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President: Mr. S. Amjad ALI (Pakistan).

Present: The representatives of the following countries:

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

Observers from the following countries:

Chile, Netherlands, Turkey.

The representatives of the following specialized agencies:

International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund.

Economic development of under-developed countries (*continued*): (b) Methods of financing economic development: report by the Secretary-General under Council resolution 368 C (XIII), paragraph 14 (b) (E/2182, E/2234, E/2242 and Add.1, E/L.365/Rev.1, E/L.383/Rev.1) (*concluded*)

[Agenda item 5(b)]

1. The PRESIDENT drew attention to the revised text of the joint draft resolution (E/L.383/Rev.1) submitted by Cuba, Iran and the Philippines incorporating the various amendments which had been accepted at the preceding meeting, and put it to the vote.

The revised joint draft resolution (E/L.383/Rev.1) was adopted by 15 votes to none, with 3 abstentions.

2. Mr. VAVRICKA (Czechoslovakia) explained that the Czechoslovak delegation had consistently stressed the harmful effects of foreign private capital on the economy of under-developed countries. The representatives of a number of those countries had joined in calling attention to the interference in their internal affairs by foreign private capital, especially by imperialistic monopolies. While foreign capital admittedly figured in the development of under-developed countries, governmental as well as private capital must be supplied without the recipient country being required to extend military, political or economic privileges in exchange. The joint draft resolution provided no safeguards against interference in the internal affairs of under-developed countries and seemed designed exclusively to decrease taxation of foreign enterprises, thus ensuring larger profits for them, which were not retained in those countries and did not promote their economic

development. The Czechoslovak delegation had therefore abstained from voting for it.

Full employment, and report of the experts on the problem of reducing the international impact of economic recessions and on measures required to mitigate the effect of fluctuations in international markets on the economies of under-developed countries (Council resolutions 290 (XI), paragraph 19, and 341 A (XII), paragraph 5) (E/2156, E/2189, E/2194 and E/L.313) (continued)¹

[Agenda item 4]

Economic development of under-developed countries (continued): (f) Integrated economic development and commercial agreements (General Assembly resolution 523 (VI)) (E/2243, E/2243/Add.1, E/2243/Add.2 and Corr. 1, E/2243/Add.3, E/2257) (continued)¹

[Agenda item 5 (f)]

3. Mr. BORIS (France) said that the question submitted to the experts was not of purely theoretical interest, as the possibility of a recession in the foreseeable future could not be discounted at a time when inflationary and deflationary pressures were at work simultaneously, and either trend might prevail. The United States representative had been frank in weighing the various factors which would come into play in case of curtailed re-armament and a consequent reconversion. It was significant that he had sounded an optimistic note by his statement (624th meeting) that his government did not exclude that possibility, was prepared to take the steps necessary for reconversion and believed it could carry out that difficult task successfully. Similar optimism had been reflected recently in the United States Press, particularly in a recent article in the *New York Times Magazine* reflecting many of the ideas on economic questions expressed in the Council. Nevertheless, the situation was not entirely reassuring because of the problem of maintaining demand at a level corresponding to increased United States productivity. It was significant that a minor recession in an economically dominant country could assume critical proportions in under-developed countries and that, as stated in paragraph 136 of the report on *Measures for International Economic Stability* (E/2156),² "A very small drop in employment in the United States, for example, may be accompanied by inventory changes that lead to violent declines in the imports and prices of certain commodities".

4. Commenting first on the recommendations in chapter III, on the international flow of capital, he concurred in the recommendation for the establishment of developmental programmes by the countries concerned, which should be implemented by the Bank, if necessary. It was more difficult to envisage practical measures whereby the Bank could secure additional resources in a period of scarce capital. The French delegation had already expressed its support of the solution contained in paragraph 106 of the report to release a larger por-

tion of the subscribed capital for loans with the approval of the member State concerned. France had already set the example. In connexion with the other solutions proposed, France, in its present situation, was unable to support a proposal to increase the portion of the capital subscribed or to increase the total capital of the Bank. Without excluding the possibility that the Bank might borrow from the governments or central banks of the lending countries, he felt obliged to make it clear that, in the foreseeable future, France could not be included in the category of lending countries.

