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VERBATIM RECORD OF THE ONE HUNDRED AND ELEVENTH MEETING

Lake Success, New York
Monday, 11 August 1947, at 3:00 p.m.

Acting President: Mr. Jan PAPANEK (Czechoslovakia)

NOTE: This verbatim record is issued under rule 35 of the rules of procedure of the Economic and Social Council.

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The PRESIDENT: I declare the one hundred and eleventh meeting of the Economic and Social Council open.

The discussion on the Resolution proposed by the representative of New Zealand - Document E/537 - will be continued.

Mr. MOROSOV (USSR) (Interpretation from Russian): Before beginning the discussion on Document E/537, I should like to point out that it is not clear from the text of the draft resolution proposed by the representative of New Zealand whether the resolution is concerned only with the question that has been under discussion; namely, the problem of the Economic Commission for Latin America. I think we must have this point clarified before we come to any decision on the draft resolution.

The PRESIDENT: I assume, from the draft resolution, that it concerns all regional commissions.

Mr. MOROSOV (USSR) (Interpretation from Russian): If the explanation is the one just given us by the President, then I do not think that the Economic and Social Council can come to a decision with regard to this question which has not yet been discussed. Moreover, the functions of the various sub-commissions referred to have been established only recently, and one of them even during the present session. I do not think it would be wise to again raise this question and to give this task to the Economic and Employment Commission.

Mr. MALIK (Lebanon): The document we have before us, E/537, which was submitted by the representative of New Zealand, envisages the examination by the Economic and Employment Commission and its two sub-commissions of the whole fundamental question of regional economic organization.

After what was said this morning by the representatives of France and Canada, I should like to say a word in answer to the arguments adduced at that time. First, I wish to point out to the representative of New Zealand that it was during the last session of the Economic and Social Council that the New Zealand representative himself also spoke of the possibility of suggesting, sometime in the future, an economic commission for his part of the world, namely, for the Southwest Pacific. Therefore, I do not understand why the representative of New Zealand singled out only Latin-America and the Middle East for mention in that paragraph of his document. It seems to me that if he wants to enumerate all past references to this question, he must include that which was in the first place suggested by his own country. However, that is in passing.

I should have supposed, as was pointed out this morning, that this is really not the time for the examination which is here contemplated by the Economic and Employment Commission. I think it would be well if we were to wait until these regional commissions had done some work, and I

should have hoped that the suggestion made by the President would have prevailed, namely, for the postponement of this item until the next session of the Council.

I wish to make one or two remarks with regard to the statements made this morning by the representatives of France and Canada. The representative of France distinguished between the temporary character of the other Commissions and the somewhat permanent character of these regional commissions which are here contemplated.

In answer to that, I believe it is fair to say that any objective study of the terms of reference -- at least of the Economic Commission for Asia and the Far East -- will show that there is a tendency to make of that Commission something certainly more than merely temporary. These terms of reference seem to merge the tasks of that Commission into something of a long-term development scheme.

I remember very well the valiant attempt made by the representative of Canada to limit those terms of reference but, unfortunately, he did not succeed. The terms of reference do indicate a certain long-range activity on the part of the Commission.

Now I should like to say a few words about this question of regional autarchy to which reference was made this morning by the representative of France. It was also referred to by the representative of Canada, when he first spoke about this suggestion.

It seems to me that we may carry this argument of regional autarchy too far because, in the first place, it is clear that certain regions of the world do go together. To call these regions, and their going together, names does not change the fact that they do go together. The concern shown by some of the Members of the Council regarding these regions is expressive of an objective fact: that they do go together.

In the second place, we all know that there is an evident effort in certain parts of Europe today to regionalize economically. I do not criticize that movement at all; I believe that is salutary and perhaps necessary in the present world situation. However, merely to allow this tendency to occur in certain parts of the world and to stand as a stumbling block in the face of its innocent occurrence elsewhere does not seem to me to be very consistent.

