

UNITED NATIONS
ECONOMIC AND
SOCIAL COUNCIL
OFFICIAL RECORDS



FIFTH YEAR, TENTH SESSION

356th MEETING

MONDAY, 20 FEBRUARY 1950, AT 11 A.M.

LAKE SUCCESS, NEW YORK

President: Mr. Hernán SANTA CRUZ (Chile).

Calendar of conferences for 1950: adjustments consequent upon decisions of the General Assembly and other changes (E/1569, E/1569/Corr.1, E/1600 (paragraph 62), E/1610, E/1610/Corr.1 and E/1616) (continued)

1. The PRESIDENT drew the Council's attention to the Australian draft resolution on the session of the Sub-Commission on Employment and Economic Stability (E/L.15) and the amendment to it proposed by the United States delegation.

2. Mr. VALENZUELA (Chile) asked the Council not to state its views on the Australian draft resolution and the United States amendment until it had completed the consideration of the problem of financing economic development.

3. Mr. THORP (United States of America) agreed with the Chilean representative's suggestion.

4. Mr. PLIMSOLL (Australia) pointed out that the Sub-Commission on Employment and Economic Stability was due to meet on 20 March 1950 and that it was essential to decide as soon as possible whether or not the meeting would be held. He wondered whether the Chilean representative would agree to the Council's discussing that date forthwith and postponing to a later meeting any decision on the date of the session of the Sub-Commission on Economic Development.

5. The PRESIDENT said that the Australian representative's suggestion would be acceptable if the United States representative agreed to submit his amendment to that resolution as a separate draft resolution.

6. Mr. THORP (United States of America) replied that his delegation's amendment would be circulated to the Council as a separate draft resolution.

7. The PRESIDENT announced that in that case the United States draft resolution would be discussed at a later date.

8. He called upon the Council to come to a decision on the Australian draft resolution (E/L.15).

The draft resolution was adopted.

9. The PRESIDENT drew the Council's attention to the Secretary-General's note (E/1616) proposing that the fifth session of the Population Commission should be postponed until 22 May 1950.

10. Mr. BORIS (France) thought that it would be most inconvenient to set back the date of that Commission's session. The experts, who were scarce in that field, had an agenda which had been prepared well in advance. They were, moreover, very busy men and it was very late to ask at that juncture for the date of the session to be postponed. The Secretariat's reasons were not conclusive: it should have foreseen that it would not be able to complete its work in the time at its disposal.

11. The Population Commission's session should take place as already arranged.

12. Mr. CORLEY SMITH (United Kingdom) asked the Council to postpone any decision on that matter for two days, so as to enable his delegation to receive the views of its representative on the Population Commission.

13. Mr. CHANG (China) read paragraph 4 of the note by the Secretary-General (E/1616) and pointed out that the Secretary-General must have very good reasons for having reached such a definite conclusion. He did not, however, object to the United Kingdom representative's request.

14. Mr. BORIS (France) supported the United Kingdom request.

The Council decided unanimously to postpone any decision on the date of the fifth session of the Population Commission for two working days.

Report of the Economic and Employment Commission (fifth session) (E/1600, E/1600/Corr.1 and E/1600/Add.1): full employment (a) report of the Group of Experts, appointed by the Secretary-General under Council resolution 221 E (IX), on National and International Measures for Full Employment (E/1584, E/1571 and E/1571/Add.1); (b) General Assembly resolution 308 (IV) of 25 November 1949

15. Mr. THORP (United States of America) presented his delegation's comments on the report of the Economic and Employment Commission and on General Assembly resolution 308 (IV) on full employment.

16. The General Assembly resolution recommended that "each Government consider, as a matter of urgency, its international responsibility under Articles 55 and 56

of the Charter to take action . . . designed to promote and maintain full and productive employment”.

17. His Government took that responsibility most seriously. It hoped to attain that aim within the framework of the Employment Act of 1946, under which a Council of Economic Advisers had been set up under the President's direct authority. It was the responsibility of the economists serving on that Council to follow closely the country's general economic and employment situation and to make recommendations to the President. The President was responsible for recommending appropriate measures to Congress. Congress had set up a Joint Senate-House Committee on the Economic Report—the President's annual report on that subject—which considered in detail the appropriate steps for achieving and maintaining maximum employment and the closely related goals of maximum production and purchasing power.

