

Gunnar Myrdal, Twenty Years of the United Nations Economic Commission for Europe

Caption: In 1968, Karl Gunnar Myrdal, Executive Secretary of the United Nations Economic Commission for Europe (ECE) from 1947 to 1957 and later winner of the Nobel Prize for Economics, summarises the work carried out by this Institution during its first 20 years.

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Twenty Years of the United Nations Economic Commission for Europe

Gunnar Myrdal

TWENTY years have passed since the United Nations Economic Commission for Europe (ECE) met for its first stormy session in spring of 1947. The beginning of the Commission and the first five years of its existence were strongly influenced by the increasing political tensions between what would become two blocs of countries, led by the United States on the one side, and the Union of Soviet Socialist Republics on the other. How this East-West conflict, or Cold War, originated and developed I shall not attempt to clarify at this time, except by stating that it provides an example of what in my analytical work I have defined as “circular causation with cumulative effects.”¹ As reaction followed upon action and further reaction upon that reaction, there developed a perverse but effective cooperation between those on each of the two sides who sought to solidify the blocs against each other. Circular causation does not need to be vicious, however. It can be virtuous, when once the general trend is instead turned toward a lessening of tension.

In 1947, however, intergovernmental relations were extremely adverse, and they were worsening. When the UN Economic and Social Council (ECOSOC) in March 1947 reached unanimous agreement on the establishment of the Commission and on its terms of reference, this may have been the last moment when such a decision could have been taken. Likewise, when the Commission at its first session in May 1947 after much acrimonious wrangling unanimously requested the Executive Secretary, in consultation with governments and the already existing specialized emergency organizations, to draw up plans for an infrastructure of technical committees and when the Commission at its second session in July 1947 unanimously decided to accept this organizational structure, this was again probably the last time such intergovernmental agreements could have been reached.

I

In spite of this rather grim beginning the newly created committees began functioning and functioning effectively from September 1947 onward. One explanation for this success in establishing the Commission was that in the early postwar years there were serious supply bottlenecks in almost all industrial sectors, and ECE met real needs through its specialized working parties on such matters as refractories, ceramic insulators, conveyor belts, ballbearings, and mining equipment. The Coal Committee had the responsibility of allocating scarce coal resources. The Timber Committee had a similar, though less formalized, task regarding wood products. The Transport Committee soon became the main instrument not only for solving the emergency task of redistributing rolling stock after its dispersion during the war but also, and progressively more so, for positive long-range integration of transport in Europe, a position it has retained over the years. In the same way all the major committees started in the early days of ECE to give attention to long-range planning of production and trade in their specific fields.

A fundamental weakness in the work of the technical committees in the first five or six years was, however, that increasingly they had to function without active participation from the Eastern European countries and that even statistical and other information from these countries was meager and dwindling. Even if the Eastern countries came to the Commission sessions at one time ECE was the only UN organ where they were present — they did not ordinarily cooperate in the substantive work of ECE.

As this situation developed, the Commission was confronted with a crucial policy choice. The Commission could have accepted this development and become, in fact, a Western organization, the more naturally so as the Western countries constituted the majority. However, the position I took as Executive Secretary was that I felt bound by the terms of reference given the Commission by the UN to do whatever I could, against all odds — and forsaking the greater practical responsibilities the Commission could have attained by restricting itself to a Western orientation — to preserve the Commission as an all-European body.

And so, with little cooperation from the Eastern European countries the Secretariat carried out its research on the whole of Europe, as it has continued to do to this day. In preparing the documents for the technical committees the Secretariat likewise constantly followed what it considered its duty to the UN, namely to

preserve the place of the Eastern European governments; it urged them to participate in and utilize these technical organs and warned them that it would not be possible to uphold this position over many more years if they stayed away and did not even provide the statistics necessary for ECE's work. These urgings and warnings were publicly expressed at the Commission sessions and privately to the governments. In these contacts with the Eastern governments practical suggestions and concrete plans for their cooperation in the various fields under the purview of the Commission were continuously presented.

In these difficult years there were some in the Western countries who occasionally looked with disfavor on these protracted efforts by the Secretariat to preserve the all-European character of the Commission. But on the whole the Secretariat continued to have the confidence and backing of all governments in these efforts, partly because it was generally recognized that we followed what we considered our moral duty to the UN and partly because even at that time of the intensifying Cold War they appreciated the value for themselves of preserving the Commission as an organ for all-European economic cooperation on a larger scale in that future time when again such cooperation would become possible.

Meanwhile, the Western governments continued to use the technical committees in a limited way. But as the split widened, it was only natural that the most significant economic cooperation bypassed the Commission and was negotiated and put into effect by subregional organizations on both sides of the division. In Western Europe this was, for instance, true of the remarkably rapid attainment of the multilateralization of trade, the liquidation of quotas and other direct controls on trade, and the convertibility of currencies carried out through such organizations as the Organization for European Economic Cooperation (OEEC). Similarly, the coordination of the economies in the Eastern European countries was carried out in their own subregional organizations.