5. In a commendable analysis preceding the conclusions in chapter IV, the report stressed the inadequacy of existing monetary reserves and the lack of balance in their distribution. Unfortunately, a major part of international monetary reserves was concentrated in the United States, while other countries' import requirements from the United States were increasing and concomitantly the import requirements of the United States from other countries were not rising in proportion to the national income. Referring to the table of American imports distributed by the United States representative, showing that the volume of imports was increasing, Mr. Boris pointed out that the level of imports was still lower than at its previous peak. To ensure harmonious expansion in world economy which was increasingly dominated by the United States economy, imports by the United States should, all things being equal, represent at least a constant percentage of the gross national production of that country. The period of 1925-1929 was probably the most suitable base period. At that time United States imports had been 4.6 per cent of the gross national product and that figure, which had fallen extremely low immediately after the war, had risen to only 3.3 per cent in 1950. It should also be noted that in view of changes which had occurred since 1929, a return to the percentage of imports achieved that year would not be adequate to ensure balance by compensating for the loss of dollar income suffered by European countries since that time. An increase in the percentage of imports by the United States was therefore an essential requisite.

6. Even if the United States took no action to restrict imports, the prospects for equilibrium in the balance of payments were not promising. The French delegation subscribed to the considerations in paragraph 116 on the inadequacy of the reserves of countries other than the United States.

7. During the discussion of the report of the Fund (E/2169 and Add.1) the French delegation had expressed its view on the question of the Fund's resources as an element in the monetary reserves of member States (584th meeting). If they were to be so regarded, they must be fully available to the country concerned in case of need. Yet the automatic drawing right within prescribed limits set forth in article V, section 3 of the Articles of Agreement had been in effect eliminated by a decision of the Board of Governors making all drawings of any kind subject to its approval, not merely those under article V, section 4. The Fund's resources could therefore not properly be considered as secondary resources. Once there was no difference in treatment between drawings below the ceilings of 25 and 200 per cent, the significance of the recommendations in paragraphs 127 and 128 of the report for increasing the

¹Resumed from the 625th meeting.

²United Nations Publications, Sales No.: 1951.II.A.2.

limits was lost. In connexion with paragraph 129 he wondered how the Fund could legally require members to commit themselves to repurchases on fixed dates when they had not been declared ineligible in accordance with the procedure of article V, section 5, or when the report provided for in that section had not been sent to them.

8. While the French Government could not oppose a request for liberalization of the policy of the Fund, it could not agree that such so-called liberalization should fall short of what the existing provisions of the texts, if literally interpreted, already contained. Some remedy should preferably be found by the experts before they considered measures involving amendment of the Bretton Woods Agreement. As the question had arisen, the experts and the Fund might be asked whether amendment of that Agreement was envisaged and whether it was politically possible.

9. In connexion with the suggestion for increasing the resources of the Fund, the French Government considered it impossible to determine in advance whether the Fund's resources would be adequate. In any case it was unlikely that all members of the Fund would agree to increase their subscriptions, especially as they had agreed to the original contributions in 1945 only in view of the section granting the drawing right, which had later been abandoned through a mere interpretation and not by amendment of the Articles of Agreement. Moreover the French Government would encounter the same financial difficulties in increasing its participation in the Fund as in increasing its participation in the Bank.

10. Chapter II, on international commodity arrangements, presented a relatively new proposal for the conclusion of a network of commodity arrangements as a means of ensuring general economic stability and full employment, thereby closely linking chapters VI and II of the Havana Charter. In view of their terms of reference, the experts had rightly considered the problem in the light of the impact of price fluctuations on underdeveloped countries, which produced primary products. It should, however, be noted that industrialized countries also suffered from price fluctuations. There was agreement in principle on the desirability of price stabilization, but opinions differed as soon as it came to determining the normal level of prices of given products. Despite the difficulties, the possibility of concluding commodity agreements should not be rejected.