In the third place, if there is a danger of regional economic autarchy, there is what I might call a danger from non-regional economic autarchy; there is such a thing as economic domination, exploitation of the less-developed by the more-developed. Is there not a actual economic autarchy in the case of industrialized countries vis a vis the less industrialized regions of the world? In fact, the economic regionalization, which is so much feared and

oppeded, is nothing but a reaction--and, I submit, a very modest reaction--to the far greater danger of economic penetration of certain regions by extra-regional economic forces and agencies.

The residual problem remains untouched. Certain regions go together by reason of geographical contiguity, cultural kinship and similarity or interdependence among their economies. If these regions desire to improve their lot and raise their standards of living, and if they advance good reasons for the fact that regional cooperation will help them in that direction, the only way to meet this desire is to refute these reasons and then suggest a positive alternative, a better substitute for the doctrine of regionalism.

I am not aware that such alternatives have been advanced in this Council. The moment such a promising alternative is suggested, these regions will immediately drop their attempts at regionalization. But perpetually for the industrialized and advanced countries to veto, so to speak, the desire of the less industrialized and advanced to improve their lot according to their best lights is certainly liable to become misunderstood.

Mr. DAVIDSON (Canada): I feel as one of those who has put forward certain cautioning words with regard to this question of regional economic development, that it is important for me to say one or two things, particularly in response to what has just been said by my colleague from Lebanon.

Some of the things that he has said, it seems to me, could lead to a misunderstanding on the part of some of the Members of this Council as to what the attitudes have been on the part of certain other Members of this Council who have in the past made certain comments highlighting this question of regionalism versus the alternative of functionalism. Our Lebanese colleague suggested that those nations which have pointed a certain warning to extreme regionalism in planning our economic development were coming rather close to exercising a veto power upon the right of nations situated in geographical proximity one to the other to plan their own economic development in the way they chose.

I should most certainly wish to assure my Lebanese colleague that nothing was farther from the minds of those of us who have spoken on behalf of the Canadian delegation than that kind of thinking.

We do believe in giving to nations who are situated close to one another in a natural regional economic area the right to develop of themselves and within themselves their own plans for economic development of their countries and of their own regions in any way that they see fit. It is, however, because of the fact that this trend towards regional economic development is taking place under the auspices of the nations of the world associated together under the United Nations, that we feel this Council and the United Nations must pause to consider carefully and deliberately the consequences of this particular form of planning before they take any definite and decisive steps in a direction from which they might not at a later date be able to retreat. It is because of the fact that we have not had in this Council or elsewhere in the United Nations up to the present time a thoughtful and careful debate on the basic principles that are involved in the regional versus the overall approach to economic planning, that my delegation feels it is important to defer no longer any action on the part of this Council which will ensure that at an appropriate date in the future we will have this debate on the principle that is involved in the New Zealand resolution.

It is because of that fact that we feel it is important not to defer action on this New Zealand resolution to a later date, because that would be deferring consideration of the basic problem which lies behind this whole question. I should have expected my Lebanese colleague to have joined with me in recognizing the fact that the trend toward regionalism to which we are drifting

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is one that even if it is eventually shown to be the right course for us to take, it should not be taken without full debate, and without adequate and careful consideration of all the issues involved.

I would have thought that because of the fact that he has shown himself in all his discussions in this Council to be a person who bases his decisions on thoughtful and deliberate study of problems rather than on the principle of drifting into situations, finding that they have already been made in principle, and not being able to withdraw from them.

It is because I do not want this Council to drift into the end result of having to face a series of regional economic development and planning commissions without knowing that it is going to arrive at that ultimate conclusion and without consciously deciding on that point that I feel the full implications of this problem should be studied by an appropriate organ of the Economic and Social Council at the earliest possible opportunity, and that is why I feel this is the time for us to decide that we are going to ask our Economic and Employment Commission to carry on the study along the lines that have been suggested in the New Zealand resolution.

