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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:
Netherlands, Turkey.

The representatives of the following specialized agencies:

International Labour Organisation, International Monetary Fund.

Full employment, and report of 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, E/L.313, E/L.387, E/L.388, E/L.389, E/L.390) (continued)

[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/243/Add.3, E/2257) (continued)

[Agenda item 5 (f)]

1. Mr. HASAN (Pakistan) said that the subject of economic stability concerned all countries, but more particularly the under-developed countries in disturbed times such as the present; his delegation was therefore particularly grateful to the experts who had drawn up the excellent report on *Measures for International Economic Stability* (E/2156)¹ for their recommendations on measures required to mitigate the effects of depressions.

2. The report before the Council was in some sense a sequel to the two previous reports entitled *National and International Measures for Full Employment* (E/1584)² and *Measures for the Economic Development of Under-Developed Countries* (E/1986)³. Although the main lines of the analyses were similar, the reports differed, inasmuch as the earlier one had placed implicit faith in appropriate fiscal policies as the cure for unemployment and had ignored the dangers of prolonging inflationary tendencies, whereas the latter was more realistic in its appreciation of the changes in the structure of the post-war world economy.

3. The previous report on full employment had sought, by establishing an automatic mechanism, to insulate the rest of the world against any crisis that might start in one of the major countries, such as the United States.

¹ United Nations Publications, Sales No.: 1951.II.A.2.

² *Ibid.*, Sales No.: 1949.II.A.3.

³ *Ibid.*, Sales No.: 1951.II.B.2.

The measures recommended were in essence designed to prevent recourse to deflation and to stabilize both private and public investment in the under-developed countries by the more advanced countries.

4. The recommendations in the report before the Council were somewhat different. That report was based upon the assumption that future recessions would not be of the same magnitude as that of the early Thirties and that the loss of foreign exchange thus caused would be only temporary. It should not be forgotten, however, that most countries' existing reserves were too small to enable them to withstand recessions, even though such recessions might be of limited importance and duration. The Council had only to recall that the experts had calculated that if a recession, brief but relatively as serious as that of 1937-1938, occurred in the United States, and if it had a similar effect on the United States' foreign payments, the other countries' dollar income might well be reduced by some 10 thousand millions in the two-year period assumed, for the purposes of that calculation, as those of depression and recovery. Since most countries now held only 25 per cent of the value of their annual imports as currency reserves in gold and dollars, as compared with the 50 per cent they had held in 1937-1938, a minor recession would suffice to drain reserves in most cases in less than a year.

5. The three methods advocated by the experts in the new report (E/2156) for ensuring international economic stability were the conclusion of international commodity arrangements, the organization of the international flow of capital and the accumulation of international monetary reserves.

6. The experts suggested in connexion with the international flow of capital that the International Bank for Reconstruction and Development should be enabled, in the event of a depression, greatly to expand the volume of its lending. It would thus be able to offset the fluctuations that would occur in private international investment and thus to prevent a setback to development, particularly to the development of the under-developed countries. The Bank, however, had deemed it unrealistic to expect that it would or could expand its lending to an extent that would have any appreciable anti-cyclical effect. The Council would recall the statement made in that connexion by the representative of the Bank (624th meeting), and those members who were acquainted with the principles governing its operations would not be surprised at the Bank's attitude. Loans by the Bank were made subject to two conditions: the credit-worthiness of the requesting country—its ability to service and repay the loan in the currency in which it had been obtained—and the economic and technical soundness of the project for which the loan had been requested. If the project was satisfactory, the Bank would, subject to the stipulation that the requesting country enjoyed sufficient credit, grant the loan, irrespective of whether it was a period of prosperity or of depression. Yet, however necessary it might be considered, it could not be expected that the Bank would alter that principle in order to mitigate a trend towards depression. That was not equally true of the Bank's assessment of the requesting country's credit-worthiness. A country's credit was in direct and

continuous relation with its balance of payments. Thus, its ability to borrow would be at its lowest ebb in a period of depression, at the precise moment when it stood most in need of any help the Bank could give it in financing its development. Such a situation would be particularly damaging to the under-developed countries. The delegation of Pakistan wished to draw the Council's attention to that situation and to make a proposal which it hoped would gain its assent.

