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Item No.5:
ECONOMIC SITUATION IN ASIA

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Statement of
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Permanent Representative of the World Federation of Trade Unions

Sir,

Thank you very much for giving me an opportunity to make a few observations on behalf of the World Federation of Trade Unions on this very important item on the agenda.

Permit me, Sir, to offer our condolences on the sad demise of Pandit Govind Ballabh Pant, the Minister for Home Affairs of the Government of India.

In our discussion over this item of the agenda, it is necessary, Sir, to highlight the important aspects of the economic situation in the countries of the region and the possibilities for rapid economic advance. The President of the Republic of India in his inaugural address drew attention to the fact that the per capita income in some of the member countries of the ECANE is amongst the lowest anywhere and cited that in India, for instance, the average income per head per annum has been estimated at \$ 64 as against \$ 1864 in the USA. The reason for this backwardness is not difficult to find. In terms of percentage distribution of Mining and Manufacturing, the share of Asia in world production (excluding socialist countries) is only about 4.7 per cent. But if we leave out Japan, it is reduced to 2.55 per cent. Thus the less developed countries of Asia with a population of over 683 million people produce 2.55 per cent of the mining and manufacturing output of the capitalist world whereas the capitalist countries of continental Europe with an approximate population of 245 million produce 31.1 per cent. Arising out of this is the inescapable conclusion that unless the countries of the region embark upon industrialisation on a very big scale rapidly, the urgent and earnest desire of the Asian people to improve living standards, especially stirred by the achievement of political independence, could never be fulfilled. Nor could the countries of Asia take their due place in the comity of nations.

Whatever progress the countries have made should be viewed from this pressing need. During the past few years, many countries have taken some measures to improve the situation. An industrial consciousness is developing and the need for certain amount of planning is generally recognised. In certain countries, economic development plans for certain specific periods are formulated and put through. And encouraging results were also achieved. But are these efforts adequate to sustain a rapid and continuous growth of the economy and to make any perceptible change in the life of the common people? The answer would be not so encouraging. Hence a rethinking on the process and methods of planning for economic development appears imperative. Since the very concept of planning is related to efficient utilization of all available resources, only a deliberate process of speeding up those branches and sectors of key importance to the economy such as heavy industry, could provide an expanded and sustained growth. The process is best served by the State or Public Sector of the national economy and where the State has assumed such responsibilities, the practical results are quite sound and encouraging.

As we had pointed out on earlier occasions, the unfortunate aspect of the situation continues to be that the agrarian structure in the region still retains more or less the same moribund and outmoded feudal relations, blocking any progress towards increased investment and production. The great importance of this problem

and the need to initiate effective actions for necessary institutional changes was stressed by us during the Fourteenth Session of the Commission. The ECAFE survey states that only through an increase in imports was per capita availability of cereals in 1960 maintained at the 1959 level. The retarding effect of the stagnation in agriculture is obvious and unless the countries take adequate steps for the development of the agricultural sector, mainly through land reforms in favour of the peasantry and other institutional changes, the problem of food cannot be solved and a rapid development of the economy could hardly be envisaged.

Though some slight improvement has been made during the past year in relation to foreign trade, the basic problems remain as grave as they were. The instability of prices and demands of primary commodities, deterioration of the position of primary products in world export trade, adverse terms of trade resulting in the widening gap between export earnings and needed import requirements and the consequent adverse balance of trade, etc., pose very serious problems before the countries of the region. The fact that within the present structure and relations of trade, there is little prospect for any large expansion of export of primary goods on long-term basis shows the gravity of the situation.

Naturally the question posed before the countries of the region is whether possibilities exist for readjusting the patterns and channels of trade, for serving effectively the needs of a fast rate of economic development.

If we care to look at some of the outstanding developments in the world, especially in terms of trade and trading possibilities, the first thing that strikes us is the very significant advances in the economy of the socialist countries and their astonishing rate of development. This development has helped to change the pattern of international trade considerably and the past dominance of the operators of traditional markets of international trade is being weakened. The emergence of the former colonies as independent entities with their ambitious development plans no longer conforms to the dictates of international monopoly capital.

Thus the monopolistic hold on world trade by the controlling authorities of traditional markets, based on vast colonial possessions, is no longer the decisive factor as was the case in the past, in the fate of these countries and their future development.

And the possibility of access to a market governed by the principles of equality and mutual advantage and conducive to the independent development of the economies of the countries of the region exists today.

If some of the international monopolies refuse to supply oil, today there is an alternate market one can look for. If sugar is refused by a buyer, one can look for an alternate and perhaps more sympathetic buyer today.

Such is the change in the world market and patterns of trade. Thus if the developing countries of the region approach trade problems with a sense of realism, there are certain possibilities which might offer beneficial results in overcoming some of the difficulties confronted by them provided they make efforts to readjust their trading policies.

In this connection, during the previous sessions of the Commission, we had emphasised the advantages of long-term bilateral trade agreements. The growing volume of trade on the basis of such agreements in some countries of the region reveals that in the given relations of international trade and adverse balance of

trade position, bilateral trade agreements, especially on the basis of non-convertible local currency stipulations could be of considerable benefit.