18. The President's latest Economic Report to Congress and the Annual Economic Review prepared by the Council of Economic Advisers had been circulated to the members of the Economic and Social Council. Mr. Thorp would analyse the economic situation of the United States when the Council took up the question of the world economic situation. The Joint Senate-House Committee was at that moment considering the President's recommendations for raising the level of employment in the United States.

19. The General Assembly resolution on full employment appealed mainly to Governments, but it also requested the Council to “give attention to unemployment and under-employment, especially in under-developed countries and particularly in such critical fields as agriculture”. It was obvious that all the members of the Council agreed that that was one of the Council's main responsibilities. It scarcely seemed necessary for the Council to decide formally to deal with the problem, but it might perhaps be well for it to take note of the Assembly resolution.

20. Turning to the report of the Economic and Employment Commission, he recalled that the Council's discussions on that report at earlier sessions had generally indicated a feeling that the Commission was not dealing effectively with the more important problems in its field. It was therefore with genuine pleasure that he had examined the report and the records of the Commission at its fifth session. The quality of its work had undoubtedly improved considerably.

21. One of the main reasons why the Commission's report was so useful and interesting was that the Commission itself had had before it a document drafted in a competent way and containing new ideas, upon which it had based its discussions. He was referring to the report of the Group of Experts on *National and International Measures for Full Employment* (E/1584). That report had been drawn up in accordance with Council resolution 221 E (IX) of 11 August 1949 and he felt that the Council had not been mistaken in believing that a small group of experts, independent of governmental instructions, could prepare excellent technical reports.

22. He drew the Council's special attention to annex B of the Commission's report, in which were presented

a number of the key problems which had arisen during the preliminary consideration of the experts' report. The annex should be very useful in clarifying the various issues and in appraising both the theoretical and the practical aspects of the proposals.

23. The report of the Group of Experts had become available at such a late date that it had not been possible for either the members of the Economic and Employment Commission or the members of the Council to give it the detailed consideration which it deserved. The United States Government was very much interested in the report and considered that the various suggestions it contained deserved the most thorough study by Governments, specialized agencies, non-governmental organizations and the public throughout the world. That did not necessarily mean that the United States approved of the whole report: Mr. Lubin had spoken of some of the United States Government's objections to it before the Economic and Employment Commission.

24. Mr. Thorp was consequently prepared to support the draft resolution presented to the Council by the Economic and Employment Commission. The draft resolution would refer the report on full employment and the Commission's own report to Governments for study; it also called upon the members of the Council to be prepared for a full discussion of the report at the eleventh session of the Council. He considered that the Commission had been wise in proposing that interval, which would allow for a careful and thorough study of the report.

25. The United States delegation hoped that the non-governmental organizations would take note of the request in the resolution that they should study the report. He was inclined to think that the Council might go further, and he was therefore proposing an amendment (E/L.19) to the draft resolution given in annex A of the report of the Economic and Employment Commission. The amendment consisted of the addition of a paragraph 7, worded as follows:

“7. *Requests* the Secretary-General to obtain the views of the interested and competent non-governmental organizations on the experts' report in writing in time for circulation to the members of the Council before its eleventh session.”

26. In conclusion, he stated that, in accordance with the programme proposed by the Commission, with which his Government was in full agreement, he would not discuss at the current session either the report of the Group of Experts or the report of the Economic and Employment Commission, but reserved the right to speak on the subject at the eleventh session of the Council.

27. Sir Sydney CAINE (United Kingdom) quoted Articles 55 and 56 of the Charter, under which the United Nations undertook to promote higher standards of living, full employment and conditions of economic and social progress and development, for the achievement of which purposes its Members pledged themselves to take joint and separate action in co-operation with the Organization.