II

The working principles established in these years were naturally affected by the extremely difficult political conditions under which the Commission had to operate; and these principles have, on the whole, been preserved until now, although the conditions have improved to some extent. The committees and all their suborgans met in private and the documentation was not made public. Not even summary records of their deliberations were kept, so that the only problem was to agree upon a report; this greatly contributed to unhampered and effective discussion of practical problems. Stress was from the beginning laid on the technical, nonpolitical character of the work. Procedural questions were shunned. In fact, the committees as well as the subcommittees and working parties functioned, as they are still functioning, without any formal rules of procedure. Issues were never put to a vote. In the early years this was the more appropriate as so many countries participating in the work were not members of the UN or the Commission, although from the beginning the Executive Secretary used his authority to invite them to all the Commission's meetings, including representatives for the occupation zones in Germany. But this practice had its more general rationale in the fact that a vote in an intergovernmental organization devoted to solving practical problems, according to this author's opinion, serves no purpose. Practical results of cooperation between governments are reached when several of them — not necessarily all or even a majority — agree on something.

Two important negative rules were early established. The Secretariat took upon itself the responsibility for cancelling meetings from which no useful results were likely to come. The governments always sanctioned these Secretariat decisions afterwards. The Secretariat likewise declined to carry out studies that in its view did not promise to yield practical results. This veto power of the Secretariat in regard to studies to be undertaken was never challenged by the governments.

Related to this was our successful effort to keep the staff small and hard working. Different from the members of other regional Commissions which were set up in other continents, most of the countries participating in ECE were highly developed. In the view of the Secretariat a maximum part of the work should be performed by the governmental experts themselves. Our various meetings should really be working meetings. This, to me, was the essence of cooperation in an intergovernmental organization.

To make it easier for governments to send first-class experts the meetings were kept very short, which was

possible if they were well prepared politically and technically and if the expert-delegates were willing to work themselves. Later, when political conditions permitted a great increase in the number of meetings and an extension of their work programs, we were prepared to meet that development without increasing our staff, which by then was also more select and experienced, mainly by demanding more work by the government experts who participated. When, from year to year I appeared before the UN Advisory Committee on Administrative and Budgetary Questions, meeting privately to consider ECE's staffing problems, I advised it to use any disposable financial surplus to increase the size and quality of the staffs in the other regional Commissions, where staff work was more needed to facilitate intergovernmental cooperation.

Another important principle, established right from the beginning, was what might be called the "academic freedom" of the Secretariat in its research work. The independence of the Secretariat in regard to both the initiation and the carrying out of research was the precondition of its high quality, and this was generally recognized. Although there was occasionally some questioning of this principle by one government or another, it soon became accepted that the interest of all was best served by having objective research carried out independently by the Secretariat.

Except, perhaps, for the annual *Economic Survey of Europe* and some other major research publications — like *European Timber Trends and Prospects* which had such decisive influence on both government and private business planning — the Commission and its work have been constantly underpublicized. Without any doubt the intergovernmental cooperation taking place under its auspices has been and is today vastly more important than the general public, or even the branches of the governments and the administrations which are not directly concerned, are aware.

This was partly the result of policy deliberately chosen — by the Secretariat and the governments — as a protection for our useful work at a time when in many countries East-West cooperation was considered almost subversive. What was propagandized was cooperation within the two subregional blocs, while what we were accomplishing was pushed under the rug. Part of the explanation for this might have been a personal philosophical prejudice of my own in that I am against the tendency to seek to create a favorable "image" by propaganda and public relations. But quite aside from this possible personal responsibility for the veil of anonymity around the Commission's work, as well as the inclination of the governments during the intensified Cold War to play down their work in the Commission, it was a fact that the very technical character of the work in ECE's operational committees did not lend itself to widespread publicity.

Besides this regular work in the committees some of the most important contributions of the Commission during these years of increasingly strained relations between the participating governments actually took the form of quiet and, indeed, secret diplomacy. This was, for instance, true when through the good offices of the Secretariat trading contacts were opened between governments which at that time had no diplomatic relations. Again, the utmost secrecy was upheld in the Secretariat's trade consultations in 1953 and 1954 which were so important for reestablishing bilateral trade negotiations between countries in the two blocs. The press took its revenge by explaining that they were without results — but seldom have the trade statistics so rapidly and decisively registered a big jump in response to what in effect was an intergovernmental meeting, although it was concealed as a consultation of the Executive Secretary with experts from the several countries.