11. The problem, even in its simplest form in connexion with single products, was very difficult. It would be pointless to complicate the situation further by seeking to establish parity relationships between raw materials and other primary products. In view of the statements in paragraph 44 of the report, the possibility of seeking a solution of the general problem of parity or terms of trade on a multilateral basis must be excluded. There was nothing, however, to prevent States wishing to negotiate bilateral agreements from arranging for exchanges involving parity prices.

12. The French delegation in general supported the experts in their advocacy of commodity arrangements and was prepared to accept a general recommendation in favour of consultation and action on the question of commodity by the Secretariats of the United Nations and of the Interim Co-ordinating Committee for Inter-

national Commodity Arrangements, provided that there was no interference with the Washington International Materials Conference or overlapping with that body. It was preferable to seek to conclude such arrangements during periods of stability rather than crisis. In the view of the French Government, commodity arrangements were necessary stabilization measures in time of shortage as well as in time of surplus; the best would be bilateral arrangements modelled on the Wheat Agreement. The recommendation for a single convention on all commodities was unacceptable; the problem should be envisaged only in terms of a series of separate agreements on individual commodities, with separate though possibly parallel negotiations.

13. With regard to the creation of buffer stocks, it did not seem to be the task of the Bank to ensure their financing, as they were not long-term investments. An appeal to the Monetary Fund would be better founded, for the Bretton Woods Agreement allowed drawings, the repayment of which was guaranteed by pledges.

14. The French Government supported the principle of international action in the field of commodities in order to achieve greater economic stability. France firmly advocated international organization of markets and would continue to take all possible measures to achieve that goal.

15. The experts were optimistic in their estimation of the probable success of a commodity arrangements policy. They believed it still more probable as, in their view, the traditional downward trend of raw-material prices was about to be reversed. Curiously, the report of the Materials Policy Commission appointed by the President of the United States made a similar forecast. Yet there were serious elements of uncertainty, such as the development of synthetic and substitute materials, to say nothing of the vast possibilities of atomic power.

16. Mr. LESAGE (Canada) said it had been recognized from the Council's inception that one of its principal functions would be to facilitate the efforts of national governments to achieve and maintain high and stable levels of employment, income and trade and thus encourage higher standards of living for all people.

17. His delegation heartily supported the view expressed in the first sentence of the report that the major countries of the world now had both the will and the means to avoid deep and prolonged depressions. The experts concerned themselves primarily with the problems arising out of the impact of recession in the major countries upon the economic stability of other countries. It would be over-optimistic to expect that minor fluctuations could be entirely avoided in the future, but it must be recognized that a minor recession in the large industrialized countries might have a serious impact on the economies of others, particularly those highly dependent on the production and export of primary commodities.

18. The report before the Council was more helpful than that prepared in 1949 on *National and International Measures for Full Employment* (E/1584).³ It recognized that there was no set of fixed rules or automatic formulæ which could replace the exercise of responsi-

³ United Nations Publications, Sales No.: 1949.II.A.3.

bility by national governments. International institutions could be of assistance, but at best they could merely supplement appropriate governmental policies. Therefore, while it was understandable that the major portion of the report had been devoted to international efforts, more detailed consideration might have been given to national policies for the achievement of international economic stability.

19. Countries experiencing balance-of-payments difficulties should take vigorous measures to bring inflation under control, to establish domestic stability through appropriate monetary and fiscal policies, to maintain their production and exports in a competitive position, and to rebuild their monetary reserves. Surplus countries should maintain and extend liberal trade policies and thus make it possible for the deficit countries to achieve equilibrium. Unless the large industrial countries were prepared to accept imports in payment for their exports, it was difficult to see how international stability could be re-established. Countries which required foreign capital should create an appropriate domestic environment and countries which had capital available for export should adopt policies which would ensure a steady and reliable flow of that capital.

