



ECONOMIC AND SOCIAL COUNCIL

Twenty-second Session

OFFICIAL RECORDS

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President: Mr. ENGEN (Norway).

Present:

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

Observers from the following countries: Bulgaria, Chile, Hungary, Italy, Mexico, Poland, Romania, Spain, Venezuela.

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.

In the absence of the President, Mr. SAID HASAN (*Pakistan*), *second Vice-Chairman*, took the Chair.

AGENDA ITEM 2

World economic situation

- (a) Survey of the world economic situation, including the questions of full employment and of the expansion of world trade (E/2864, E/2871 and Add.1 to 6, E/2880, E/2881, E/2882, E/L.734) (*concluded*)

GENERAL DISCUSSION (*concluded*)

1. Mr. JURKIEWICZ (Observer for the Government of Poland) said it was natural that much of the discussion should have been devoted to the ever-growing disproportion between the rates of development of the advanced and the less developed countries. Despite the fact that the latter were starting from a lower level, the growth in their national income during the past few years had been much slower than that of industrialized countries, so that their relative economic backwardness was increasing. Furthermore, the *per capita* output of foodstuffs in some of the under-developed countries was lower than before the war. There was general agreement that the only

solution to the problem was industrialization and the all-round development of the economy. As frequently stated by Polish observers attending sessions of the Economic Commission for Asia and the Far East (ECAFE), the Economic Commission for Latin America (ECLA) and the Commission on International Commodity Trade, his Government fully subscribed to that view, not only for theoretical reasons, but also in view of its practical experience.

2. Before the Second World War, Poland had had a predominantly agricultural economy, and its development had been retarded by comparison with that of other European countries. In fact, the output of certain primary commodities such as coal had been even lower than before the First World War. During the past eleven years the situation had changed radically, in illustration of which fact he quoted the following production figures:

	1955	<i>Pre-war</i>
Electric power (thousand million kWh)	18	3.5
Coal (million tons)	94.5	36
Steel (million tons)	4.3	1.5
Metal-working machine tools (thousand tons)	27.6	1.7
Agricultural machinery and equipment (million zloty)	194	18
Cotton yarn (thousand tons)	114	77.5
Woollen yarn (thousand tons)	51.4	34.2
Sugar (thousand tons)	980	506

3. That expansion had been achieved thanks only to considerable help from the Soviet Union and the willingness of the Polish people to endure heavy sacrifices. Some mistakes had been made—for example, the development of agriculture had considerably lagged behind that of industry—but efforts were being made to correct them. In the meantime, industrialization had provided the foundation for further development.

4. The knowledge that industrialization was the only solution to problems of under-development was reflected in the economic plans of less advanced countries and should be taken into account in the technical assistance programme, a point which he would like to bring up in connexion with item 9.

5. There was no need for him to add anything to the detailed analysis of the export problems of under-developed countries which had already been made during the discussion, and he would merely remind the Council that a fall of only 5 per cent in the prices of exported raw materials—and it was well known that the fluctuations were frequently much greater—was equivalent to the total annual private and public capital investment and economic help from all sources received by the under-developed primary producing countries. Since the effects of excessive price fluctuations on those countries'

economic plans had been clearly brought out by other speakers, he would concentrate on ways and means of overcoming the difficulties.

6. The Commission on International Commodity Trade, which brought together representatives of all the different economic systems, had a great responsibility in that respect. The problem could be partially solved by long-term bilateral and multilateral agreements and contracts, which countries with a planned economy were in a position to conclude because they could estimate requirements in any given commodity often for several years in advance.

7. Useful results could also be achieved by means of regional consultations, such as those arranged annually by the secretariat of the Economic Commission for Europe (ECE). Those consultations provided an opportunity for bilateral talks amongst all European countries, and could often lead to the conclusion of new trade agreements: Poland, for example, had concluded two new trade agreements as a result of the consultations in 1955. Interregional consultations, as advocated by the Czechoslovak delegation at the Council's twentieth session (876th meeting), should be even more valuable, particularly to those countries which had not yet established a network of trade agents throughout the world.

8. More careful attention should also be given to the removal of trade restrictions. As the Secretary-General had rightly pointed out, the world was still divided, and there was relatively little trade between the two halves. The creation of an organization for trade co-operation would be a step forward in overcoming existing barriers.

9. In reply to the United States representative's assertion at the 936th meeting that tanks had fired upon workers in Poznan, he pointed out that there was no truth in it. The United States representative should have verified his facts first, as he could easily have done, owing to the presence of numerous United States business men and journalists in Poznan at the time. The tone and contents of his remarks contrasted glaringly with the tone and substance of the debate up to his intervention. In some circles it seemed to be regarded as admissible, for reasons of political intrigue, to organize and finance armed demonstrations in other countries and to boast about them. Polish blood had been spilled at Poznan; it had been spilled in foreign interests at the very time when the entire Polish people, at great sacrifice, was trying to achieve what the Council was debating—the complete elimination of the remnants of Poland's economic backwardness.