7. That proposal was as follows: when the Bank was assessing a country's credit-worthiness for the purpose of granting a loan during a depression, it should take into consideration that country's normal credit-worthiness, disregarding the temporary disequilibrium in the balance of payments that might be caused by the depression. Similarly, if the Bank was called upon to assess a country's credit-worthiness for the first time during a depression, it should make allowances for prospective improvement at the end of the depression, which would inevitably raise that country's credit rating.

8. Economic recessions could have another serious repercussion on the Bank's lending. Many European countries had stated their inability to release a part of their 18 per cent capital subscription for the purpose of loans. If a depression occurred, their economic position would deteriorate still further and they would be less able than ever to release that part of their 18 per cent. On the other hand, the under-developed countries' inability to borrow dollars was likely to increase as a result of the sharp fall in the prices of their exportable primary products. Their credit-worthiness was accordingly seriously threatened. It had therefore become even more important that borrower countries should not be called upon to repay in dollars a debt incurred in a currency other than dollars. Under the Bank's existing methods of operation, it obtained for countries which had no reserves in a currency other than dollars for the funds they needed in that currency, but they had to repay in dollars. In normal times, the reasons that could be adduced to defend that system were valid enough; but in abnormal periods of depression and dollar scarcity, that point could not but assume very great importance.

9. The Pakistani delegation, despite all its esteem for the authors of the report and for the report itself, could not place much faith in the efficacy of their proposals to extend the Bank's sphere of action. Yet, although it did not believe that the Bank could give any positive assistance in mitigating the effects of an economic depression, it did think that the Bank might justifiably be asked not to restrict its operations because a depression occurred, and especially to reconsider the terms on which it granted loans to the under-developed countries in currencies other than dollars.

10. The experts also advocated the creation of buffer stocks to be financed by the Bank. His delegation would be happy to see that proposal translated into reality. But it could not help thinking that if it was difficult to give price support for even a single commodity on a national basis, it was much more difficult to stabilize the prices of a large number of commodities on an international basis. Nevertheless, the proposal certainly deserved thorough consideration.

11. The experts further proposed the establishment of international monetary reserves. He had already referred to the smallness of the reserves of most countries, particularly the under-developed countries, as well as to the fact that those reserves were being rapidly depleted since the prices of raw products had begun to recede. If that recession became more marked, the International Monetary Fund would probably see an increase in the number of countries resorting to its help. But the report pointed out that the Fund did not have sufficient resources, which was contrary to the opinion of the Fund itself on that point. Members' quotas—allowing for the post-war rise in prices—were equal to only 10 per cent of their annual imports; and it was known that members could only buy from the Fund currency amounting to 25 per cent of their quota. The experts suggested that subscriptions to the Fund should be increased, and if that proved impracticable, that the Fund's lending policy should be made more liberal. His delegation thought that it would be of little avail to increase the resources of the Fund if the latter did not depart from the cautious policy it had followed during the past five years. The experts rightly urged the Fund to give its members the benefit of the doubt when their financial needs were not of the temporary sort which the Fund's operations were meant to cover. The Fund should also, in their opinion, be willing to waive the 25 per cent rule during a recession. Finally, they recommended that the Fund should make more variable and, in certain cases, more definite, its rules about the repayment of foreign currency borrowed from it. Those rules did not appear to be perfect for, as the *Economist* pointed out, if the majority of the Fund's loans were to be reimbursed in dollars, one recession might be stopped, but not a second, unless in the interval the United States had incurred a large deficit in its balance of payments. Since such an eventuality was unlikely, it must be concluded that the report's proposals were not quite complete. His delegation would like the Council to recommend that the rules governing the purchase of foreign currency by the members of the Fund should be made more flexible.

12. Mr. Hasan then discussed the commodity agreements recommended by the experts. Such emphasis had been laid on those agreements that the impression had been created that they were an unfailing panacea for all ills. His delegation did not share that opinion. In its view, commodity arrangements would play no useful part and might even break down completely if another severe depression similar to that of 1931 occurred. If the developed countries did not succeed in maintaining full employment, demand for primary products would suffer such a set-back that even the severest restrictions of output would fail to keep up prices. On the other hand, any restriction of output would aggravate the chronic under-employment in countries producing raw materials. The authors of the report thought that future recessions would probably be sharp but of short duration: if that were so, national action by governments would suffice to maintain the prices of raw materials.