20. He feared that the new concept of anti-cyclical action by the Bank expounded by the experts would not be fully consistent with the purpose for which it had originally been set up. The rate of development in the under-developed countries should be geared to their basic needs and capabilities rather than to the phases of the economic cycle.

21. It had been suggested that greater use of the Bank's resources during a recession might be obtained by lowering its standards of credit-worthiness. Such a policy, however, might prejudice the Bank's role in providing investment capital by damaging the confidence and sound reputation it had established. A more desirable method would be to concentrate on the real difficulties impeding a fuller use of its resources. The countries seeking capital should make every effort to prepare a sufficient number of sound, well-conceived development projects which qualified for financing by the Bank. If it became evident that a greater number of investment projects were forthcoming than could be financed from the Bank's existing resources, he believed that countries would be willing to meet the problem of providing the necessary funds; his country at least would be prepared to consider all reasonable proposals for expanding the Bank's resources.

22. The Bank itself was constantly reviewing the adequacy of its resources and there was no evidence that it had been backward in seeking to expand its operations. It thus seemed desirable that the Bank itself and its members, most of whom were also members of the Council, should be allowed to make any decisions respecting its future scope of operations.

23. His delegation agreed with the experts' view that the present level of monetary reserves was inadequate to meet the impact of even a moderate decline in economic activity in an important industrialized country. It felt, however, that the emphasis on the need to expand international reserves had been somewhat overstated and that more attention should have been given to the problem of raising national monetary reserves. It

would be wrong to regard the International Monetary Fund as having primary responsibility for protecting its members against the impact of recessions. The Fund's resources provided a second line of reserves to be used to help members meet balance-of-payments deficits due to a recession abroad, but the main burden must rest on national governments.

24. His delegation could not accept the experts' suggestion that the Fund's resources would need to be at least doubled to meet a recession of the kind experienced in 1937 or 1949, and made certain proposals for the obtaining of those additional resources. It was not an increase in resources that was required; greater use should be made of the resources at the disposal of the Fund. The Fund had not been intended to be a source of long-term capital but a "revolving fund" to deal with temporary balance-of-payments difficulties. If the Fund were to make extensive use of its resources before the countries suffering from structural exchange difficulties had overcome them, the resources would be dissipated without achieving the basic objectives for which the Fund had been set up. It was therefore apparent that the first essential was for the deficit countries to make every effort to overcome their structural and inflationary difficulties. With regard to the suggestion that the Fund should modify the contractual repurchase obligations, he noted that it had recently adopted policies and procedures which went a long way towards meeting the experts' recommendations without modifying its Articles of Agreement. He endorsed the view expressed by the Managing Director (584th meeting), that the Fund could operate with sufficient flexibility without any fundamental changes in the Agreement.

25. His delegation supported the view of the experts that no new international agency was required to administer commodity agreements. His Government had long recognized that problems affecting the production and trade in raw materials and primary foodstuffs might require special measures of international co-operation. It believed that with respect to certain commodities, inter-governmental commodity agreements would serve a useful purpose; at the same time it did not believe that commodity agreements in themselves would be a panacea. It also seemed clear that a comprehensive scheme to include simultaneous commodity agreements for a wide range of commodities was not practical at the present time, since the arrangements needed differed from commodity to commodity and must be worked out and put into effect by the country mainly concerned in each case. If fewer commodity agreements had been negotiated than some countries might desire, it was not because the international mechanism had been inadequate but because of the reluctance of producing or consuming countries to enter into long-term commitments. In almost every case the central points of disagreement had been the questions of price and quantity. The most effective approach appeared to be to continue the study group and conference technique, based on equal representation of producers and consumers.