There is one final suggestion that I would like to advance, and this again with respect to what our colleague from Lebanon has just said. He suggested that those of us who have raised some questions about the wisdom of regional economic planning have not as yet brought forward any alternative, and that, as soon as any alternative is suggested on the part of any of us, the regional groups who have considered up to the present time the desirability of asking the United Nations to establish regional economic planning commissions -- as soon as that is done, we have been assured that these regional groups will abandon their desires for regional commissions and accept the reasonable alternative that is suggested.

If I may say so, it seems to me that we have not only advanced an alternative, but we have an alternative, and we are all of us a part of that alternative. The United Nations is an alternative. It is the alternative. We are banded together as a world-wide organization. We have set up an Economic and Social Council. That Economic and Social Council has set up an Economic and Employment Commission. That Economic and Employment Commission has set up a Sub-Commission on Economic Development. Throughout the entire structure of the United Nations and throughout the entire structure of these bodies which I have just mentioned, the approach is not a regional one. It is a functional one. It is machinery designed to deal with these very problems of economic development and economic planning, with due regard to the needs of regions, whatever parts of the world they may be in, and with due regard also to the relationships of those regions to the needs, requirements and the interests of the world as a whole. I suggest it is that alternative of the world-wide structure of the United Nations through its Economic and Employment Commission and through the Sub-Commission on Economic Development; it is through that kind of machinery that we can best approach that study which is being suggested by the New Zealand delegation in order to obtain a clear and fair picture of what the implications are, of the world economic development, before we find ourselves so far afield that we will not be able to retrace our steps even if at a later date we should consider it desirable to do so.

This is perhaps a half way point in our consideration of this problem. We have already established two temporary subcommissions in Europe and in Asia and the Far East for the purpose of economic

reconstruction. We have taken a step this morning in the establishment of our ad hoc Committee which may at some time in the future lead to the establishment of a commission for economic development, a more permanent body, for Latin America. We can see that at future meetings of the Economic and Social Council, we will have for discussion on our agenda other proposals, which are equally legitimate, from other areas of the world suggesting this same kind of regional economic commission for their particular parts of the world. It seems to me that at some point along the line surely this Council should pause and consider the principles that are involved in what it is doing in deciding seriatim, step by step, on a series of regional economic commissions. If this Council studies the problem and decides in its wisdom that the regional approach to the economic planning and development of these areas is the proper approach, then surely we will go forward with much greater security and be confident in our own minds, having taken that decision on the basis of a deliberate and well-thought out judgment.

But if we are to continue as we have been going on, taking each case on its own, taking into consideration all the peculiar local circumstances which make it necessary or desirable perhaps to establish an economic commission in a particular area, but not giving our consideration, as we should be, to the broader implications of the whole approach that we are making; if that is the course we are following, then we will proceed, I am afraid, with increasing hesitancy, with increasing diffidence and with graver and graver doubts as to this means of carrying out what we conceive to be the over-all obligations of the United Nations in the field of economic development and economic reconstruction for the world as a whole.

The PRESIDENT: We shall now vote on the draft resolution proposed by the representative of New Zealand. However, first we shall vote on the amendment of the representative of Canada. He proposes that the reference to the Sub-Commissions should be deleted.

Mr. PERRY (New Zealand): I had not appreciated that that was a specific amendment that the Canadian representative had put forward, and for that reason I did not make any reference to it earlier. I now understand it is a definite amendment.

I do not want to have any lengthy discussion on this particular point, but I do feel that as these Sub-Commissions are scheduled to meet in the fairly near future it might be of advantage to leave the way open for them to consider the matter in a preliminary way, if they so desire, rather than making it necessary for the initial consideration to be given by the Commission itself.

Mr. MALIK (Lebanon): Since there is mentioned here references made to the possible establishment at a later date of an Economic Commission for the Middle East, I think it is only fair to add "and for the Southwest Pacific."

The PRESIDENT: There are now two amendments to the draft resolution.

Mr. PERRY (New Zealand): I should like to make a possible explanation with regard to the latter amendment where I think there is some misunderstanding.