13. A serious defect of international commodity arrangements and particularly of those aimed at fixing quotas, was that they introduced an element of rigidity

in international trade. They fixed the geographical distribution of output on the basis of a given year and tended to perpetuate uneconomic conditions of production by preserving, for high-cost producers, markets which they would certainly have lost in the absence of such arrangements. Commodity arrangements and in particular those providing for quotas might promote security of prices, but they did not necessarily bring about stable economic conditions. Quotas, the only aim of which was to stabilize prices, often sacrificed to that aim stability of production and consequently of employment. They had, moreover, the serious disadvantage of lending themselves to undesirable political manoeuvres.

14. The *World Economic Report, 1950-1951* (E/2193/Rev. 1⁴) pointed out that full employment, economic development of under-developed countries and commodity agreements should be considered as interlocking devices for promoting world economic stability and prosperity. Of those three factors, full employment and rapid economic development were undoubtedly the most important. If full employment could be ensured and the economies of the under-developed countries could be diversified by rapid development, commodity agreements would be of only relative utility, but in the absence of full employment and steady economic development, such agreements would be useless.

15. The FAO representative (624th meeting) had emphasized a very important aspect of the problem when she had stressed the need of achieving real stability and not merely stability in terms of money. His delegation shared her view that the conclusion of a series of agreements each dealing with a single primary product was unjustifiable both in theory and in practice. That, however, was the only kind of arrangement under consideration at that moment. His delegation did not think, therefore, that further steps should be taken in that direction for, in his opinion, international commodity agreements were not favourable to the economy of under-developed countries, to whose interest it would be to support the prices of their raw materials by national measures.

16. He was tempted to reflect that the fluctuations in raw material prices, which in the pre-war period had been imputed to the vagaries of economic cycles, should be increasingly attributed to vagaries in the policy of the leading countries. Rather than seeking to conclude commodity agreements, the developed countries should pursue a stable policy with regard to full employment, trade and foreign investments. Until those countries had given the necessary stability to their economic policy, the complicated systems which might be devised to control inflation and international commodity agreements would do no more than treat symptoms without curing the disease.

17. The under-developed countries of the world were in an unfortunate position which made it impossible for them to achieve full employment. Those countries were not confronted with the problem of periodical unemployment but rather with perennial under-employment. The authors of the report on economic develop-

⁴ *Ibid.*, Sales No.: 1952.II.C.4.

ment had stated that there was a surplus population of 25 per cent in those countries. He thought that what the experts meant was that the production of the present population was 25 per cent below the normal average. Nevertheless the experts had based their estimate of so-called surplus population on the work now being done in under-developed countries and not on the work which should be done in proportion to the existing natural resources. The Director-General of the ILO said in his report to the thirty-fifth session of the International Labour Conference that the economic situation in many countries was dominated by the fact that they were trying to do more than their natural resources would permit. Mr. Hasan noted that during the discussion of item 5 of the Council's agenda he had stressed the fact that nature itself had put a limit on the extent of economic development possible for each nation by the amount of natural resources with which each was endowed. Colonial factors and scientific progress had enabled some countries to develop beyond the limits of their natural resources, but history had shown that those advantages were only temporary.

18. In the contemporary world there were countries which were in difficulties because their activities greatly exceeded the limits of their resources; there were other countries in which the natural resources were unexploited and the human resources were considered a liability. Elsewhere again, the shortage of manpower hampered the development of natural resources. The inevitable conclusion was that there was maldistribution of population in the world. The delegation of Pakistan did not at present wish to raise the question of migration and transfer of population; it was, however, certain that that question must be taken into account if the question of full employment was to be considered in its human aspects.

