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President: Mr. Raymond SCHEYVEN (Belgium).

Present:

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Egypt, France, India, Philippines, Poland, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Czechoslovakia, Iraq, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations.

World economic situation (E/2353 and Corr.1, E/2353/Add.1 and Corr.1, E/2354, E/2377 and Corr.1) (*continued*)

[Agenda item 3]

1. Mr. NUNEZ PORTUONDO (Cuba) recalled that in commenting on the Secretary-General's report on the world economic situation at the Council's previous session (590th meeting), he had expressed fear that after several months of increased demand for raw materials as a direct result of the Korean war, countries which were producers and exporters of those primary commodities would revert to a period of economic crisis, such as that traversed in 1949. That earlier period had been characterized by an increase in population and in unemployment, a cut in exports resulting from the progressive diminution of external demand, and steadily deteriorating trade relations as a result of low prices of raw materials and a rise in the prices of consumer goods, manufactured goods and capital equipment on the world market. The *World Economic Report 1951-52* (E/2353 and Corr.1) confirmed his apprehensions.

2. The prices of most primary commodities had fallen off sharply during 1952, while those of manufactured goods, after a steep rise in 1950 and 1951, had levelled off, but had not gone down appreciably. Purchasing power had been limited by higher direct and indirect taxes, reduced subsidies for consumer goods and a contraction of consumer credit. The Secretary-General's excellent report went on to point out that the imbalance in international trade had persisted from 1950 to 1952, with most countries being unable to comply with the International Monetary Fund's injunction to abolish trade restrictions, and producers of primary commodities incurring growing deficits in foreign exchange.

3. Generally speaking, the balance of payments situation had shown increased deficits between the sterling and the dollar areas on the one hand, and between Western Europe and the dollar area on the other until the middle of 1952, when there had been a slight reprieve. In order to reduce those deficits, a great many countries were compelled to tighten import restrictions and otherwise keep internal demand in check. There was some satisfaction, however, to be derived from the 75 per cent increase in industrial output over pre-war levels and in the 10 per cent rise in food production as compared with the 1934-1938 period. Nevertheless, the *per capita* food production was lower than pre-war, while population had increased by 15 per cent.

4. The economic difficulties confronting the world fell into three inter-related groups: those affecting the maintenance of economic stability; those responsible for the continued imbalance in international payments; and those accounting for the slow progress of the under-developed countries. The most encouraging sign of a return to stability was the decrease in the dollar deficit borne by the non-dollar area in its international trade in 1952. At best, it was precarious since it had been brought about by tightened import restrictions imposed in Western Europe, in the sterling area and South America. The principal obstacle, failure to achieve convertibility of currencies with its adverse effects not only on trade between the dollar area and the rest of the world but on the scale of production and trade among the countries outside the dollar area — had not been overcome. Consequently, most countries which were not receiving aid from the United States suffered keenly unless they imposed severe restrictions on the import of goods from the dollar area. Private investment by American investors in projects abroad had not been sufficiently adequate to cause any considerable reduction in the dollar shortage.

5. Moreover, the wealth of the world was more unequally distributed at present than before the Second World War: the wealthy countries were getting richer and the poor ones poorer. So long as the under-developed nations continued to depend on their exports of primary commodities, they remained at the mercy of fluctuations of foreign demand for those products and could not advance their economic development. Unfortunately, private investors of the highly industrialized countries placed their capital, for the most part, in extractive industries, and although public investment had increased, it was still inadequate. A substantial increase in the flow of capital to the under-developed countries was vital to the improvement of living standards. The falling off of external demand had left those countries with accumulated stocks of primary commodities which had been liquidated, in some cases, by a partial devaluation of currency. The cost of living had risen as a result of high food prices and the high cost of imported goods. The latter factor, combined with the drop in prices of raw materials, had brought about a deterioration in their trade relations in 1952.

6. As a primary commodity-producing and exporting country, with an economy dependent on one or two basic products, Cuba was only too familiar with the close inter-relation between the price and volume of its exports, determined by foreign demand, and the living standards of its people. It believed that prosperity, like peace, was indivisible and that one of the essential conditions for the welfare of mankind in the present industrial era was economic equality, so far as possible, among the various parts of the world. The main task of the Economic and Social Council, therefore, was to eliminate the hunger which generated envy and hatred of more fortunate nations and to set up international machinery to promote the economic objectives set forth in the Charter.