I was not present at the Fourth Session of the Council, but, as I understand the matter, there was certainly a reference by the New Zealand representative to a body to be called the South Pacific Commission which six governments meeting shortly before the last session of the

Council had agreed to establish. That Commission is not correctly termed an economic commission; it is concerned with the problems -- sociological, and educational very largely -- of the peoples of the Pacific islands.

It is not primarily an economic commission, and it has been suggested that it be established. Its terms of reference have been laid down by the various governments that are concerned with the administration of territories in the Southwest Pacific area. It does not cover any territory of any economic importance, and, as far as I am aware, there has never been any suggestion for the establishment of an economic commission under the United Nations for the South Pacific area, for instance, covering Australia and New Zealand. I have never heard of any such suggestion. If there were such a suggestion specifically made on the record at the last session of the Council, I would think that the statement made by the representative of Lebanon was accurate and perhaps should be taken note of, but I think it is probably a misunderstanding.

The PRESIDENT: There are two amendments to the draft resolution, and we will now vote upon the amendments.

Mr. MALIK (Lebanon): I am not submitting my suggestion as an amendment. If the New Zealand representative does not want to sponsor it himself, then it is not for me to sponsor it.

The PRESIDENT: There is the amendment proposed by the representative of Canada that in the last paragraph of the draft resolution the words "and its Sub-Commissions on Employment and Economic Stability and on Economic Development" should be deleted.

The amendment to the resolution was adopted by seven votes to one, with ten abstentions.

The PRESIDENT: We will now vote on the draft resolution, as amended.

The resolution was adopted by nine votes to seven, with two abstentions.

DISCUSSION ON THE BALLOT FOR TWO ADDITIONAL MEMBERS ON THE AD HOC COMMITTEE

The PRESIDENT: The ballot forms for the election of the additional two Members to the ad hoc committee will be distributed to the Members. After the distribution, we will begin our discussion on the next item of the agenda.

I should like to inform the Members of the Council that, while there are four names on the ballot form, only two Members are to be elected. Each Member, therefore, will vote for two out of the four nominations. I ask the representatives of Canada and Turkey to take care of the ballot papers.

Mr. MENDES-FRANCE (France) (Interpretation from French): I am sorry I have to refer to the proposal I made this morning, but I think the proposal made by the President this morning is, perhaps, a good one.

I am sorry to insist upon it, but if the Members of the Council were asked to express themselves upon that proposal of the President, I think it would be found that it would meet with the approval of the majority of the Members of the Council. The President said that perhaps we could appoint ten Members on the ad hoc committee, and thus we would avoid having a ballot on this point. I ask that the Members of the Council be asked to express themselves on this point.

The PRESIDENT: Unfortunately, after I had made my suggestion, the Member for Venezuela proposed that there be either eleven Members or nine Members on the Committee. At the same time, he suggested that we should have a secret vote on the four candidates. Therefore, I withdrew the suggestion I made to the Council. If the representative of Venezuela insists upon his proposal, we cannot change it. Unless he withdraws his proposal, it is impossible for me to adopt the proposal for ten Members.

Mr. d'ASCOLI (Venezuela): I proposed this morning that the Netherlands be a candidate, but I think we should know where we stand in this respect, because the representative of the Netherlands, when he spoke this morning, said he could not accept my proposal. We should see how many candidates we now have, but, for my part, I insist upon the nomination I made, though I do not know whether the representative himself thinks he should sit.

Mr. BEYEN (Netherlands): I did not say that the Netherlands would not accept the proposal. What I proposed this morning was to limit the number to nine, and that would include the United Kingdom. In that case, I should be willing to abstain; I do not think I can go any further than that.

The PRESIDENT: That is how I interpreted it.

Mr. MENDES-FRANCE (France) (Interpretation from French): I do not know exactly what is the condition at present; however, there is one point on which I must press the Council for a decision. I am quite sure that the rules of procedure specify a way for the Council to decide how many Members shall sit on the Body we are now contemplating.