10. Mr. KAMENOV (Observer for the Government of Bulgaria), speaking at the invitation of the PRESIDENT, said that he was convinced that if economic and social problems could be solved, the solution of all others, whether political or cultural, would follow.

11. In his view, the *World Economic Survey 1955* (E/2864) was particularly useful because it covered a period of ten years, and so enabled the principles of economic development to be understood and conclusions to be drawn from them.

12. His delegation agreed with some of the findings of the *Survey*, but could not unreservedly approve the

methods adopted in making it. In particular, it shared the idea that the history of the past ten years did not justify over-optimism, since, despite unprecedented economic expansion, the problem of mass distress was still acute in many countries. It also agreed that the economic expansion was largely due to special factors which had sustained the economy temporarily and some of which had ceased to operate at the end of the period under review. It likewise supported the idea that the earth could feed a much larger population, in spite of the ideas of Malthus, which some countries still regarded as valid.

13. While some of the observations in chapter 3 (Production and trade of the centrally planned economies) were correct, the comments did not always allow for the fact that the economic laws in the two different economic systems were different.

14. Bulgaria's post-war economic achievements, described in that chapter, would have been impossible without a planned economy and the economic aid of the Soviet Union. Bulgaria's rapid industrialization and the harmonious development of its productive forces had not begun until after the war, and although the country was still far below the level of development necessary for industrial production, the results were encouraging and proved that the right road had been chosen.

15. Though his Government gave special attention to it, agriculture was developing much more slowly than industry. At the end of the war, his country had possessed 4.8 million hectares of arable land, divided into nearly 12 million lots with an average area of approximately 0.4 hectares. To enable agricultural machinery to be used and to intensify production it had, with the agreement of the peasants, set up co-operative farms. At present 77 per cent of the rural estates were co-operatives, so that agricultural work could be mechanized and the yield improved. By an order of 7 July the Council of Ministers had decided to provide the peasants during the next two or three years with 22,000 tractors, 8,000 lorries and 13,000 combine harvesters. Quite recently the whole of the Bulgarian rural economy had possessed only 18,000 tractors.

16. The Soviet Union had given Bulgaria valuable aid in those efforts, and had recently lent it 370 million roubles for ten years at 2 per cent to buy agricultural machinery and build chemical fertilizer factories. Only economic aid of that kind, without any political or military commitment, could really help a country towards economic development. Colonialist methods were useless, as was clear from the facts stated in the *Survey*.

17. Regarding east-west trade, the *Survey* was not correct in saying that the planned-economy countries pursued a policy of self-sufficiency and that that was the chief cause of the low level of trade between east and west. There was no ground for that interpretation of the eastern countries' economic policy. They industrialized themselves and developed various branches of their production because they desired, not self-sufficiency, but to improve their peoples' standard of living. The Bulgarian Government was convinced that the development of trade with other countries, far from conflicting with that aim, could hasten its achievement. Moreover, to increase

production helped, not hindered, the development of trade relations. Bulgaria endeavoured to increase its trade with all countries regardless of their economic or social systems. Its Government considered that one of the duties of the Economic and Social Council was to assist in normalizing and developing trade between east and west, and that to adopt the Soviet Union draft resolution (E/L.734) for the establishment of an international organization for trade co-operation would contribute to success in that task.

18. Mr. BAKER (United States of America) said that he had not intended to intervene again in the general discussion, but the remarks of the Soviet Union representative at the 937th meeting, which had been echoed by the observer from Poland, required an answer.

19. Mr. Zakharov was right in thinking that members should refrain from creating an atmosphere of ill-will, and he (Mr. Baker) had had no wish to cause friction in his statement; nor did he wish to do so on the present occasion, but merely to present certain facts which he regarded as important to substantiate his position.

20. If he had understood correctly, the Soviet Union representative had alleged that the Poznan demonstrations had been instigated and financed by the United States Government, a charge which had originally been made by the Soviet Union Government and formally denied by the United States Government in the following statement: "Communist charges that the Poznan demonstrations were instigated and financed by the United States Government are wholly false. The demonstrations, in fact, seem to have been produced by a surge of pent-up bitterness on the part of an oppressed and exploited people."

21. The Soviet representative had also referred to an appropriation of \$25 million for what he had described as "cloak and dagger" activities. The real facts were that Congress had appropriated, in 1955, a sum of \$25 million, possibly the one referred to, for activities such as cultural exchanges and the exchange of students.

22. He would next quote from the official Polish sources which he had mentioned at the 936th meeting. On 28 June, the day the riots had begun, Radio Warsaw had admitted that there were "economic difficulties and grievances in certain work establishments in Poznan" which had provoked the outbursts. The following day the Polish Communist Party newspaper *Trybuna Ludu* had stated: "the dissatisfaction created among the workers in Poznan [had] a background of economic difficulties", and had added that "our economic situation is difficult . . . There are a number of problems still unsolved . . . Many justified demands of the working people wait for solution."