19. He had already had occasion to state that the Council should consider the definition of development. For the purposes of the present debate, an under-developed country might perhaps be defined as a country of which the economy was sustained principally by the production of primary commodities. While the division of labour on a world-wide basis was advantageous, it was regrettable that, because of circumstance, the producers of primary commodities had always been at a disadvantage in relation to producers of manufactured goods. The economies of those two types of countries were closely linked and the world needed both of them. The tiller of the soil could rightfully claim equal remuneration for his labour, which was as essential and no less arduous than that of a factory worker. If such just treatment were granted, a major part of the causes of the economic conflict would disappear and agricultural work would no longer be considered as inferior to factory work. One of the methods of reducing the gap between the standard of living of the peasant and of the factory worker was to establish a relationship between the costs of primary products and of essential manufactured goods. It was unfortunate that the experts who had prepared the report under consideration had opposed such a conclusion. The delegation of Pakistan was of the opinion that the Council should ask the Secretary-General not to consider that position as final.

20. He would present on behalf of his delegation an amendment to the United Kingdom draft resolution (E/L.387) based on the main considerations which he had just presented to the Council.

21. Mr. GARCIA (Philippines) said that if he were personally to evaluate the annual sessions of the Council, he would designate each of them on the basis of its principal achievement. The year 1949 would be the year of technical assistance because of resolution 222 (IX), which constituted the original plan of the Expanded Programme. 1950 would be the year of full employment because of the special character of resolution 290 (XI). 1951 would be the year of land reform because of resolution 370 (XIII), which made land reform the keystone of economic development. While it was still too early to judge the achievements of the current session of the Council, he considered that session important, not because of a specific achievement, but because of the supplementary measures the Council was adopting to encourage the economic development of under-developed countries.

22. At the current session the Council had already adopted a resolution (E/228 and Corr.1) setting up a committee to prepare a detailed plan regarding the establishment of a special fund to accord grants-in-aid and long-term loans to under-developed countries. It had also made progress in considering the possibility of setting up an international financial corporation to help private enterprises which wished to operate in under-developed countries. If the Council could take practical steps to implement the recommendation of the group of experts on increasing the economic stability of under-developed countries by making their economies less vulnerable to price fluctuations of their export products, he would feel that the current session had achieved very substantial results.

23. The undertaking assumed under the terms of the Charter with regard to full employment was threefold; it related to higher standards of living, full employment and conditions of economic and social progress and development. It was based not only on purely economic concepts but also gave consideration to the social effects of poverty and degradation due to unemployment.

24. It was now certain that full employment could be attained within the democratic framework of free enterprise. Also it seemed almost generally accepted that the problem of full employment could be resolved only on the basis of an expansion of world economy, the most important factor being the economic development of under-developed countries.

25. For the economically under-developed countries which were exerting tremendous efforts to carry out their programmes of economic development, primarily through public investment, the achievement of full employment depended primarily on the rate of their economic progress. If the demand for their primary products on the world market fell, the execution of their programmes of economic development would inevitably be slowed down and when the rate of exchange became unfavourable, the acquisition of capital goods had to be slackened. As the representative of Pakistan had said at the thirteenth session of the

Council,⁵ the shortage of capital goods as compared with the requirements of development made it very difficult to transfer labour to sectors of production which were less sensitive to such variations. Moreover, the tendency to concentrate labour in export industries which had been most favoured during the period of prosperity for exports of primary commodities had distorted the distribution of employment, and a re-organization would be necessary.

26. The representative of the United States, in a statement made during the debate on the world economic situation (590th meeting), had clearly explained how his country intended to maintain a high level of production and employment when defence production had reached the level at which national security could be maintained. He had also offered cogent reasons for the conclusion that the problem of adaptation would not be nearly as difficult as it had been after the Second World War. That assurance was most encouraging, given as it had been by the representative of a country of which the domestic position was today probably the major factor in the world economic situation.

27. The problem as a whole, however, indicated more clearly than ever not only the inter-dependence between full employment and economic development but also how essential it was that each country should endeavour to participate in international measures in order to overcome its difficulties.

28. That was why the delegations of Pakistan and the Philippines had jointly and successfully submitted the draft (E/L.216/Rev.1 and Add.1) which became Economic and Social Council resolution 371 (XIII), under the terms of which the questionnaire on full employment was amended so as to take into consideration any special problems facing the under-developed countries.