This morning the President moved that there should be ten Members. He later withdrew his suggestions, which I took up again myself. I feel that it is necessary for the Council to take a decision with regard to this matter. If we decide on a Commission of ten Members, we shall have to proceed to a vote since there are four candidates available for three seats.

Mr. THORP (United States): I thought we had approved the Report of the Drafting Committee this morning, and the Report of this Committee was to the effect that there should be a total of nine Members. Therefore, I had assumed that the balloting was based on the proposition that there would be nine Members. I think the fastest thing we can do on this matter is to ballot.

The PRESIDENT: However, there are two proposals. The representative of Venezuela has proposed that there should be eleven Members on this Commission.

Mr. d'ASCOLI (Venezuela): I withdraw that proposal.

The PRESIDENT: There is another proposal, made by the representative of France, that the number of Members should be ten.

Mr. MENDES-FRANCE (France) (Interpretation from French): I, too, withdraw my proposal.

The PRESIDENT: Then we shall vote on the two Members. Each Member of the Council has the ballot form before him, and each Member will select two out of the four mentioned thereon.

Mr. SEN (India): I do not think this Council has been put in such an awkward position for a long time; therefore, I should like a little guidance from the President. Is it possible to cast two votes in favor of the same country? Is it a single transferable vote or must you vote for one country, with two countries as the maximum?

The PRESIDENT: You may vote for one; you may not vote twice for one country, nor may you vote for three countries. In the meantime, however, we shall pass on to the next item on our agenda.

INTERNATIONAL CONTROL OF OIL RESOURCES (E/449, E/449/Add.1)

On the invitation of the President, Dr. Thorsten Odhe, International Director, International Cooperative Alliance, took his place at the Council Table.

Dr. ODHE: The International Cooperative Alliance is indeed very grateful for having been granted this opportunity to bring before the Economic and Social Council its oral presentation of a matter which it considers of the utmost importance to the peace of the world and to the struggle to restore and raise its prosperity.

The appeal we have made to the Council is based on a resolution adopted by the Congress of the I.C.A. at Zurich last year at which an overwhelming number of the national organizations members of the I.C.A. were represented. In this resolution the Congress wanted to emphasize in the strongest terms:

"The immediate need of placing control and administration of the oil resources of the world under an authority of the United Nations, and, as a first step in that direction, the oil resources of the Middle East, by and with the consent of the states involved, these resources to be administered in such a way that cooperative organizations can be assured of an equitable share."

In accordance with the statutes of the I.C.A., the adoption of this resolution involved the duty of the executive bodies of the Alliance to work for its implementation. Evidently this would best be done by bringing it to the knowledge of the Economic and Social Council of the United Nations. It has now been put on the provisional agenda for this session of the Council.

In two extensive papers the I.C.A. has presented its argumentation for the urgent need it feels there is to suggest to the United Nations to bring up the matter for discussion. In the view of the Alliance this need stands out from three main viewpoints. The rivalry for new oil fields may contribute to disturbing the peace of the world. Conflicts over oil between governments made their appearance in the inter-war period and may well be expected to burst into flames once more.

Furthermore, equal access to the petroleum resources of the world is a pre-requisite of vital importance to the economic reconstruction of the world lying ahead. There could hardly be mentioned any more important basic material than petroleum, to start with, when the United Nations will have to proceed to the implementation in practice of Article Four of the Atlantic Charter.

Thirdly, obvious tendencies of monopolistic price-fixing by the large oil combines to the detriment of the consumers have appeared in the past and up to the present time in many different countries. The petroleum industry has, step by step, secured its monopolistic power to fix the prices of petroleum products by extending its activities to the production of the basic material. The bulk of the world's resources of crude oil are in the hands of comparatively few companies which are also predominating in refining, shipping and retailing oil in most parts of the world.