28. While Members had not neglected their obligations during the past years, the problem which now arose was whether Members could agree on a series of

specific measures to give effect to the principles laid down in Articles 55 and 56. He hoped that in their consideration of the problem members of the Council would be guided by the same idealism and belief in international co-operation that had inspired those who had drafted the United Nations Charter at San Francisco.

29. During the current session of the Council it had been repeatedly necessary to emphasize the interdependence of the different aspects of economic policy. It had been pointed out that the freedom of trade from discriminatory restrictions was dependent upon convertibility of currencies, that that in turn was dependent upon the possibility of relieving the acute dollar shortage from which many countries were suffering and that a large flow of international investment from the dollar countries to the under-developed areas could contribute directly or indirectly to the relief of that dollar shortage.

30. The Council had to examine yet another aspect of the many-sided problem, namely, the promotion of a high and stable level of activity in the internal economies of individual countries. That action was desirable, not only for the immediate effects which it could not fail to produce, but also for the attainment of other objectives of economic policy.

31. He would not dwell on the importance of economic security. It could be said that the fight against insecurity was at the base of all the activities of the United Nations. The Security Council was concerned with the problem of political security. In its discussions on the development of under-developed countries the Economic and Social Council was fundamentally concerned with ensuring the security of the peoples of the world against want and against the lack of the basic necessities of life. Other international organs working under or in co-operation with the United Nations were concerned with security against disease.

32. The insecurity with which the Council was concerned at the moment was insecurity of employment, which afflicted especially, but not exclusively, the more highly industrialized countries of the world. No one who was in touch with the general currents of public opinion in the more advanced industrialized countries could be ignorant of the deep feeling of apprehension which existed on the matter of security of employment. The great economic crisis which twenty years earlier had produced vast masses of unemployed was not forgotten, and it was a widespread conviction that the existing economic system should be so constructed and managed as to prevent the misery, waste of energy and human degradation caused by unemployment. For millions of workers in industrialized countries the fear of a recurrence of such a state of affairs had become a dominant factor in their approach to economic and social problems.

33. It was not a purely instinctive reaction. That manner of thinking was also the product of rational economic thought, which held that it was possible to avoid the recurrence of those evils without losing the dynamic elements which must be a feature of all progressive economies. Serious-minded people who aimed at the avoidance of mass unemployment did not ignore the dynamic elements which had been an essential feature of the great material progress achieved by recent gene-

rations. They understood that a progressive economy must have great flexibility, that there must be changes in the degree of activity in its individual sectors and that those changes could not always be upward. They felt, however, that it was possible to retain the essential dynamic elements without the extremely painful fluctuations experienced in the past. Just as in modern times it is possible to travel much faster and more smoothly than in the past, so it might be hoped that in the economic field it would be possible to devise measures which would ensure the stability and economic security of the individual, and that the sudden rises and falls in economic graphs could be removed, just as the ruts in the road had been removed.

34. The desire for economic security had become one of the great contributing factors in the problems of international trade. It gave rise to measures to develop that trade and was itself affected by those measures. The more fully and the more freely a country participated in international trade, the more it was exposed to the economic influences of other countries. In countries like the United Kingdom in which foreign trade played a very large part in the total economy, the extent of those influences could be considerable. Consequently the success of a policy of internal stability in such a country must always to a large extent depend on its external trade; on whether it could secure and pay for its necessary raw materials and whether it could sell its finished products.

35. But the reverse was also true. It was always to be feared that under a system of completely free international trade the internal level of economic activity might be dominated by external influences and by the levels of activity in other countries, over which no one Government could exercise control. Under such a system, and in so far as external influences were significant, an individual Government must give up some of its power to regulate or influence the level of economic activity and the volume of employment. It must, as it were, expose itself unprotected to whatever winds might blow.

36. He did not mean that all, or indeed any, of the existing trade restrictions had originated consciously as protective devices against adverse influences. It was simply that the dread of insecurity, so strong at the moment, operated as a powerful deterrent to the removal of restrictions which might otherwise have been abolished. Whatever else countries might be willing to import, they did not want to import unemployment.