23. Since then, the tragic events in Poznan had been widely discussed, and all the facts indicated that there had been no need for outside incitement to cause the riots.

24. Mr. ARZUMANYAN (Union of Soviet Socialist Republics) reserved his delegation's right to reply to the United States representative's statement on the following day.

25. Mr. PATTEET (International Confederation of Free Trade Unions), speaking at the invitation of the PRESIDENT, said he would confine himself to examining three questions—first, whether one decade of relative prosperity was sufficient proof that the world had acquired permanent immunity against depressions; secondly, whether or not the scope and scale of present assistance for economic development was the best that could be provided to solve the problems of that part of the world where, according to the *Survey*, mass poverty was still the lot of millions; and finally, what price had been paid by the workers for the kind of economic development which had taken place in certain countries. The last question, passed over in silence by the authors of the *Survey*, was one to which the free trade union movement must draw the Council's attention, because in some countries economic growth had been achieved at the price of great human suffering, suppression of freedom, exploitation of the workers, forced labour and violation of the most fundamental human rights.

26. The essence of the answer to the first question was contained in the *Survey's* statement that: "Nor can the rate of growth in industrial countries be projected without qualification from the first post-war decade to the second." The authors argued that, as far as industrially advanced countries were concerned, the economic growth so far achieved had been largely due to special post-war factors, and the problem of ensuring adequate effective long-term demand for full employment and of fully utilizing resources had not been solved once and for all. It was, however, a combination of long-term economic forces and what the *Survey* called "special factors" which was at work at any given time. For instance, the adaptation of war-time innovations to post-war civilian use, mentioned in the *Survey* as one such "special factor", had most probably now given way to another factor of a very similar kind—namely, automation—and it was regrettable that the influence of the latter on future economic changes had not been taken into account. It was clear that automation offered a new field for productive investment and great potentialities for securing higher incomes, better working conditions and more leisure. He hoped that the same was true of atomic energy for peaceful purposes.

27. Developments in the so-called "private-enterprise economies", (a term which he considered too restrictive) had been encouraging in some respects. Unemployment had been greatly reduced and in many countries had virtually disappeared, and employment levels had remained consistently high. The share of wages in national incomes had grown, and it was remarkable that even during the period of rearmament, necessitated by the communist attack on Korea, real wages had remained steady. Production had risen rapidly and on the whole fairly steadily, and there had also been a rise in incomes and consumption in the industrially advanced countries. A change in social philosophy, particularly in countries which had recently acquired their independence, had taken place. Those facts attested to the undoubted vitality of democracy, in sharp contrast to the hypocritical contention that the pauperization of the working classes in any but a communist-governed country was inevitable.

28. The free trade unions had played an important part in those achievements: on the one hand their co-operation had made it possible to raise productivity, while on the other their determination to obtain increased incomes for the workers had assured a steady rise in consumption, thus contributing to the maintenance of high levels of employment and production. They ignored the propaganda of those who condemned improvements in the productivity of democratic countries and exalted the raising of norms and the imposition of greater strains on the workers in communist countries. It was thus more than ever obvious that vigorous and genuinely democratic trade unions were essential to an efficient economy as well as vital to political democracy.

29. The past decade furnished irrefutable evidence that full employment, which the free trade unions regarded as the primary economic objective of both governments and management, was fully compatible with other desirable aims. It was conducive to economic growth, fostered a high degree of adaptability of productive processes, and was consistent with the mobility of economic resources and flexibility of output.

30. With regard to Europe, the authors of the *Survey* had grossly underrated two factors which the International Confederation of Free Trade Unions (ICFTU) believed to be of considerable importance—first, the generous assistance given by the United States of America, which had enabled the western European countries to overcome their great post-war difficulties and to lay a firm foundation for expanding production and improving living standards; and secondly, the positive achievements of the Organization for European Economic Co-operation (OEEC). Although it might be true that the existence of OEEC had somewhat reinforced the tendency towards the compartmentalization of world trade, it must also be stated that the steps taken towards economic integration of the western European countries and the creation of a common market had been very beneficial and held out great promise that the freer movement of labour, capital and commodities would increase the possibilities of achieving higher output, more trade, improved productivity and, as a necessary corollary, greater prosperity for the workers. The free trade unions, therefore, fully supported European economic co-operation and integration.

31. Coming to his second question, he said that the gap between the degree of development and standards of living of the advanced and the economically under-developed countries had widened during the past decade. There were at least three main conditions for solving the major world problem of extensive under-development. First, a firm basis had to be laid by political and social reforms; secondly, financial resources devoted to development should be commensurate with the need for rapid economic and social progress; thirdly, the economic instability of countries dependent on primary production must be brought to an end.