This inevitably means that chances for new enterprises to come into the market with a view to starting competition and reducing prices where these are too high have correspondingly been cut down. This applies in the first line to enterprises started and working in consumers' interests. In order to create the resistance needed these organizations have, of late, joined on an international scale, forming the International Cooperative Petroleum Association, representing twenty different countries. The ICPA stands prepared to operate to that end on an expanding scale but has every reason to expect that its activities, if carried beyond a certain limit, will be considerably hampered by lack of access to the basic material.

These are, briefly, the arguments presented by the ICA in support of its resolution. The Alliance has also indicated its view on the nature of the remedies to be applied. The international control needed might be achieved by the United Nations submitting a proposal for a convention or an agreement to be signed by the nations interested and supervised by an authority under the auspices of the United Nations. As a first step in implementing this plan, this proposal should be made to the countries

of the Middle East where the bulk of the still unexploited world petroleum resources are believed to exist.

Such an agreement should provide for the exploitation of the oil resources in the public interest and with a view to safeguarding sufficient supply for the needs of future generations. It should provide for equal access to oil stocks and prevent discrimination in favor of nations or types of buyers, so that all purchasers should be assured of the right to buy oil in adequate quantities. It should adjudicate oil disputes and study general trends in the petroleum industry to enable, as far as possible, production to be planned on an international scale.

These general suggestions of the ICA do not imply anything but an abstract of progressive ideas expressed in recent years in different quarters, by government representatives, institutions, organizations and private persons. They imply no infringement on the sovereignty of nations, no transfer of ownership, no expropriation, no confiscation of property. The possibilities of planning production on an international scale and thus bringing about greater harmony between demand and supply are to be effected by voluntary collaboration. There is to be no centralization of the disposal of the world's oil wells in super-governmental hands.

As the Alliance sees it, the instrument of international control should only and solely be used to assure the utilization of the petroleum resources in the public interest and in the interest of free trade interchange among all countries. Consequently, this line of thought does by no means imply that the high technical and commercial efficiency accumulated by the big oil companies should be impaired by some process of splitting up or allocating their activities. With the guarantees for the public interest I have indicated, this efficiency would assert itself to a still higher degree.

The member organizations of the ICA in several countries have come into contact with the business operations and working methods of the petroleum industry, and the argumentation of the ICA is partly founded on practical knowledge derived from these contacts, partly on a general study of the question. The Alliance is well aware of the fact that the Economic and Social Council is not and cannot be in the act of making a decision on such a complicated and far-reaching question on the basis of the argumentation made and the material supplied by the Alliance. The Alliance as a consultant non-governmental organization, moreover, lacks the authority for submitting proposals to the Council.

In its capacity of a consultant to the Council and representative organization of the Cooperative movement it, however, feels it its duty to advise the Council to submit this vitally important question to a closer study with a view to elaborating appropriate proposals for establishing the degree of control found necessary. The Economic and Social Council possesses the resources to submit the matter as a whole to a far more extensive and deep-reaching investigation than any voluntary, non-governmental international organization. It can request the member states, the specialized agencies and the non-governmental organizations to supply information and materials on the matter. It can have these materials worked over and sifted with the guidance of experiences already at its disposal. It is within the Council's duties and competence to assign this subject to the proper body to carry out the investigation. In the terms of reference of the Economic and Employment Commission there is, if I understand it correctly, among others, a direction to undertake investigations in order to enable the exploitation of the world's natural resources in such a way as to promote high employment and a rising living standard.

The ICA will finally only once more stress the urgent nature of the

subject. If the Council would decide to direct the Secretariat to have the existing materials assembled -- and I mean within the framework of the present staff and the present budget -- and a summary study made so that the Economic and Employment Commission could discuss this study at its forthcoming session and bring its recommendations to the Economic and Social Council for consideration at its second session in 1948, a big stride forward will have been made to bring the question towards its solution.

The Alliance holds the definite conviction that the problem of an international control of the world's oil resources in order to have them utilized in the public interest can only be solved within the framework of the United Nations and with its active collaboration in the implementations of the principles elaborated and adopted. We are extremely grateful to the Council for the opportunity to present our views on this serious problem to the honoured representatives and we are prepared to contribute to the continued discussion of it by consultation in the widest sense of the word. The International Cooperative Alliance possesses the possibilities to offer this consultation particularly due to the experiences already gathered by the International Cooperative Petroleum Association during the course of its creation and activities.