26. Lord SELKIRK (United Kingdom) said the Council's attention, from its earliest days, had been focused on the twin problems of progress and stability. One of the methods which the Council had found most effective in the performance of a function that was primarily educational was the calling for reports by *ad hoc*

groups of independent experts. The report now before the Council was, in a sense, a sequel to the 1949 report on *National and International Measures for Full Employment*.

27. As he had already indicated, his Government continued to attach great importance to the pursuit by the principal industrial countries of the world of adequate domestic policies for maintaining full employment. Success in maintaining full employment since the war had been greatly facilitated by two non-recurrent factors: post-war reconstruction with the accompanying sellers' market, and the re-armament boom. The problem of unemployment had now returned and was likely to remain. That did not, however, mean that the world was free from the dangers of inflation. One of the most distressing features of recent experience was that it was quite possible for unemployment and inflation to co-exist.

28. On the whole, the analysis of the type of domestic policies required to maintain full employment without inflation given in the full employment report had been sound. The experience of the past two years had, however, brought out several points which had been too lightly treated in that report. The experts had attributed too little importance to credit control as a means of containing excess demand and inflationary tendencies and had somewhat rashly asserted the view that a lack of structural balance was unlikely to present serious difficulties in peace time. The principal lesson, however, had been that inflation might occur even at times when full employment was far from being achieved, from the attempts of the various groups in the community to attain or preserve a given standard of real income, irrespective of what might be happening to the real income of the nation as a whole. One of the major problems of the next few years was to devise means whereby the various groups in the community could be induced to exercise self-control and refrain from trying to take out of the national product more than they put into it.

29. The international aspects of the problem of economic stability arose from the fact that a decline in the demand for goods and services in any important country was likely to lead directly to a decline in demand, prices, production and employment in the rest of the world. Moreover, through its indirect effect on the balance of payments and external reserves of other countries, it might compel them to depreciate their exchanges, restrict their imports of essential goods or even abandon their domestic full-employment policies.

30. The full employment report of 1949 had attempted to solve that problem by placing on governments the onus of making a steady supply of their respective currencies available to the outside world, and had put forward two plans to that end. The Council at its eleventh session had passed a resolution (290 (XI)) which represented one or two cautious steps in support of the principles underlying the experts' proposals. Those valuable declarations should not be lost sight of. It had, however, been widely felt that the type of automatic adjustment suggested in the experts' schemes was not likely to appeal to the governments and peoples who would be called upon to provide the finance.

31. The appointment of the expert group to prepare a report on measures for international economic stability had been motivated by the desire to obtain more gen-

erally acceptable suggestions for ways of dealing with the problem of reducing the international impact of recessions. The report developed a number of ideas which had been discussed to some extent at the Bretton Woods Conference and formulated in 1946 in a memorandum circulated by the United Kingdom Government to the Preparatory Committee of the Trade and Employment Conference. The experts proposed a triple attack on the problem of instability: through commodity agreements, by stabilizing the international flow of capital, and by increasing the available supply of international monetary reserves.

32. A common feature of those proposals was that they attempted to mitigate the balance-of-payments difficulties which would otherwise arise as a result of a depression. His country had had a good deal of experience with balance-of-payments difficulties in recent years and it had seen that the most effective assistance in meeting such difficulties came either from a country's own gold and currency reserves or from financial resources made available to it under bilateral or multilateral agreements to be drawn upon as required, or from *ad hoc* arrangements between governments. Experience, however, left it doubtful whether speedy and adequate assistance could be expected from the discretionary action of large inter-governmental bodies hampered by rigid formal constitutions and limited resources.

33. The second lesson of experience was that when most countries were operating in conditions of almost full employment, large and serious fluctuations in the balance of payments could result from relatively small disturbances in the level of aggregate demand and employment in particular countries. He wondered whether the experts had realized the full implications of that fact. A recession similar to that of 1937-38 starting from a position of full employment would occasion far greater disturbances in international payments than one which started, as the 1937-38 recession had started, from a position in which most of the main industrial countries had ten per cent or more of their labour force unemployed. Not only, therefore, must they anticipate payments disturbances rather bigger than those which the experts had in mind, but they must realize that policies for dealing with those disturbances should not be too closely geared to the prior diagnosis of the existence or otherwise of old-style "depressions".