29. There was much to be learned from the debate on the report of the group of experts on *Measures for International Economic Stability*. The main theme was the economic vulnerability of the under-developed countries to any excessive instability in the price of their primary export products. As indicated in the report, the chief result of a decrease in their export revenue was an inevitable slackening in the growth of the development programmes essential to their future. The problem, however, could not be resolved by the conclusion of multilateral or bilateral commodity arrangements. It appeared essential, in view of the relationship between the price of primary products and that of manufactured goods, that arrangements should be concluded so as to fix maximum and minimum prices for both primary products and capital goods.

30. The highly developed countries were interested in the price of raw materials; the under-developed countries, however, were just as interested in the price of manufactured capital goods. If international measures were necessary to ensure a fair distribution of wheat and sugar, international measures were obviously just as necessary to provide the under-developed countries with manufactured steel goods in reasonable quantities and at fair prices.

⁵ Official Records of the Economic and Social Council, Thirteenth Session, 507th meeting.

31. It was quite possible that, as indicated by the United Kingdom representative in his statement on the world economic situation (587th meeting), the price of primary products and that of manufactured goods were both subject to the free play of the law of supply and demand, the level of demand in developed countries being the determining factor. In the final analysis, however, price levels were established in terms of the requirements and desires of steel producers rather than those of sugar-cane or coffee planters.

32. The Argentine representative, during the debate (611th meeting) on the FAO report (E/295 and Add.1-3), had given an interesting example of the relationship between the price of primary products and that of manufactured goods. Whereas in 1928, 47 tons of Argentine grain had been needed to buy a tractor, in 1940 the amount had been 140 tons, and in 1950, 193 tons.

33. The best over-all solution to the problem would be to establish a balance on a continuing basis, taking into account the rapid structural changes occurring in the under-developed countries. To reject that solution would be to admit that the stratification of world specialization in its present form was required.

34. There was no inconsistency between economic development and economic stability, as the one complemented the other. The rate of development might be increased by greater economic stability. On the other hand, a country became economically more stable as its development progressed.

35. International commodity arrangements had been advocated for some years past. There appeared, however, to be general preference for the solution provided in the Havana Charter and endorsed by the Council, requiring a separate arrangement for each commodity. The chief argument in support of that solution was that countries were not interested in every commodity to the same extent. An international organ concerning itself with a wide range of commodities should therefore be of major importance and universal in character. The Philippine Government shared that view, as proved by its participation in international sugar arrangements.

36. However, measures adopted to solve problems concerning a specific commodity could provide a solution only for that commodity. The *Review of International Commodity Problems 1951* (E/2181)⁶ showed that certain economic facts, particularly a general decrease in effective demand or monetary difficulties, seemed to call for a broader solution.

37. In their report on *Measures for International Economic Stability*, the experts considered that, for two reasons, the time had come to make another attempt. First, the future trend in all fields of production would be upward; secondly, if prices were more likely to rise than to drop, importing countries would be less alarmed lest arrangements to stabilize the commodity market might cause a detrimental price increase. The experts, as indicated in the report, were strengthened in their conviction by statements recently

⁶ United Nations Publications, Sales No.: 1952.II.D.1.

made by some political leaders in the two major importing countries.

38. The conclusion of a series of long-term commodity arrangements seemed to offer the best solution. The Philippine delegation warmly supported the statement by the experts that the basic objective should be to reduce fluctuations. The experts made a reasonable recommendation in stating that the allocation of maximum production quotas should be avoided, since it might distort geographical distribution of production and lead to failure to utilize resources.

39. The United Kingdom representative, in his statement on the previous day, had admitted that buffer stocking might provide a valuable and effective method of mitigating wild fluctuations in the price of commodities. He had also stated that the circumstances in which that measure became essential might, in so far as the balance of payments was concerned, cause difficulties which would prevent some countries from providing additional contributions to finance buffer stocking. It should be pointed out, in reply, that the campaign against undue instability in commodity prices was of such priority as to induce countries, precisely because of their difficulty in balancing payments, to contribute to buffer stocking.