The PRESIDENT: I should like to announce the result of the vote. France has received eleven votes; the United Kingdom has received ten votes; Norway has received nine votes and the Netherlands has received four votes. Ten votes being the majority, France and the United Kingdom are elected to the ad hoc Committee.

Mr. THORP (United States): I have considered the documents presented by the International Co-operative Alliance with real care, and now I have listened to their oral presentation. I think this matter deserves our very careful consideration. The suggestion of a world authority for oil is a bold one with tremendous complications and implications. At the moment I must confess I am not clear as to the exact form and extent of the problems which it is to solve, although I can easily see many problems involved in the creation of any such authority.

The documents point to a great many problems, the more important ones of which I would summarize as being access to raw materials of the world, the problem of discrimination among customers, the problem of price fixing, and in general the problem of restrictive practices. As we all know, these are not a new set of problems. These are persisting problems which have risen from time to time in economies of various patterns. They are not at all peculiar to the oil industry. They have varied from time to time and from commodity to commodity throughout the world.

As far as problems of this type are concerned, the United States policy has been clear for a good many years. We have had domestic policies under the general heading of the Anti-Trust Laws with the clear-cut intention of dealing with discriminations and restrictive practices like all laws varying from time to time in the effectiveness of

their enforcement, but nevertheless being a persisting set of principles in the American economy.

With respect to discrimination among customers, we have been experimenting with a very drastic and exact law called the Robinson-Patman Act which was an effort to create almost exact equality among competitors and which has raised probably as many problems as it solved. But regardless of the problems of particular legislation, American domestic policy has been very clear on these matters, and I think our attitude towards the same problems in the international field is also very clear.

In the Atlantic Charter the access to the raw materials of the world is one of the basic elements, and, as some of the countries here at the table will remember, in the Lend-Lease Agreements, in the section which points toward the general principles which the parties agreed would be their objective after the war the principle of non-discrimination is one of those particularly noted.

Even beyond that, these are after all statements which did not involve implementation. There is a chapter in the International Trade Organization's proposed charter, Chapter VI, which does implement or which is intended to implement actions in the general area of the problem of cartels and restrictive practices which would work in a way contrary to the public interest, actions which would tend to restrict production and impose heavy burdens on consumers. That particular Chapter seems to have met with support by the countries in the Preparatory Committee, and I think we can look forward with real expectation that the International Trade Organization in the not too distant future will be ready to deal with problems of this general

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character; so that I think the record is rather clear that problems of the kind raised by this document are matters which have been of concern certainly to our Government, and I know to other governments, and within the United Nations it has been contemplated that there would be a place to which one could go to have such matters considered.

The present problem in the oil industry does not seem to me to be a problem of the kind that is here outlined. There is a short-run problem that is very serious. There is, as we all know, a serious shortage of oil in the world at the present time. That has come about from a number of causes. The use of oil has greatly increased, partly a reflection of the shortage of coal, of course. The shortage of steel has in turn hampered the development of oil facilities, and in the shipping field the tanker supply has been another limitation, so that at the present time the oil problem is a problem of shortage.

The need for oil is much greater than that which can be supplied by present resources; on the other hand, we all know that there is going on a very rapid development of new oil resources, and we can all hope that this is a short-run problem.

However, I should like to point out that the condition of shortage accentuates the kind of problem that is raised in these documents. Although they are intended to be, and at many points are, long-run documents, nevertheless problems in the field of pricing and treatment of customers are particularly difficult during times of shortage. Those are times when allocations have to be made when there is a tremendous pressure on prices to go up because of the imbalance between supply and demand.

I suspect that at the present time we have a situation in which any problems that there are with respect to efforts to provide oil to additional purchasers run right into the shortage situation and the difficulty that anyone faces under such circumstances in making allocations.