34. His Government was in general agreement with the experts' observations about the desirability of international commodity arrangements, in particular that wild fluctuations in primary product prices served no economic purpose and that greater price stability would foster a steady development of the primary producing countries and would lead to a greater volume of investment in the production of primary products themselves. International commodity arrangements could be very helpful in stabilizing market conditions, provided that they were worked out commodity by commodity and were based on principles such as those set forth in chapter VI of the Havana Charter, especially the principle that producing and consuming countries should be equally represented on the bodies responsible for drawing up and administering such agreements. It was desirable to consider arrangements aiming at producing a degree of stability in market conditions over a period of years and providing against shortage as well as

surplus. The provisions of the Havana Charter were sufficiently flexible, if reasonably interpreted, to cover all such stabilization agreements as governments might wish to conclude. If such agreements were to be mutually beneficial to producers and consumers, the prices must be such as to maintain a long-term equilibrium between demand and supply. He agreed with the experts that any attempt to fix prices of primary products at some so-called equitable level in relation to prices of other goods was neither practicable nor desirable. Most of the experts' other recommendations with regard to commodity arrangements were acceptable, but his Government agreed with the United States delegation that buffer stocks should be financed by participants in the scheme rather than by the International Bank. Any particular commodity arrangement must fit particular circumstances and must be worked out by those with expert knowledge and power to negotiate on behalf of their governments. He agreed with the experts and the representatives of the United States and of the FAO that the existing international machinery for concluding commodity arrangements was adequate. The Council should commend chapter II of the report to the favourable attention of Member governments.

35. His Government was also in broad agreement with the views expressed in chapter III of the report. However, so long as the rate of progress in the under-developed countries was too slow, the objective of maintaining the highest practicable rate of sound development must over-ride that of securing stability. To hold up a programme of development work that could be carried through immediately, simply for the sake of having reserves to meet a depression, would not be justified. Nevertheless, there might well be some scope for countercyclical lending by the International Bank during times of recession, and also by national governmental agencies. The scope for such action by governments would of course be necessarily limited, but it was hard to see why it should be more closely circumscribed than that of the Bank. That possibility had been somewhat underestimated in the report.

36. In connexion with Chapter IV, he outlined the history of the basic monetary reserves and its influence on cyclical fluctuations, and concluded that world reserves were inadequate and likely to become more so as the volume and value of world trade increased. Trade balances, too, had become more unstable and governments had been forced to resort to unsatisfactory expedients to protect their reserves. The manner in which the world shortage of reserves could be remedied was a problem requiring further study. In times of recession the Fund should certainly exercise its power to raise the percentage restriction on annual borrowing and even, in certain cases, waive the rule that its holdings of a country's currency should not exceed 200 per cent of the country's quota. It was an understatement to say, as the experts did, that the resources of countries other than the United States, even when supplemented by recourse to the Fund, were in general barely sufficient to meet the unforeseen emergencies that arose from time to time even in periods of general world prosperity. The reserves would be entirely insufficient, were it not that they were supplemented by a battery of restrictions, which clogged the movements of trade and payments. Yet, on balance, it would be premature to

arrange for an increase in the Fund's resources when there were still \$3,000 million in gold and dollars available for use. The Fund should rather be encouraged to continue its recently adopted policy of more generous lending in return for firmer assurances of repayment, and should throw in its resources for what they were worth when they were most useful, namely at the outset of the recession, and trust in the common sense of governments to replenish them if they should become exhausted in a good cause.