7. Cuba's economic difficulties did not reflect any weakness on the part of the Cuban people or its Government, or any reluctance to face its problems with courage and determination. The course of its economic development had been influenced by historical and geographical factors; the impediments to that development could in no case be attributed to any lack of industriousness or ability. The Council should seek general solutions to ensure the full development of countries like Cuba in the light of their economic history.

8. A recently published book entitled, *El desarrollo económico de Cuba* by Dr. Gustavo Gutiérrez y Sanchez, a distinguished economist who had held high posts in the Cuban Government, described the historical background which would enable the Council to appreciate Cuba's economic and social progress and to learn from its experience in coping with economic problems. The introduction gave an account of the natural handicaps to its economy which the Cuban people had been striving to offset during the fifty years since it had won its independence: its relatively limited natural resources, lack of coal and hydro-electric potential, uncertainty regarding possible oil deposits, and comparatively low fertility of its land. The book itself described the very encouraging way in which the Cuban economy had developed during the first fifty years of the country's emancipation. The Cuban people, through their own intrinsic qualities and thanks to private initiative, had made remarkable achievements in spite of all the difficulties left as a legacy of the Spanish colonial régime. The book reviewed the growth of the population, the development of education, the development of land utilization and tenure and the increase in the value of both rural and urban property. The data given by Dr. Gutiérrez amply illustrated the great efforts made by the people of Cuba towards their country's economic development.

9. A very interesting study of the structure of the national income for the period 1945 to 1950 had been conducted under the auspices of the National Bank of Cuba. The results of the study showed that the revenue from non-agricultural production was distinctly higher than that from agricultural production, that the combined production of products other than sugar was far higher than the sugar production, that private enterprise was the principal source of revenue, and that the volume of internal trade was three times that of external trade. At the same time, the Cuban balance of payments situation had been steadily deteriorating since 1946.

10. Turning to the serious problems now confronting Cuba, he declared that they could not be solved without

international co-operation. In 1952, the record sugar production in Cuba had paradoxically had a very disturbing effect on the country's economy. The sugar market had changed from a sellers' to a buyers' market and Cuba had been left with a large surplus supply of sugar while millions in other parts of the world had had to go without. The International Bank had been quite right in stating in its annual report (E/2360 and Add.1) that the Cuban economy was now more than ever dependent upon sugar and that any drastic drop in the production or in the price of sugar was liable to have disastrous results.

11. Cuba was disturbed about its deteriorating balance of payments situation with the United States. It should be borne in mind that Cuba was one of the principal importers from the United States and that anything which caused a decline in Cuban exports must inevitably also lead to a reduction in its imports from the United States. In 1952, the unfavourable balance of payments with the United States had been temporarily covered by exports to the United Kingdom and Japan and that accounted for the over-all favourable balance.

12. The Cuban Government had acted resolutely to meet the situation caused by the record sugar production in 1952. It had created a large buffer stock to be distributed during the next five years and had placed a limit on the production of sugar for 1953. That measure had naturally caused a decline in economic activity and it would prove quite useless if the other sugar producing areas were to place no limit on their production. In order to stimulate trade, the Cuban Government had reduced its already low tariffs for the most characteristic exports of other countries, particularly those outside the dollar area, so that those countries would in their turn be able to import substantial quantities of Cuba's principal products. That trade policy had been backed up by energetic credit policy to enable countries to import larger quantities of sugar from Cuba. Credit was allowed to countries suffering from a dollar shortage which were prepared to take more than their normal quota of Cuban sugar.

13. His country had for some time urged that an international sugar conference should be convened and he was therefore very glad that such a conference was to be held in London on 13 July 1953. He sincerely hoped that the results would prove beneficial to consumers and producers alike. As his delegation had stated in 1952, Cuba could not be expected to go on making the sacrifice of limiting its sugar production if the other sugar-producing areas were not prepared to follow suit.

14. Unemployment was an ever-present problem in Cuba just as it was in all the under-developed countries with an agricultural economy depending upon a single product. With the increase in the population the problem was reaching alarming proportions in Cuba, in spite of all the efforts made and for reasons quite beyond his country's control.

15. The problems he had mentioned must be solved and for that international co-operation was essential. The man in the street, who represented the vast majority of the population in every country, would be unable to understand and might not always tolerate a situation in which one country was unable to sell its surplus supplies of a product while other countries suffered from a shortage of that very product. The rich and powerful countries must do something to help those in a less favourable position for the United Nations

itself had been set up with the purpose of achieving conditions in which every human being would have his share of material well-being.