Having that in mind and having in mind the fact that the International Trade Organization will presumably come into being in the not

too distant future and having in mind that it is desirable to have a consistency of treatment of commodity problems and business structure problems, I feel that the easiest way to deal with this problem may be one of holding it until we have the principles of the International Trade Organization adopted, which principles certainly are the principles which are sought after as general principles in these documents -- principles of non-restriction of production and of protection of the consumer.

If there is a feeling on the part of the Council that some critical situation is here and immediate action is needed, then I think we have a very difficult problem before us. This problem of oil is one that is tremendous in scope. I think the suggestion that the Secretariat might assemble material on the subject without any increase in its present staff fails completely to recognize what a tremendous problem this is.

If I may be pardoned for being a bit facetious, I should like to tell a story. When my father had just learned to write, a teacher in school told all the children that on the next day they would have to bring in an essay one page long. My father was very much worried about how he could possibly fill up as much as a whole page. He was allowed to select his own title; and so he selected as his title, "The World and its Contents."

I think we have the possibility of just the reverse here in that we shall have to make a very careful selection as to the work that is to be done in this field. If one starts to work on a problem such as the problem of oil, one can keep a great many people working a great many years and accomplish very little. It requires very careful planning and a very careful statement of the problem.

Therefore, I should suggest that if it is felt that we should take some action here -- and I should not regard holding this for later study

as being a position on our part against the necessity for considering the oil problem at some time -- I do not see how we can go any further at this time than asking the Economic and Employment Commission to consider what kind of a study might be useful and come back to us with a suggestion rather than with the study itself.

Someone has to think this problem through and find out what are the key and focal points before it is worthwhile going to work on it in any substantial way. Someone has to study the problems and decide what are the major problems. We cannot undertake to correct all the economic situations in the world which may seem to be out of balance or unfair and inequitable. We have to decide where the most useful place is for us to focus our energies.

We do have a commission of economic experts to advise us, and this is certainly a case where we need to have advice from experts if we propose to move ahead with any speed on the problem. But I do have a feeling that this is not a problem of immediate urgency, that it is a problem which can quite appropriately be dealt with and considered at a later time -- at a time when perhaps the immediate shortage situations have passed by and we shall have a little better idea as to the pattern of the oil industry and oil production itself.

But, at any rate, I feel that if we do come to study this problem, we ought not to take any one part of the world -- the Middle East, for example -- but we should face the fact that the oil problem is a world problem; ~~the~~ the oil market is a world market. A barrel of oil anywhere in the world is related to barrels of oil everywhere else in the world. Anything that we wish to do in the way of study or analysis of this problem should clearly be on the basis of the entire world rather than on

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some one particular region. Unless we move in on our economic problems with the entire area covered by the problem in mind, we may find ourselves with partial solutions, but solutions which in turn will create situations of unfairness and imbalance.

I doubt whether this is a case where we could possibly regard a sectional approach as experimental, because a sectional approach itself could be effective only as it operated in relationship to the entire world picture. Therefore, I think we must consider this problem very carefully, and I hope we shall not feel that this Council, at this meeting, is required to take some action which will divert a great part of our time, energy, and resources to this sector of the whole economic picture.

The PRESIDENT: Evidently we shall not finish our discussion to-day, unless Members are ready to take a decision now. Therefore, we will now adjourn, and renew the discussion to-morrow. I should like Members of the Council to note that the meeting will commence at 10,30 a.m. instead of 11 a.m. Discussion will be continued on Document E/454, and to that will be added "Members of the Permanent Central Opium Board" and "Freedom of the Press".

At 11 a.m. and 3 p.m. there will be a meeting of the Committee on Negotiations with Specialised Agencies. The draft agreement of the International Tele Communications Union will be discussed, and the representative of that organisation will be there.

At 2:45 p.m. the Social Commission will meet to dispose of the item "Traffic in Women and Children."

The meeting rose at 5:52 p.m.