37. His delegation would submit a draft resolution (E/L.387) in connexion with the experts' report.

38. The PRESIDENT invited Mr. Santi, representative of the World Federation of Trade Unions, to address the Council.

39. Mr. SANTI (World Federation of Trade Unions) said that at the Council's ninth session his organization had taken the initiative of proposing the inclusion of the question of full employment in the Council's agenda. WFTU had submitted written comments on the report of the first group of experts and, while criticizing its inadequacies, WFTU had stressed that some of its proposals were acceptable to it and the Council had in general approved the report. Yet it had become obvious that no government had taken any effective steps to combat unemployment. On the contrary, unemployment, which had been serious only in Belgium and Italy when the Council had last discussed the subject, had spread to all industrialized capitalist countries and partial unemployment was ravaging the under-developed countries. The conversion of capitalist economy to war production had not, as some members of the Council had formerly anticipated, led to the maintenance of full employment, but had in fact caused a vast increase in unemployment, particularly in the industries undergoing conversion from peace to war production.

40. The new report before the Council, on *Measures for International Economic Stability* was based upon the same erroneous Keynesian theories as the previous one had been. No attempt had been made to go to the root of the problem; the recommendations were merely attempts to mitigate the crisis. The experts, moreover, were inconsistent: they deprecated the idea that a depression—which they called a "recession"—was an immediate problem, but also pointed to the threat of very serious fluctuations in employment in the United States which might endanger the stability of the rest of the world. They stated that adequate safeguards must be sought against such fluctuations, but could recommend only international commodity arrangements and buffer stocks created by the International Bank, the increase in loans by the Bank and recourse to increased reserves of the International Monetary Fund.

41. A searching analysis of those recommendations showed that the experts really believed that it was more important to bolster the United States against a crisis than to seek measures for international economic stability. They would in fact merely strengthen the United States' hold over Western Europe and other capitalist countries. That was quite clear from paragraph 141, which was tantamount to a recommendation that the United States should export the consequences of its own crisis to other countries in such a way as to bind them closer to its tottering economy, rather than

endeavour to find some way of safeguarding them against being dragged down by a general depression. In reality, the prerequisite for international economic stability was true and independent economic co-operation among all countries, regardless of their economic and political structure.

42. Furthermore, the WFTU could not subscribe to the experts' basic theory that full employment was really a question of degree, because that implied accepting the capitalist view that a permanent reservoir of unemployed was necessary in order to stabilize capitalist society and to increase profits; the theory was inhuman.

43. The immediate causes of unemployment varied from industry to industry, but the general and fundamental reason in the current situation was the re-armament policy. Since purchasing power was falling, sales and production were also decreasing. Unemployment in certain industries was due to the lack of raw materials, diverted to armaments and military purposes or to stockpiling; in others it was due to the interruption of normal trade routes between East and West, to the cessation of government spending for civilian purposes and to the waste of labour and materials on non-productive investment. The solution was not to be found in increased armaments, but in economic reforms, which could be carried out even in a capitalist society.

44. The WFTU therefore suggested that the Council might bear in mind the following proposals in any decision it took on full employment: that any State basing its policies on the principles of the United Nations Charter should regard as its most important task

the effort to attain full employment and to combat poverty and unemployment, and, to that end, should promote the progressive reduction of armaments, the increase of investment in civilian production and an effective policy of productive full employment on a peacetime footing, should regularize and develop international trade through genuine economic co-operation among all countries, and should constantly improve the workers' living standards by increasing purchasing power, by guaranteeing the right to work and by bettering its social security system. The WFTU hoped that the Council would also bear in mind the specific suggestions which that organization had made to the Commission on Human Rights regarding the right to work (E/CN.4/NGO/28).

The discussion was adjourned.

Prevention of discrimination and protection of minorities: report by the Secretary-General under resolution 414 (XIII), section B III, paragraph 23 (E/L.384) (concluded)¹

DATE OF THE SESSION OF THE SUB-COMMISSION

45. The PRESIDENT drew attention to the Secretary-General's suggestion (E/L.384) regarding the date of the Sub-Commission's next session.

That suggestion (E/L.384) was adopted without discussion.

The meeting rose at 5.55 p.m.

¹Resumed from the 621st meeting.