particularly in the under-developed countries, could lead to real international co-operation and lasting peace.

49. The IFCTU therefore considered it highly desirable to set up a regional economic commission for Africa, with wide representation of the African peoples concerned. That was what the officers of the IFCTU had advocated at their Algiers meeting in March 1953, in their statement on social and economic policy in under-developed countries and Non-Self-Governing Territories. On that occasion, the Federation had taken a stand in favour of an economic policy aimed primarily at establishing in the Non-Self-Governing Territories internal markets based on a balanced development of food and export crops, exploitation of the sub-soil, manufacturing and local industries and trade exchanges. Such a policy would provide the population of those territories with a decent standard of living.

50. The IFCTU noted that, while in the Non-Self-Governing Territories agricultural production had increased in the same proportion as throughout the world taken as a whole, the same was not true of actual consumption or production of foodstuffs. Hence the IFCTU drew the particular attention of independent African States and States with responsibilities *vis-à-vis* the African peoples to the necessity for ensuring adequate food production in Africa. The necessity was all the greater

seeing that in some parts of Africa there were signs of a drift from the land which threatened to upset the demographic structure of indigenous society. The sequel might well be a social discontent which would have repercussions in the economic sphere. There would be no increase in demand; hence the secondary industries might be hampered in that development, and those industries could, after all, help to raise living standards. For that reason the Federation regarded it as the duty of industrialized countries administering Non-Self-Governing Territories to assist them in obtaining low-interest loans for developing the secondary industries.

51. The IFCTU was opposed to all forms of mercantile or imperialist economy, especially the "exploitation" system under which the populations of Non-Self-Governing Territories were suppliers of raw materials and were obliged to consume useless, and in some instances harm-

ful, products manufactured in the metropolitan countries. The development of under-developed territories must be aimed first and foremost at benefiting the inhabitants of the territories. In such matters, international co-operation was of undoubted importance.

52. With regard to full employment, the IFCTU had studied with great interest the replies given by a large number of Governments. The next regular IFCTU congress, to be held during the current year, would be devoted mainly to a thorough study of full employment, the position of professional organizations in regard to full employment, and their role in the matter. The IFCTU hoped that its study would help to achieve one of the purposes laid down in the United Nations Charter.

The meeting rose at 12.30 p.m.