37. It followed that the greater the confidence which was felt in the stability of the economies of other major trading countries, the more willing countries would be to expose themselves to external influences and the less they would be tempted to create trade restrictions which, while hindering exchanges, could serve to a certain extent to mitigate the dangers of insecurity. That was why the problem under discussion in the Economic and Social Council was so important a factor in the interlocking complex of economic policies. Without reasonably free movement of international trade, the intricate economies of the various countries of the world could not attain their optimum activity. On the other hand, without the assurance of the maintenance of a high level of employment in most countries, Governments would be reluctant to accept an unrestricted system of trading.

38. Such was the background against which the work of the experts whose report was before the Economic and Social Council had been carried out. The experts had not taken as a starting point a completely novel idea, namely that the level of economic activity within any one country was a matter of international interest. That had already been established in various international discussions and was embodied in Chapter IX of the United Nations Charter and in various other international instruments. By those documents, the various countries had committed themselves, in general terms, to promote full employment and it could be claimed that the efforts made in that direction during recent years had met with considerable success. Some countries, including the United States, had embodied in their domestic legislation the need for achieving a high level of employment. Other countries, such as the United Kingdom, had made formal declarations to the same effect without giving legislative sanction to the principle.

39. Nevertheless, it might appear that the existing obligation was too general and that it would be useful to consider whether specific steps could be taken to achieve the purpose and to define the purpose more clearly. It was to that task that the experts had devoted themselves and he thought the other representatives would agree with him that they had succeeded brilliantly and had presented the Governments concerned with a valuable analysis, together with highly interesting suggestions for specific action. They had restated the essential truth that States are interdependent in that field as in many others, and that national actions must be judged internationally as well as internally. They had set out certain internal actions which Governments could take individually, but in concert with other countries. They had also formulated proposals for action which could be taken jointly in the related fields of international trade, balance of payments and investment.

40. Sir Sidney felt it was unnecessary to stress the keen interest the United Kingdom Government took in the subject of full employment and economic stability. The attainment of those objectives had been one of the principle features of the Government's post-war economic policy and he thought it would not be going too far to say that nothing would be changed after the elections which were shortly to take place in the United Kingdom, because that policy had been laid down in a statement issued by the all-party coalition government which had been in power during the war.

41. The United Kingdom Government therefore considered the experts' proposals with great sympathy. Precisely because of that sympathy and because of the importance it attached to the problem, the United Kingdom Government felt it was not possible to pass judgment on the experts' proposals quickly or without giving them the most careful consideration. The proposal to postpone any decision was not in that case an attempt to avoid responsibilities; it was simply an attempt to stress the importance of the matter.

42. The United Kingdom Government was fully aware of the complex nature of the question, of the dangers inherent in apparently attractive measures and of the delicate nature of the mechanism which would

have to be created in order to produce favourable results. He considered the recommendations of the Economic and Employment Commission that the experts' report should be submitted to the Governments and peoples of Member States for study and should be re-examined at the following session of the Economic and Social Council to be well founded. After several months of study, of public discussions and of exchanges of views, both official and unofficial, it could be hoped that specific decisions could be taken at the following session.

43. That being so, he had very little to say on the proposals put forward in the report of the Group of Experts. He did not wish to take a position on any particular proposal based on inadequate consideration. He would simply make two general comments and one suggestion concerning action not contemplated in the report of the Economic and Employment Commission.

44. In the first place, many of the suggested actions presupposed that the procedures adopted in the various countries would to a large extent be uniform. It might be impossible to achieve that result and it might possibly be more useful to leave greater latitude for adaptation to the different situation in each country. Certain specific questions could be left to be settled by each country according to the method most appropriate to it. To take an extreme example, many of the measures proposed would be quite inappropriate in the less developed of the United Kingdom dependent territories.

45. In the second place, those recommendations appeared to tend towards what might be called an over-mechanical operation of economic policies. There was too easy an assumption that measures prescribed exactly in advance could be put into operation promptly and automatically on the basis of statistics collected with speed and accuracy. Sir Sydney did not wish to offend anyone when he said that those proposals seemed to emanate from theorists rather than from administrators. It was an excellent thing that administrators should have goals placed before them by theorists, goals which could not be attained, at least in the near future, but without which the administrators would not be spurred on to attain what could be achieved. He thought that when the Council came to take specific decisions on some of those proposals at its following session, as he hoped it would, some modification would be necessary to make them administratively workable. That would in no way detract from the value of the spur which the group of economists who had drawn up the report had given to the individual Governments and to the Council as a whole.