32. There could be little doubt that the economic stalemate which according to the *Survey* was the main feature of economic under-development was largely a heritage of the past, having its origins in feudalism, rigid social stratification, unquestioned acceptance of traditional ways of life and modes of production, and the

absence of many modern institutions necessary for economic advancement. He agreed with the view expressed in the *Survey* that “before balanced growth can be achieved in under-developed countries it may prove necessary to break the economic stalemate by means of unbalanced growth”. But it was also necessary to overcome institutional stagnation so as to create the psychological conditions essential for economic development and social progress. The free trade unions were in the vanguard of those working towards the practical recognition of the right of peoples to self-government and self-determination, and were convinced that with the achievement of independence tremendous forces for progress were released, fortifying the determination to change patterns of life and increase prosperity. The free trade unions welcomed the rise to independence during the past ten years of populations accounting for approximately one-quarter of humanity, and their sympathy went out to the many millions who had come under the dominion of a system contrary to the ideals of freedom and democracy.

33. While in some dependent territories of Africa the tiny minority of European settlers had made a major contribution to the development of resources, it had also been the main beneficiary from the resulting economic growth and the main participant in the national income. Once more he wished to reaffirm his organization's support for the creation of a regional economic commission for that continent.

34. He was unable to comment in detail on the remarkable report, *Economic Developments in the Middle East 1954-1955* (E/2880), but would like to express satisfaction at the statement that for the whole of the Middle East long-term economic prospects remained favourable and that progress towards utilizing the great potentialities for the region's economic development was encouraging. The plans to build a high dam on the Nile, probably with the help of a loan from the International Bank for Reconstruction and Development, were unique in their scale and were proof of the determination to make economic progress in that region. He trusted that such progress would be matched in the social spheres.

35. The free trade unions were aware of the significant contribution which the industrially developed democratic countries had made to the economic development of the less advanced countries, but had consistently advocated broader and more imaginative measures to hasten the pace of development and were in favour of the immediate establishment of the Special United Nations Fund for Economic Development—a subject on which he would comment in connexion with item 5 (a) (the question of the establishment of a special United Nations fund for economic development).

36. Ever since it had first been set up, ICFTU had been keenly conscious of the need for commodity market stabilization, because wide fluctuations in the prices of primary products caused fluctuations in the export earnings of producing countries, making it difficult or impossible for them to establish and carry out development programmes, and producing adverse effects on their balance of payments and hence their economic stability. It therefore whole-heartedly supported the Secretary-

General's appeal for immediate and bold action by the Council in that respect.

37. Without wishing in any way to be bolder than the *Survey* in forecasting the future, he thought it necessary to outline the main conditions for sustained economic and social progress. The first was the recognition in principle and practice of governmental responsibility for full employment. The second was the acceptance of the principle that a certain degree of planning and a great degree of government control over economic activities was necessary, not only in respect of monetary and financial policies, but also in the very important fields of investment, employment and social conditions. Governments must create such conditions as to ensure a level of investment necessary for the full utilization of productive capacities, and must be ready to assume control over any important part of the economy which was functioning defectively and which, under private ownership, appeared incapable of steady technical, economic and social progress.

38. In a world where atomic energy and automation would place the workers in the forefront of a new industrial revolution, management also would have to shoulder more fully its social responsibilities and show greater understanding of the fact that high and rising wages were essential to economic expansion. Employers should recognize without undue reluctance that guaranteed wage schemes were a factor in economic stability beneficial not only to labour, but also to business. Finally, they must accept the principle that the social cost of technological change had largely to be borne by industry itself. The free trade unions were convinced that, given willingness on the part of governments and employers to assume responsibilities in the same degree as that to which labour was prepared to accept its own, the second post-war decade would be one of further expansion and prosperity.

39. Had it not been for the extraordinary statement by the Soviet Union representative at the 937th meeting, he would have found it easier to resist the temptation to match speeches with facts and might have left the Council to guess the answer to his third question. Whatever members were told about the inaccuracies and bias in the *Survey* concerning the "centrally planned economies", the facts, as reported by official communist sources and quoted throughout the *Survey*, remained the same. Since the Soviet Union representative had gone to the trouble of comparing the United States steel strike with recent events in Poznan it would be well to examine the facts.

40. The PRESIDENT intervened to inform the representative of ICFTU that he had exceeded his time-limit of twenty minutes.

41. Mr. PATTEET (International Confederation of Free Trade Unions) said that he would submit a written statement concerning the Poznan incident, because the Executive Board of ICFTU had decided to urge the Commission on Human Rights and the International Labour Organisation to investigate it. Even the President of the World Federation of Trade Unions, in a statement made after the incident, had admitted that it was due to profound and widespread discontent among

the workers and to the fact that the Polish trade unions had lost contact with the masses.

42. In conclusion he expressed the hope that the coming decade would bring not only economic expansion, higher standards of living and political and economic independence, but also freedom, democracy and peace.