40. The Philippine delegation was convinced that the Council should do more than commend the work of the experts and that it should unanimously thank them. The debate held in the Council was evidence that the Council appreciated their valuable contribution. It would be most unfortunate if the Council failed to make use of the study to adopt specific measures, particularly in the matter of buffer stocking. The Council might, for instance, act on the proposal by requesting a broader study of the technical problems involved in buffer stocking. The Council, in so doing, would not commit itself in advance to accept the plan. The study might, however, provide the basis for subsequent action.

41. Steadiness in the rate of economic development was an extremely important factor in the consideration of measures for stability. The International Bank could play a useful part in accelerating the rate of development in the under-developed countries in periods of recession. It could vary the size of its loans so as to counterbalance economic fluctuations. In that connexion, he paid a tribute to the spirit of understanding shown by the United Kingdom representative, with regard to the experts' recommendations, in declaring that despite certain technical difficulties the Bank could agree that the granting of loans to counterbalance economic fluctuations was to some extent compatible with its primary obligation of promoting rational development.

42. On the other hand, he did not understand the statement of the Canadian representative (627th meeting), who said that the Bank's terms of reference did not authorize it to combat depressions by financing. In point of fact, the International Bank was an institution for promoting reconstruction and development, and the fact that no amendment to its statutes would be necessary in order to allow it to grant loans if the requests came from governments, showed that technical considerations would not prevent it from acting.

43. With regard to the possibility of increasing the Bank's capital, Mr. Garcia felt that such a measure would in any case prove necessary when the Bank reached the limits of its power of borrowing and guarantee. Taken all round, that was one aspect of the problem which paragraph 5 of the draft resolution submitted by the United Kingdom delegation (E/L.387) would make it possible to solve.

44. With regard to paragraph 6 of the United Kingdom proposal, which recommended governments to increase the flow of capital to the under-developed countries in times of recession, he felt that the recommendation was fully justified. He hoped that the paragraph would be adopted and that governments would make it their duty to comply with it.

45. He noted that the question of international monetary reserves was of special importance. He had been struck by the statement of the experts to the effect that countries other than the United States had on an average gold and dollar reserves equal to about 25 per cent of their annual rate of imports. Since experience showed that fluctuations in the average prices of primary commodities were in the order of 35 per cent, it would appear that the measures to be taken in that field were of particular interest to the under-developed countries.

46. The Philippine delegation associated itself with the United Kingdom delegation's proposal that the International Monetary Fund should waive the 25 per cent rule and in certain cases the rule limiting its holdings of a member's currency to 200 per cent of that member's quota.

47. He recognized that the experts had strong reasons in favour of recommending an increase in the resources of the International Monetary Fund. It was true, as the experts' report had pointed out, that most of its members had enjoyed sizeable export receipts and that very few countries had requested assistance from the Fund. However, it was possible that in the near future there would be urgent and perfectly proper demands upon the Fund. It would then have to play the part expected of it, and could for that purpose have at its disposal substantially larger resources than it now possessed.

48. It had been noted that it would be premature to consider increasing the Fund's resources when it still had at its disposal 3,000 million in gold and dollars. However, the Philippine delegation felt that prevention was better than cure. As the experts had pointed out, in the case of a crisis affecting the great nations, the other countries of the world would feel less compelled to protect themselves against fluctuations and would consent more willingly to adopt a liberal economic policy if they could rely on assistance from the Fund. In that case, difficulties which might be encountered in transferring payments on foreign investments would also be reduced.

49. Those were the general observations which the Philippine delegation wished to make to the Council. It reserved the right to intervene again in the discussion when the Council examined specific proposals.

50. Mr. RODRIGUEZ FABREGAT (Uruguay) said that the United Nations had already been reproached for its lengthy discussions. It had been alleged that its organs incessantly repeated worn-out arguments without achieving tangible results. The Council itself had been accused of devoting a great deal of time to work which had no substance. Although such criticism might occasionally seem to have some justification, it was greatly exaggerated. It denied the Organization all value, without making any new or constructive contribution. He himself agreed with the United Kingdom representative, who had stressed the merits of the Council. Those merits, which included faith and perseverance, were real and it was by dint of perseverance that the Council would throw new light on the matters with which it was dealing.