46. The suggestion he wished to make was the following: it might be that in the interval before the following session of the Council further study would throw more light on certain practical aspects of the proposals contained in the report. One such subject for study could be the method of arriving at comparable figures of unemployment in different countries. As the report was to be examined not only by Governments but also by the appropriate specialized agencies, it would be well to ask the International Labour Organisation to make recommendations on the last point. ILO could be requested to report on the possibility of devising a method for calculating a percentage rate of unemploy-

ment in the more highly developed countries, a method which would not only provide promptly the data needed for the measures contemplated by the experts, but which would also make international comparisons possible. It was very likely that other delegations would have suggestions for additional studies which could be undertaken before the following session of the Council.

47. In conclusion, Sir Sydney proposed that the Council should accept the view of the Economic and Employment Commission on the value of the report of the Group of Experts, should adopt the Commission's recommendation concerning future procedure and should consider how far particular practical questions could be submitted to the specialized agencies or other appropriate bodies for further study. Fortunately, in spite of the many fears which had been voiced, the threatened general world depression had not developed and economic problems could still be studied in an atmosphere of comparative calm. There was reason to hope, therefore, that, founding themselves on the work of the experts and on the results of their own reflexion, Governments might be able at the following session of the Council to agree upon measures which would push further back the boundaries of insecurity in the economic field.

48. Mr. SCHNAKE VERGARA (Chile) approved the recommendation of the Economic and Employment Commission to submit the report of the Group of Experts on *National and International Measures for Full Employment* to Governments for their consideration. The latter would present their views during the following session of the Economic and Social Council.

49. He wished to emphasize that any full employment policy was destined to failure unless, as a preliminary, world trade was successfully balanced and, in particular, exchanges of essential products stabilized. At the same time an international investment policy which would complement the measures adopted in the commercial field should be pursued.

50. The report of the Group of Experts contained concrete proposals establishing a practical method by which the various Governments and specialized agencies could communicate to the Council their views on the important problem of full employment. The analysis made by the Group of Experts had not been inspired by any individual or national interests; it had been made solely in the general interest of all Members of the United Nations.

51. The summary records, as well as the report of the Economic and Employment Commission, showed that the members of that Commission had been deeply interested in the report of the Group of Experts and had agreed on a certain number of essential ideas. In particular, they had admitted that the economic development of the under-developed countries was essential for the economic stability of the world. The world was not currently threatened by large-scale unemployment, although arguments had been advanced by some representatives at recent sessions of the Council to the effect that a widespread threat of unemployment would shake the very foundations of the system of free enterprise. Those arguments were no longer tenable; the problem was rather to alleviate chronic trade instability.

52. He read extracts from paragraph 6 of the report of the Group of Experts and added that his Government had consistently taken the same view and had continually emphasized that world economy could not be stabilized unless the very heart of the problem were attacked.

53. In paragraph 21 of its report, the Group of Experts stated: "Policies of economic development and policies of full employment are essential complements of each other . . . one of the greatest needs of the under-developed countries is for the capital and techniques which they require to provide productive employment for their populations . . . we consider a stable flow of foreign investment to these countries to be of great importance". In under-developed countries, unemployment was mainly due to lack of capital and equipment. It must be recognized that a large part of the rural population could be diverted from agricultural occupations without a corresponding decrease in agricultural output. That fact was stressed in paragraph 20 of the report.

54. The report had doubtless helped to make world public opinion aware of the primary importance of the economic development of under-developed countries. Some members of the Economic and Employment Commission had stated, however, that the question of the economic development of under-developed countries had not been fully dealt with in the report of the Group of Experts. Mr. Lubin, the United States representative, in particular, had rightly emphasized the fact that the Group of Experts had demonstrated the relationship between economic development and full employment, but that it had not given the reasons for that relationship.