In their efforts for rapid economic growth, the countries of the region look for external aid and assistance. And such aid and assistance could certainly help to reinforce the national efforts, especially in the context of limited internal resources. But let us not forget that the type of foreign aid secured will have important bearing on the very development of the national economy itself.

And it is from this viewpoint that we are highly critical of the private foreign capital investments. Already the most lucrative sectors of the economy of the countries of the region are in their hands. The enormous amount of resources drained out of the countries of the region and the political and other pressures they are able to exercise are certainly not conducive to the independent development of the national economies. For instance, the U.S. private direct investments in the Far East has increased from 309 million dollars in 1950 to 1,028 million dollars in 1959. Profits on these investments amounted to 166 million dollars, representing a heavy charge on the limited resources of these countries. In Indonesia, for example, on U.S. investments of 163 million dollars, the profit was 54 million dollars - a profit rate of 34 per cent. There is no need to emphasise the fact that the countries of the region need exercise great vigilance because the formal retreat of imperialist powers in granting political freedom to their former colonies is being circumvented by their efforts to entrench and strengthen their position economically. And, in this effort, the private foreign capital fulfils the role of standard-bearers. What disastrous results such interventions could produce could be seen from the recent example of the Congo, leading to the brutal murder of the tallest of the African patriots; Mr. Patrice Lumumba. And let us not forget the lessons of Congo.

External aid, financial and technical, should be conducive in really helping the national economies so as to serve as additional strength in their desirable growth. Such disinterested help without dictated conditions and stipulations alone help to stimulate national economies and thus fill the gap. Hence our insistence on public financial aid from developed countries.

The possibilities of such aid will greatly increase if the leading powers of the world arrive at an understanding and agreement on peace and disarmament and cease to throw away enormous resources in the production and stockpiling of terrible weapons of mass destruction. For instance, it is estimated that the military expenditure of the USA, USSR, Britain and France would release (even a 15 per cent cut) roughly 10,000 to 12,000 million dollars. If only ten per cent of this sum were to go as aid to under-developed countries, it would amount to over 1,000 million dollars a year. An agreement on disarmament among the big powers will also help the countries of the region to reduce their military expenditures which are not negligible.

The problem of peace and disarmament being so vital to the economic development needs of the countries of the region, we would urge the Commission to adopt a resolution recommending that the ECOSOC and the General Assembly take up this question urgently and also entrusting the Secretariat of the ECAFE to undertake a study on the social and economic consequences of disarmament for the countries of the region.

Sir, the working class in the countries of the region has been the most important strata of the people who contributed their best for the progress in the region. Yet they had to shoulder, in most of the countries, heavy burdens on account of rise in cost of living.

Their gains in housing, social security facilities, etc., have been almost negligible in most of the countries. Their just demands for increased wages even to neutralise the rise in prices have been often ignored. Where certain gains were secured, they were secured only after power ful and united actions were initiated or threatened. The biggest strike in the history of the Japanese Labour Movement - the Miike miners' strike lasting 288 days during 1960; the strike of nearly 500,000 employees of the Central Government in India during July last year and innumerable struggles of the working people in the countries of the region illustrate this point. This attitude of lack of response to their vital needs and demands is likely to dampen the enthusiasm of the working people for all-out effort for economic advance and developmental activities. It is very necessary, therefore, to avoid this danger by initiating and implementing measures which will guarantee continuous rise in the working and living conditions of the workers and the people along with the progress of economy. In most of the countries, efforts to associate the workers and the people at various levels in the formulation and implementation of the development plans are very weak. Popular participation in developmental activities is a precondition for successful accomplishments.

And such participation cannot be expected from the working people unless the effective role of their organisations - the trade unions - is recognised. Unfortunately, the attitude of most of the Governments and the employers (unless they are unions functioning according to their dictates) are far from satisfactory. Even there are countries where trade unions are banned. In many countries, Governments and employers refuse to accord recognition to trade unions and also safeguard trade union rights and freedom.

Such an attitude only helps to retard the economic development of the countries of the region.

Planning has more or less come to stay in most of the countries of the region. But the need to plan wages has not received any attention. Considering the fact that in most of the countries, the biggest employer is the Government, the need to plan wages is of utmost importance.

In the less developed countries where the standard of living of the common man is so low, the economic and social policies should be so designed that the major share of the gains of economic development results in alleviating his wretched conditions and not allow the rich to become richer and richer while the poor becomes poorer or remains where he is. In this respect, the responsibilities of the State are of paramount importance. The main question, therefore, is whether the State acts as an instrument for the preservation of the wealth and privileges of a small class of vested interests or functions as the initiator of policies and programmes designed to raise the standard of living of the broad masses of the people.

Sir, the ECAFE serves as an effective forum for the exchange of information and experience of economic and social development of the countries of the region. But unfortunately, the absence of the representatives of the People's Republic of China, the Korean People's Democratic Republic, the Vietnamese Democratic Republic and the Mongolian People's Republic representing over 690 million people in the work of the Commission not only deprives the Commission of their valuable experiences but also undermines the prestige and authority of the ECAFE. We hope this abnormality will be rectified without delay.