51. Much progress had been achieved through the United Nations. In earlier days, the great Powers had divided the map of the world between them and the peoples had been the stake in the international struggle. The situation had begun to change more than a hundred years before with the proclamation of the Monroe Doctrine and later with the Declaration of Panama in which the voice of the three liberated Americas resounded. Lastly, the Charter of San Francisco, while emphasizing international co-operation, had made the economic fact a part of man's destiny. Terms once artificially isolated in academic use such as "export", "import", "economy", "factory" and "workshop", now had a common significance in relation to man, the common denominator. If the discussion was to reach a higher level, everything must be reduced to that common denominator; that was why the Council and the other organs of the United Nations engaged in those discussions which the Organization's detractors found interminable.

52. The speeches made in the discussion on economic stability had been outstanding, but it must be recognized that the experts' report was itself a remarkable document. However, he had pointed out that it came after a series of decisions by the General Assembly or the Council which centred on the idea of full employment, economic stability and social and economic advancement. Thus, the Council had already adopted resolutions regarding agreements on the lowering of customs barriers and on trade restrictions of every kind. Subsequently, the Council had decided to ask the Secretary General for an experts' survey of measures to ensure economic stability. He emphasized that the report must not be regarded as a strictly theoretical piece of work. The French representative (627th meeting) had placed the problem very accurately when he had said that the experts' report would be of only theoretical interest unless a hypothetical depression was envisaged.

53. Turning to the report on *Measures for International Economic Stability*, he noted that it recommended new measures at the international level in the sense already indicated by the authors of the report *National and International Measures for Full Employment*. It had been said in the report on economic stability that gold and dollar reserves, even increased by the supplements which could be envisaged from the International

Monetary Fund's present policy, were insufficient to cope with a serious decline in dollar receipts. The conclusions of chapter I were not encouraging, and the report did not propose any definite formula. The experts themselves admitted in paragraph 50 of the report that they were explaining difficulties for which they could find no ready solution. The report was neither optimistic nor pessimistic, but it was not quite as effective and useful as the Council could have hoped.

54. The experts had devoted a large part of chapter II of the report to a study of the instability of markets. In that connexion, he recalled that the representative of Belgium (625th meeting) had mentioned the need to maintain harmony between the industrialized countries and the under-developed countries, between industry and agriculture, and between the various industries. He agreed, but felt that he must point out that for the time being the harmony seemed in fact to be somewhat disturbed.

55. Chapter II of the report dwelt at length upon the concrete topic of international commodity arrangements. The experts said that in the long run fluctuations increased the cost of primary products to the industrial countries. Countries which ran the risk of such fluctuations must find compensation in higher prices; variations in demand, for example in minerals, required the installation and maintenance of capacity sufficient to meet the peak demand. A steadier output would reduce the capital charges. After stating the problem in those terms, the experts indicated how the industrial countries were seeking to avoid future shortages. They advocated the conclusion of international commodity arrangements. They indicated appropriate machinery and also recommended the constitution of buffer stocks. He fully appreciated the importance of such measures, which would promote steady development in the under-developed countries. He recalled that his delegation's attitude had been the same on the study of the world economic situation and the question of investment in the under-developed countries.

56. Agreements regulating prices were a means of raising standards of living in normal times. He stressed the part which the International Bank and the International Monetary Fund could play in raising standards of living or maintaining them in periods of crisis. Through loans from those agencies, men, the source of labour and energy, could achieve full employment and enjoy those basic human rights, the right to life and the right to work.

57. The United States representative had said in his speech (624th meeting) that it was unlikely that the depression of 1930 would recur. He agreed with the United States representative that some minds were influenced by a disaster complex. He also recalled the United States representative's argument that neither the First nor the Second World War had started in the United States and that the economic confusion which had followed the two wars had not been the doing of the United States. For his own part, he refused to be impressed by economic studies which announced the coming of disaster. He expressed his admiration for the industrial revolution which, through the expansion of the railways and the building of fac-

tories, had made it possible to realize all the hopes of the first American pioneers. Those achievements gave all who believed in the future of mankind grounds for hope. He believed that the economic situation should be studied critically but at the same time energetically

and constructively, and urged upon the Council the need to revise universal economic values on the basis of human dignity.

The meeting rose at 1 p.m.