55. The Chilean representative hoped that the putting into effect of the programme suggested by the Group of Experts would lead to good results. He emphasized, however, that for a certain period many countries would have to continue to export primary products in order to obtain the necessary currency to purchase the industrial equipment needed for their economic development. As long as there was not a stable flow of international investments, the economic situation of those countries would be governed primarily by fluctuations in world trade. Even when world trade was stabilized it would be necessary to follow that international investment policy.

56. Fluctuations in the price of primary products had considerable repercussions on the economic situation of under-developed countries, chiefly owing to the fact that those countries obtained the necessary dollars through the export of primary products. He cited the case of Chile as an example: the decrease in the cash receipts due to the decline in the price of copper was 40 per cent of the dollar budget of that country. Chile's total commitments as a result of capital investments and services, including the foreign debt, was 23 per cent of its dollar receipts. The amortisation of the commitments entered into by the Chilean Government in order to help the economic development of the country and the interest on those commitments were 9 per cent of the total dollar receipts. In those circumstances, fluctuations in the prices of primary products might have an important effect on the carrying out of a plan for economic development. The Chilean Government had decided faith-

fully to meet its commitments, and had been forced to take serious steps to restrict consumption and imports. It had also had to put into effect a specially severe fiscal policy. Such measures had been taken simply to prevent its economic development programme from being impaired.

57. The stabilization of the prices of primary products had always been looked upon as essential. He referred, in that connexion, to the United Nations Charter and to the agreement concluded at Havana, and pointed out that the Economic Commission for Latin America had emphasized, at its first session, that it was essential that international agreements should be concluded in that field. So far, however, the results obtained had not been satisfactory. At a meeting of experts from the central banks of Latin America, held at Santiago de Chile, the President of the Central Bank of Chile, who was now the Finance Minister of that country, had likewise stressed that it was absolutely necessary to take effective measures to put an end to the disequilibrium in international trade. The co-operation of all was indispensable in order to abolish, or at least to reduce, fluctuations in the prices of primary products. That had also been one of the aims of the Bretton Woods Agreements.

58. In conclusion, he stated that, as the report of the Group of Experts had clearly shown, the economic development of under-developed countries was one of the necessary conditions for the stabilization and economic development of the world. In order to meet that condition it was essential that agreements eliminating fluctuations in the prices of primary products should be concluded and respected.

59. Mr. EUDES (Canada) recalled that Canada's economic policy was aimed at the maintenance of a high and stable level of employment and income. He welcomed the opportunity to participate in the Council's discussion of suitable means to achieve that aim.

60. In recent decades Canada had experienced a considerable rise in its standard of living despite the fact that it was still in the initial stages of economic development. While it was true that Canada's prosperity, like that of other countries, depended upon the diligence and efforts of its population in developing the country's natural resources, the peculiar nature of its economy, and the extent to which it hinged essentially upon foreign trade, should be borne in mind.

61. The skill with which Canadian producers had created foreign markets for their products had influenced the country's economic development. Canada was now fully aware that it had interests in common with the rest of the world; its experience, its aspirations and its needs led to the same conclusion, that is, that a sound national economic policy should be combined with useful and constructive international co-operation in order to achieve the aims defined by the Charter of the United Nations.

62. The Canadian delegation had never failed to evince a keen and sustained interest in questions of employment and economic stability. The report of the Group of Experts on *National and International Measures for Full Employment* and the relevant comments of the Economic and Employment Commission testified to the progress achieved in the study of the question. The

representative of Canada on the Commission had observed, at its fourth session, that the report of the Group of Experts deserved thorough study, that the concise analysis presented and the recommendations formulated would encourage the type of study suitable to the type of problems that might arise, and that the experience of the experts had proved both useful and fruitful. The Canadian Government fully associated itself with those remarks.

63. When compared with the results achieved by the two sub-commissions of the Economic and Employment Commission, the admirable report of the Group of Experts was the best proof of the usefulness of resorting to experts. It was the Commission itself which had suggested that the functions and responsibilities of the two sub-commissions might well be assumed by the Secretariat or by groups of experts. He did not intend to dwell upon the question, in view of the fact that it was to be examined in detail at the eleventh session of the Economic and Social Council, but would merely stress that it deserved thorough study by the members of the Council.