43. The PRESIDENT announced that there were no further speakers in the general discussion on item 2 (a), which he therefore suggested should be referred to the Economic Committee, together with any draft resolutions pertaining to it.

It was so agreed.

(b) Consideration of the reports of the regional economic commissions (E/2821 and Add.1, E/2868, E/2883)

44. Mr. MYRDAL (Executive Secretary, Economic Commission for Europe), introducing the Commission's annual report (E/2868), said that, as the Council had a heavy agenda, he proposed to depart from his usual practice of making a long, detailed statement, and would only single out certain of the more important features in the Commission's work during the past year. He felt the more justified in doing so because the Council had before it a comprehensive report which had been adopted unanimously. He also referred members to his opening statement at the Commission's eleventh session, reproduced in document E/ECE/242, in which he had expounded at some length his general views about the position and role of ECE.

45. He was glad to be able to say, on the occasion of the tenth anniversary of the Council (one of whose first actions had been to establish ECE) that that commission had now emerged from a long period of difficulty and frustration due to political circumstances and was firmly on the road towards achieving the aims set for it by the Council. As he had reported at the twentieth session (877th meeting), ECE had now become a stable inter-governmental organization with a well-defined routine of practical work on problems of agriculture, coal, electric power, housing, steel, timber, trade and transport.

46. During 1955, there had been a further relaxation of international tension and governments had looked increasingly to the Commission for help in solving their common problems. The staffs of permanent delegations had been appreciably strengthened and East European countries were participating fully in the work of subsidiary bodies, even sending experts of the greatest technical competence to certain technical meetings on subjects which were of no more than marginal interest to them. The United States had also strengthened its participation and was sending top-level experts to the meetings of the Commission's subsidiary bodies.

47. Membership of the Commission had increased during the past year and though, with the exception of Spain, all the new members had already been participating in its work, their new status would induce them to do so on a wider scale. Unfortunately, the question of the representation of Germany remained a problem; but that was of course only one of the incidental effects of the fact that the unification of Germany had not yet been realized—a fact regretted by all European countries.

48. At its eleventh session the Commission had decided to examine energy problems, including those of atomic energy, for Europe as a whole, and in pursuance of its resolution I(XI) he had submitted to governments an outline of an all-European energy review.

49. The Commission also dealt with certain problems of development and industrialization, notably as they concerned southern Europe.

50. The question of an all-European agreement on economic co-operation had been raised at the Commission's last session, and a procedure had been unanimously agreed for preparing for further consideration of it at the following session.

51. As was generally known, ECE was the source of statistics in a number of important fields, but in the past those statistics had been mainly confined to western Europe by the lack of full data from eastern Europe. The practical work of the committees, moreover, had often been hampered. It was commonly known that he, as Executive Secretary, had used every opportunity to press for a change in that respect. In the light of personal discussions with high-ranking officials of the countries concerned, he had been able to announce at the eleventh session that he expected that in a year's time the statistics published by the ECE secretariat would be all-European, as they certainly should be, and that the Commission's technical committees would no longer have occasion to complain of the lack of information from eastern Europe. Experience during the past few weeks had confirmed his expectation.

52. With regard to research, it was generally recognized that the secretariat had sought to maintain the reputation for high standards that it had won.

53. ECE had not been unimportant even during the years when it was a non-eastern organization. Thus, for example, it had been responsible for practically all the work on transport integration in western Europe before eastern European countries had started to participate in that domain. Since then, the Commission had become truly all-European, and its work had become much more important. Nevertheless, much still remained to be done, and States should not expect miracles. As the Commission's work in the field of trade demonstrated, international relations were easy to destroy and difficult to restore. However, with hard work and imaginative thinking on the part of governments, ECE could grow much in importance and continue to tackle a widening range of problems more effectively.

54. There were now, on the average, more than two meetings of the Commission's subsidiary bodies continuously through the year; because they were mostly attended by business men and technicians, whose time was limited, sessions were short—usually lasting only a few days. The meetings were private and out of the public eye. There was a strong trend towards broadening the field of work, but although there were more than twice as many meetings now as there had been three or four years ago, and much more than twice the volume of work actually handled, he had not even proposed to ask for any increase in staff; indeed, there had been some reduction. As he had explained in his opening statement to the Commission at its eleventh session, his ideal for a

continent consisting of relatively developed countries was work between governments themselves with a minimum of secretariat assistance. The Commission's subsidiary bodies were already working parties in the real sense of the term, drawing heavily on the contributions of governmental rapporteurs.