16. The PRESIDENT called upon the observer from Czechoslovakia, the former Vice-President of the Council, who had asked to speak.

17. Mr. NOSEK (Czechoslovakia) said that the data contained in the Secretariat report concerning the economic situation in the capitalist countries clearly showed the disastrous consequences of the armament's race. It revealed stagnation or even a decline in industrial production in the majority of the capitalist countries during 1951 and 1952, a decrease in production of consumer goods and a resulting rise in unemployment, a fall in consumption and in agricultural production and a collapse of trade relations between those countries.

18. The data on the Soviet Union, the People's Republic of China and the Peoples' Democracies, including Czechoslovakia, on the contrary, showed how those countries had been able to ensure a permanent improvement in the material and cultural conditions of the masses. Nevertheless, the economic development of the countries that were striving for peace was not described in sufficient detail; he would therefore give some supplementary information and correct certain inaccuracies contained in the report.

19. Since the end of the Second World War, Czechoslovakia's economic policy had had two basic objectives: the two-year plan of post-war reconstruction and the five-year plan, covering the years 1949 to 1955, of construction and development of the socialist economy.

20. The two-year plan had been brought to a successful conclusion and by 1948 industrial production had returned to its pre-war level. Under the five-year plan Czechoslovakia's industrial production, with other branches of the national economy, had shown a rapid and steady improvement; in the first four years gross industrial production had increased by 82 per cent and it was now nearly twice what it had been in 1937. Today industry comprised 73 per cent of the national income whereas before the war it had been only 58 per cent. The increase in industrial production from 1951 to 1952 had equalled a third of Czechoslovakia's entire industrial production in 1937, and in heavy industry for example, the increase had equalled two-thirds of the pre-war total.

21. That steady rise in industrial production proved that the economy was based on solid foundations. During the implementation of the two-year plan it had shown an average annual increase of 20 per cent and since the beginning of the five-year plan it had risen steadily by 15-16 per cent on an average. Such results, unknown in the capitalist world, had been achieved thanks to the active participation and enthusiasm of all the workers, technicians and engineers, and despite the fact that the population had dropped from 15,200,000 before the war to 12,500,000 today.

22. The *World Economic Report, 1951-52*, showed that Czechoslovakia's industrial production for 1952 had increased in comparison with 1951 by 18.3 per cent of the total. The production of consumer goods had increased by 10 per cent and that of capital goods by 27.3 per cent. A comparison of present-day production with that of pre-war capitalist Czechoslovakia demonstrated the full extent of the tremendous expansion in Czechoslovakia's industrial production; thus

whereas in the twenty-four years from 1913 to 1937 annual coal production had increased by only 2,400,000 tons, a similar increase had been achieved by the Czechoslovak People's Democracy in only four years, from 1949 to 1952. Other striking examples of the strides made by socialist industry in comparison with the capitalist area were furnished by the figures for lignite extraction, electric power production, crude steel production and hydraulic power.

23. The five-year plan also comprised the development of the country's mineral deposits; the Government was therefore helping to finance geological exploration and the sinking of new mines. Great progress had also been made in the production of foodstuffs, and the mechanization of industry had made great strides.

24. Side by side with industrial progress had been the development of socialist agriculture. Czechoslovakia's agriculture had been completely transformed from the system of individual production to that of a more productive collective economy. The elimination of boundaries between farms had been a factor in the increase in agricultural production.

25. A comparison of the figures for 1948, before the start of the five-year plan, with those for 1952 showed greatly increased production of wheat, barley, oil-bearing plants, sugar beet, potatoes, flax and other crops. The figures for livestock were also much higher than those for 1948. The mechanization of farm work had risen from 27 per cent in 1951 to 31 per cent in 1952; thus almost one-third of all agricultural work was now done by machinery.

26. The demand for agricultural products was such that domestic production was insufficient and imports were far higher than they had been before the war; in 1952 the percentage of imported foodstuffs compared with total consumption had been: wheat 43 per cent, meat 5 per cent, game 39 per cent, butter 25 per cent, eggs 14 per cent.