64. He did not, at the current stage, intend to set out in detail the views of his Government with respect to the substance of the experts' recommendations. The Economic and Employment Commission had already emphasized the difficulties resulting from the belated publications of the report of the Group of Experts and had drawn the attention of members of the Council to those difficulties. The examination of questions of the importance, scope and complexity of those dealt with by the Group of Experts demanded serious consideration of many vital aspects of the policy of Governments. In some cases the plans, particularly those of an international character, necessitated the adoption of new concepts, as yet untried, some of which did not seem very practical. Their adoption or rejection entailed considerable responsibility.

65. The Canadian delegation subscribed wholeheartedly to the principal conclusion arrived at by the Economic and Employment Commission and agreed that for Governments to take decisions on such important questions with a full knowledge of the facts, they should be given all the time they needed for a thorough examination of the theoretical analysis, conclusions and specific recommendations of the experts so as to be in a position to decide, after mature consideration, the extent to which those recommendations could be applied in each country.

66. He outlined some of the preliminary conclusions reached by his Government with respect to certain features of the report of the Group of Experts. Most of them had already been presented by the representative of Canada on the Economic and Employment Commission and they were very similar to the conclusions reached by the Commission itself.

67. The Canadian delegation endorsed the principles which the experts considered to be fundamental to the formulation of sound recommendations, and which were summed up in paragraph 17 of the Commission's report. Mr. Eudes was wholly in agreement with the experts as regards the importance which they attached to questions such as the need to remove the existing structural im-

balance in international trade and payments and the network of trade barriers. The Canadian delegation felt certain that no member of the Council would question the importance of economic development, the necessity for a larger and more stable flow of international investment and the importance of devising suitable means for avoiding the international propagation of unemployment resulting from cyclical fluctuations in effective demand.

68. The Canadian representative concurred in the conclusions of the Economic and Employment Commission: in stating those guiding principles the experts had done timely and valuable work. They had established the framework in which particular proposals could be examined with a view to deciding upon the action to be taken.

69. The report of the Group of Experts should not, however, be considered merely in so far as it applied to industrialized countries, but also in connexion with other countries, such as Canada for example, where the elements differed both in character and relative importance. A so-called "open" economy like that of Canada, which was largely dependent upon international trade and the development of natural resources, placed strict limitations upon the application and the value of "automatic measures" of the kind recommended by the experts. There might be similar obstacles to the application of those proposals to the problems facing underdeveloped countries.

70. Consequently, although the Canadian delegation endorsed many of the views expressed by the Group of Experts, it would lay more stress than the experts had done on the need to continue such studies in the light of political, economic and social factors in the various countries.

71. He thought that the Economic and Employment Commission had been right to draw attention, in paragraph 30 of its report, to a serious gap in the report of the Group of Experts; namely the insufficient attention given to questions such as wage-price relations and other "structural" questions such as those dealt with by Professor J. M. Clark in his separate statement.¹ Those were fundamental questions to which many governments would presumably give close attention.

72. The Canadian delegation would submit further observations on economic conditions, and the factors affecting current levels of demand and employment from a national and a world viewpoint, when the Council began its consideration of the world economic situation. Those observations would be submitted during the discussion in connexion with the Secretary-General's report on "Major Economic Changes in 1949" (E/1601).

73. The Canadian delegation was convinced that the Council would be well advised to adopt the proposal of the Economic and Employment Commission to the effect that the Council "commends the report . . . to Member Governments of the United Nations, the interested specialized agencies and non-governmental organizations for their serious consideration". All the members of the Council would be in a better position at the time of the eleventh session to give the question the attention it deserved. That was the only decision which would do justice to the report, and the only practicable solution for the time being.

The meeting rose at 1 p.m.

¹ See the report of the Group of Experts on *National and International Measures for Full Employment* (E/1584), Separate Concurring Statement by J. M. Clark.