55. While the increased number of ECE meetings had not entailed any increase of its secretariat, it did entail more translation and interpretation for the European Office. He felt that the Council should be aware of that problem, which would have to be considered by the Fifth Committee and the General Assembly. He had recently appeared before the Advisory Committee and had stated as his opinion that if it wished ECE to proceed with that policy of not increasing its staff in spite of the increasing work-load, the financial authorities should at least ensure that the requisite services were provided to enable governments to work together. In recent months several governments—among them those of the United Kingdom and the Soviet Union—had made formal protests that they had not received the necessary documents in time. The fault did not lie with the European Office, which had made every possible effort; but the requisite resources were simply not available.

56. Another point he wanted to mention was the increased interest being shown in the exchange of technical information in various industrial fields. That had rather taxed ECE's resources, and he was considering asking the Steel Committee and other working organs to examine whether it would not be better to establish organizations outside the United Nations, and financed by other means, but working in close contact with ECE, to look after purely technical matters. That type of solution, as the Council was aware, had proved successful in the field of housing.

57. It was at times very frustrating to work in the service of an organization for intergovernmental co-operation, and the secretariat of ECE was fully aware of how much more could be done. Nevertheless, he himself was confident that if there were no third world war—and he was confident that there would not be—the international organizations were destined to become the new form of diplomacy in the not too distant future and would succeed in accomplishing things which were now out of reach.

58. The PRESIDENT, in inviting the Executive Secretary of the Economic Commission for Asia and the Far East to introduce his Commission's report (E/2821), said that Mr. Lokanathan would shortly be retiring, and that it was therefore the last report he would present to the Council. ECAFE could be said to be his creation, and the progress it had made was largely due to his ability and his efforts. His retirement would be a sad loss to the whole of Asia.

59. Mr. LOKANATHAN (Executive Secretary, Economic Commission for Asia and the Far East), thanked the President for his kind words, which he much appreciated.

60. ECAFE's annual report was a comprehensive survey, and year by year the Commission was giving greater attention to its presentation to the Council. The present report not only reviewed the work done by the Commission and its subsidiary bodies, but also outlined the activities

to be carried out in the coming years. He saw no need to elaborate upon the various points in the report, but would refer only to a few important events that had occurred since its publication.

61. The Sub-Committee on Electric Power had been dealing, *inter alia*, with the question of the use of atomic energy for peaceful purposes, with two specific ends in view. First, as the Asian countries were interested in the dissemination of information on that subject, the Sub-Committee had asked the secretariat to review the relevant work done elsewhere and to bring it to the attention of the governments of the region. Secondly, the Sub-Committee was anxious that nationals of the Asian countries should be given facilities for training in the use of atomic energy. It had also laid down the terms of reference of the group of experts who were at present on tour in Europe and were later to go to the United States of America.

62. The Railway Sub-Committee had discussed several important problems, particularly that of diesel locomotives, which were replacing steam locomotives in the countries of Asia. Considerable preparatory work had been done on that subject, but the Sub-Committee had not yet taken any decision.

63. In view of the fact that most of the Asian countries were to have a population census in 1960 or 1961, a Statistical Conference on Population Census had been held at which arrangements and methods for the census had been discussed and agreed upon.

64. The Commission had also taken a position regarding the timber trend studies to be made in conjunction with the Food and Agriculture Organization (FAO). As the project had financial implications, ECAFE was referring the matter to the Council and hoped that the Council would make the necessary funds available.

65. ECAFE would celebrate the tenth anniversary of its foundation in March 1957, and had accordingly decided to open its thirteenth session on the anniversary day. The Government of Thailand had kindly sent a special invitation for the session to be held in Bangkok. At that session, ECAFE would take stock of the work accomplished during the last ten years, and would prepare a comprehensive report for presentation to the Council. As, however, the Council was at present celebrating its own tenth anniversary, it might not be inappropriate for him to review briefly ECAFE's achievements since its inception.

66. The establishment of ECAFE would go down in history as the Council's best act. The establishment of ECE had been a foregone conclusion, as had also that of ECLA. ECAFE's establishment, on the contrary, had been a critical matter, and some scepticism had been expressed by various countries. No one had known how it would develop, but after a few initial troubles it had set itself certain limited tasks and had embarked upon a programme of studies which had proved to be of great practical value. Whatever else its achievements had been, it had been successful in bringing all the countries of Asia together for the first time. By introducing a system of associate membership, it had brought together countries which were not yet independent and were not members of the United Nations. ECAFE had

become a great forum in which Western and Eastern countries could meet and, with the technical assistance provided by the Western countries, its activities had ranged over a wide field, which included transport, industry, the development of mineral resources, electric power and so forth. Much work had been done, too, in the economic field. ECAFE had been able to bring together the best minds to analyse the various problems and to make findings that had proved to be of the greatest value.