27. In the light of those facts, and comparing the present figures with those for 1937 when imports of basic foodstuffs had represented barely 13 per cent of total imports, it was clear that there had been a remarkable increase in consumption which demonstrated the improvement there had been in the Czechoslovak people's standard of living. An exhaustive account of all that Czechoslovakia had done and was still doing to give its workers a better life in all respects would range far beyond the confines of the item under discussion, and he would therefore restrict his remarks to the subject of consumption.

28. Evidence of the great and continuing improvement in the standard of living of Czechoslovakia's workers was furnished by the increasing quantity and variety of available foodstuffs, as well as of other consumer goods. The report was unsatisfactory in that connexion, since the data it contained on the subject were inaccurate and vague. A true idea of the improvement which had taken place, could be gained by comparing the following figures for *per capita* consumption of certain essential foodstuffs since the war, with that in 1936:

Meat: 39 kilos, compared with 26.75 kg. (an increase of 45 per cent);

Sugar: 27.5 kilos, compared with 23.75 kg. (an increase of 15 per cent);

Wheat flour: 124.5 kilos, compared with 90.5 kg. (an increase of 54 per cent).

29. Similarly, the *per capita* consumption of milk in Prague was today 0.5 litres a day, compared with 0.30 litres in 1932 (an increase of 60 per cent).

30. The statistics showed that today all citizens of Czechoslovakia were really able to obtain all the products they needed, and that they did in fact buy them, so that the figures given were genuine *per capita* figures of consumption. In the pre-war capitalist Republic a large part of the population had been unable to satisfy their needs, owing either to unemployment or to starvation wages, and only a privileged class had been able to live in comfort.

31. The quantity of foodstuffs available to the workers was continually increasing. Similar increases were taking place in the sale of other consumer goods such as, for example, bicycles, furniture, watches, shoes and men's, women's and children's clothing.

32. Those facts refuted the assertion in the *World Economic Report* that, in Czechoslovakia, *per capita* food consumption of the urban population had not increased in 1952.

33. One important fact should be borne in mind: the control of workers' wages and income had greatly increased the purchasing power of the mass of urban and rural workers. That was why, despite the increasingly large supply of goods, there was sometimes a dearth of certain products.

34. Employment in all sectors of the economy had risen by 4.6 per cent compared with the previous year. In particular, the number of women in employment had increased and at the end of 1952 had been 34.6 per cent of the total labour force.

35. None of the successes achieved in the creation and development of Czechoslovakia's economy would have been possible without the disinterested help and co-operation of the Soviet Union. Since the Second World War Czechoslovakia had intensified its commercial links with the Soviet Union and the Peoples' Democracies. Whereas during the post-war period the capitalist States had endeavoured to take advantage of the collapse of Czechoslovakia's economy caused by the fascist occupation, and had made economic assistance subject to impossible political conditions, Czechoslovakia and the Soviet Union had developed

a new type on international relations, unknown in the capitalist world, based on the sincere desire to give mutual assistance and thus to attain a higher degree of economic prosperity. Those relations were firmly based on planned development, disinterested mutual help, especially in the technical sphere, the principle of complete equality, mutual advantages and reciprocal confidence.

36. That development of Czechoslovakia's external relations was also reflected in the figures for foreign trade. The participation of the USSR and the Peoples' Democracies in Czechoslovakia's foreign trade had shown the following increases: 1937, 11 per cent; 1948, 30 per cent; 1949, 45 per cent; 1950, 52 per cent; 1951, 60 per cent; 1952, 68 per cent (January — June).

37. The increasing participation of the USSR and the Peoples' Democracies in Czechoslovakia's foreign trade did not, however, mean that Czechoslovakia was unwilling to maintain commercial relationships with the capitalist countries. On the contrary, the rapid increase of activity in all sectors of Czechoslovakia's economy would facilitate an exchange of goods with the capitalist countries too. A development of commercial relations with those countries depended, however, on the re-establishment of normal international economic relations and primarily on the abandonment of the policy of blockade and economic discrimination followed by the western countries.

International action for conservation and utilization of non-agricultural resources: report of the Secretary-General (E/2367 and E/L.495/Rev.1) (concluded)

[Agenda item 7]

38. The PRESIDENT recalled that the general debate had been held at the previous meeting and said there were no further speakers; since then a joint draft had been submitted by Argentina, Australia and France which included the oral amendments made at the previous meeting and which the representative of Argentina had accepted. He called for a vote on the draft resolution (E/L.495/Rev.1).

The draft resolution was adopted unanimously.

The meeting rose at 12.15 p.m.