67. There was a general feeling that economic co-operation in Asia was not as intense as in other parts of the world. There was, perhaps, some justification for that impression, but the matter should be judged in the light of the historic growth of Asia. It was only recently that the various countries of Asia had come to know each other well. They were all poor countries; yet, despite the financial difficulties involved, they managed to participate in all the ECAFE meetings. There were already various forms of regional co-operation—the Railway Training Centre in Pakistan, the organization of seminars, the establishment of research centres, etc. The Commission had recently asked for a study of the economics of international rivers and the secretariat had undertaken a study of the problems involved in developing the River Mekong basin. The number of opportunities for further co-operation was unlimited. The Council would remember that, not very long ago, the question of utilizing the American regional fund had been under discussion, and that the opinion had then been expressed that there were not enough regional projects. Since then, ECAFE had identified a number of regional projects for which personnel and funds would be of the greatest value: such projects as the production of steel without coke or coal, the gasification of coal, a joint aerial survey of the geological resources of the region and many others were held up for lack of funds. The opportunities for regional co-operation were no less important in Asia than in other parts of the world.

68. A common error was to confuse economic co-operation with economic integration: the latter presented a very different set of problems, and many of the Asian countries felt that the time was not yet ripe for it, but that each country must first develop its own resources. It must be borne in mind that many of the countries of Asia had only recently achieved independence and did not wish to be under the domination of other countries. Hence their reluctance to develop any form of economic integration, though that would doubtless come about in due course.

69. Greater efforts were needed to develop opportunities for fostering economic co-operation, and it was the work of the Commission to give all the help that was called for. ECAFE was developing a system of uniform standards which was of great importance for international comparability. An outstanding example of that work was the Convention regarding the Measurement and Registration of Vessels employed in Inland Navigation: six countries had already signed the Convention, and a further two would shortly sign it.

70. The Commission's terms of reference provided that the secretariat should give advisory services to the countries of the region at their request. Various countries

had already requested and received advisory services in such fields as economic planning, industrial development, housing, electric power, iron and steel, and so forth. The question of advisory services related to the whole field of technical assistance, and the conditions in which the secretariat could render such services were very limited; the services must fall within the Commission's own field of work and experience, and the period for which any member of the staff could be spared to go to a country was never more than about ten to fifteen days. There should therefore be some relationship between the advisory services rendered by the secretariat and the larger programme of technical assistance. More co-operation was needed between ECAFE and the Technical Assistance Board. If those in charge of the programmes of technical assistance were available in Bangkok, they would know precisely what was required; and they would, moreover, have the benefit of the substantive experience of the ECAFE secretariat, so that there could be mutual consultations.

71. He had sought to give the Council a sober appraisal of the work of ECAFE, which he hoped would continue to be an important instrument of economic co-operation for many years to come. A great deal depended on the co-operation of governments, for without that and the support of the Council the Commission could do very little.

72. Mr. PREBISCH (Executive Secretary, Economic Commission for Latin America), said he proposed to confine himself to a few remarks on the Commission's programme, and not to deal with its activities in detail.

73. The Commission had successfully steered clear of the two rocks on which it might have foundered in its early days: it had not indulged in theoretical discussion of abstract questions remote from reality, and it had taken account of the wide differences between the countries of Latin America.

74. Thus it had decided to carry out systematically a series of studies and surveys on the economic structures of all those countries, in an effort to understand the system peculiar to each and to reveal development trends. The governments had welcomed the Commission's activities and displayed real interest in the programmes it had prepared—particularly the public and private investments programme. Its technique, described in the Commission's eighth annual report (E/2883), of analysing facts and projecting them into the future had been applied with strict impartiality and without any preconceived ideas. Its aim was to ascertain the possible rates of development of the various countries, considering their resources and their domestic and foreign markets, and to define the requirements for their development—investment of domestic and international capital, government measures necessary to transform national production and increase productivity and structural changes required to prevent the recurrence of earlier temporary economic disturbances.

75. The secretariat of the Commission had done its utmost to meet requests from governments for assistance; lack of resources had been the only obstacle, and results were encouraging. Governments had been helped to draw up their development plans, but with strict im-

partiality and without interference in non-economic matters. That principle simplified the secretariat's task and gave it greater freedom of action.

76. In technical assistance the Commission could make valuable use of the experience it had gained in recent years. He wished to dispel certain fears recently expressed concerning the decentralization of technical assistance. Neither the United Nations Technical Assistance Administration (TAA) nor the Commission proposed to change their respective functions, because they would in future be co-operating more closely at the regional level. The Commission merely wished to use the experience it had gained, in order to help governments to estimate their technical assistance requirements and to guide the experts in their activities. It had no intention of usurping the functions of TAB.

77. The secretariat had had occasion to study the simultaneous development of industry and agriculture, the key to economic development in general.

78. After supplying some information on the work of the Meeting of Experts on Steel Making and Transforming Industries, he went on to say that governments had requested further studies on the subject and that the Meeting would re-convene at São Paulo in October 1956. He then explained that some of the largest countries in Latin America had already solved consumer-goods production problems and had embarked on the second phase of the economic development process, in which they must prepare to build up a capital-goods industry and a motor vehicle industry.

79. One of the main obstacles to the execution of such industrial development plans was the subdivision of markets; the Latin American countries should avoid repeating the mistakes made elsewhere. It was doubtless for that reason that the Commission had decided at its sixth session, at Bogotá, to set up a Trade Committee, which was to meet within a few months at Santiago de Chile to discuss the urgent trade problems which arose between the region's countries—in particular, payments and balance-of-payments problems—and possibly to prepare recommendations to governments. The Latin American countries' trade with other regions was not on that account being neglected, and the Committee would certainly study in due course the factors limiting the Latin American countries' traditional exports to their normal markets.

80. Replying to the criticism that, in analysing the economic development problems of the Latin American countries, the Commission had disregarded social aspects, he pointed out that, with the General Assembly's approval, the Office of the Secretary-General had transferred certain specialists in social affairs to Santiago to assist the Commission's economists. Among the questions for joint study was the rapid growth of certain cities, a problem outside the economists' scope.

81. In conclusion, he felt that ECLA had successfully avoided that dispersal of effort which would have doomed its activities to failure, and that it was using its resources in the most effective manner.

82. Mr. BOERMA (Food and Agriculture Organization) said that he wished first of all to express his organi-

zation's complete satisfaction with the results of the close co-operation at present existing between FAO and the three regional economic commissions on matters of common interest. It was particularly with regard to the economic aspects of agriculture and forestry that the responsibilities of the United Nations and FAO tended to coincide. The United Nations, which was responsible for the promotion of general economic development and social welfare, could obviously not neglect the important role that agriculture was playing in the general economy of most countries, while FAO for its part could not carry out its functions satisfactorily unless it kept in close touch with the general economic situation, of which agriculture formed an integral part. It had accordingly been a wise decision that the United Nations and FAO should pool their resources for a growing number of regional projects, with the result that in each region teams of experts of both organizations were now working together in the implementation of a single programme jointly agreed upon.

83. Such joint programmes were gradually increasing in scope and in depth. In Europe joint efforts had been concentrated on the servicing of ECE's Committee on Agricultural Problems and Timber Committee, both of which had been able to develop comprehensive programmes of work. Useful work had also been accomplished by the joint European Forestry Commission and in the matter of standardizing timber contract practices. A new joint study was under preparation on Mediterranean forestry development, and an important consultation on wallboard and chipboard was to be held in Geneva early in 1957, under the joint auspices of ECE and FAO.

84. In Asia and the Far East, as also in Latin America, FAO's activities were concentrated on programmes which could contribute directly to the harmonious development of agriculture parallel with industrial development. In both regions, work was under way on techniques of agricultural planning and on agricultural price policies and the financing of agricultural development. In the Far East, much attention was devoted to commodities of major importance to the economy of many countries of the region, such as rice, coconut and coconut products. In Latin America, a joint study on the possibilities for further development of the livestock industry had recently been initiated, and a joint study of the coffee economy in various countries in Latin America was being made.

85. Those examples would illustrate the main lines along which the co-operation between the United Nations and

FAO was developing in the regions covered by the three regional economic commissions. He would like to refer specially, however, to another major project—the joint project for a world-wide timber trend study. *European Timber Trends and Prospects*,¹ which had been prepared jointly by ECE and FAO and published in 1953, had since become the accepted basis for the formulation of national forest policies in a number of European countries; moreover, the production and consumption forecasts contained in that study were constantly being confirmed by events, and the doubts originally expressed about them had proved to be entirely wrong.

86. Preparations were well advanced for a similar study to be made during 1957 and 1958 for Asia and the Far East, to be followed up by a study for Latin America in 1958-1959. Material was meanwhile being assembled with regard to North America and the Near East, and a revision of the European study was to be undertaken in 1960, so that by 1962 it should be possible for the first time to present a world review of the forestry situation and its prospects for the next decade.

87. It was FAO's intention to undertake those studies in co-operation with regional economic commissions wherever they existed. He was glad that that idea was shared by the executive secretaries of the three regional commissions, and in that connexion he supported the remarks Mr. Lokanathan had made with regard to the timber trend study for the Far East. He hoped that the Council would find it possible to take favourable action regarding the financial implications of the joint project, and he was happy to announce that provisions to match the ECAFE contribution were included in the FAO budget for 1957 and had been approved by the Conference of FAO. He was sure that members of the Council appreciated not only the importance of the study, but also the desirability of its being undertaken as a joint project. Adequate supplies of timber, pulp and other forest products, and the development of forest industries, were matters of such importance to the general economy of the Far East that sooner or later a study along the lines now projected would have to be undertaken by ECAFE even in the absence of FAO's present initiative. To organize it as a joint project would not only improve the quality of the study and enable it to be more quickly produced, but would also result in considerable savings for each of the two partners.

The meeting rose at 5.35 p.m.

¹ United Nations publication, Sales No.: 1953.II.E.3.