Again, not until recently, when Bruno Kreisky, the former Foreign Minister of Austria and at the time Vice-Foreign Minister, revealed it in a Swedish television interview, had it been known that the first effective contact between Austrian and Soviet officials on crucial economic questions was arranged by using the good offices of the Executive Secretary of ECE. This contact then rapidly led to the invitation to Moscow of members of the Austrian government and the conclusion soon thereafter of the 1955 treaty reestablishing Austria as a sovereign state.

III

While undoubtedly during that period of intensifying Cold War there were certain opportunities of the type

just mentioned for important contributions to a normalization of intergovernmental relations in Europe, its main effect was, of course, to limit and hamper our operational work in the technical organs of the Commission. But already by 1953 I could report to the Commission that I saw some signs that the tide was turning, and as months and years passed by, this change gained momentum. East-West trade began to rise from the extremely depressed level where it had been stagnating, and the ECE Secretariat's activity over many years, culminating in the trade consultations in 1953 and 1954, played its role in changing the trend or, at least, in encouraging it and utilizing the new opportunities as they opened up. From 1954 on the export embargo policy that the United States Congress and Administration had pressed upon the Western countries began to break down, first gradually and then at a swifter rate as American aid under the Marshall Plan came to an end. Parallel to this very important change went a greater willingness in the Eastern bloc to increase East-West trade. In both blocs there was also visible from that time a gradual loosening of the unconditional adherence to policy lines laid down by the two superpowers.²

Trade in the various economic sectors was also a central interest in ECE's several operational committees. The changed political climate for trade was reflected in a gradually increased participation of the Eastern countries in the technical work of those committees. In line with this change their governments increasingly furnished the Secretariat with the statistics and other information necessary for the committees' functioning as all-European negotiating bodies and for the Secretariat's research work.

When I left the Commission at the 1957 session, I could report that after all our determined efforts under very adverse political circumstances for ten years the Commission had finally become what the terms of reference, given it by ECOSOC and endorsed by the General Assembly, had instructed it to be. The Commission had become "an effective and stable organization with full participation of all governments in the East as well as in the West of Europe."³ For the operational committees this implied a vast increase in the number of meetings and an enlargement and intensification of their work programs along lines for a large part already drawn up before but now modified as a consequence of the wider participation. Many of the committees had retained and, in some cases, even enhanced their role in acting as a sort of "bourse" where government experts and business representatives together discussed and tried to ascertain market trends and where they sometimes entered into what in reality was the preliminary to commercial negotiations and considered how to react to these trends or alter them. Closely related to this function was the publication, under the authority of the several committees, of regular statistical series covering production, consumption, and trade in most of the important fields of Europe's economy. These publications served the needs of the governments when planning policies and of the respective industries themselves in conducting their business.

As the epoch of postwar reconstruction and early development now lay behind us in a Continent where economic progress had been rapid and fairly stable in almost all countries and promised to remain so, the interests of the government experts working in the Commission's committees could increasingly be focused on more long-range planning problems, to which the successive adjustments of the work programs of the several committees bore testimony. Also, with the increasing confidence between governments and peoples in the East and the West the operational committees could, in particular, become effective vehicles for the exchange of technical and scientific knowledge and know-how by means of studies, expert meetings, and study visits.

These broad trends have continued since I left the direction of the Commission's Secretariat in 1957. Among the encouraging developments of its work in this new era is the greater willingness of governments to use the ECE machinery for joint consideration of economic policies in their broader setting. This affects, on occasion, the work of the several committees, but more specifically it has produced the meetings with the economists in the ECE Secretariat of the Senior Economic Advisers to ECE Governments, held yearly since 1961. These meetings have now become a regular feature of the Commission's work and are generally recognized to have been useful. The intensified and remarkably competent work of the Conference of European Statisticians — which is for all practical purposes a part of the Commission's committee structure, though one where the Secretariat's effort to put the workload on the governmental experts has been most successful — has laid a basis for these joint considerations of the national planning problems in the East and in the West by having made strides toward providing a common statistical language.

In the trade field, always crucially central in the work of the Commission, Europe has less need for the type of initiatives and interventions by the Secretariat which were so important to turn the trend of East-West trade upward from its virtual stagnation at abnormally low levels. Nevertheless, there are still important obstacles to that trade, some of them deeply rooted in established patterns and institutional structures, which need to be removed.

I have followed with great satisfaction how the important work begun in my time to improve contract practices in international trade and to reach agreement on arbitration has been carried forward with considerable, though still only partial, success. Working out agreements on new international commercial practices and law, better adapted to promoting the increase of trade, is a difficult and time-consuming reform activity which must involve not only governmental experts but also representatives of trading interests. When a practical result is attained, it is not likely to get much publicity and popular acclaim, but its importance for breaking down trade barriers can be decisive and far-reaching.

But there are still many, and even more important, obstacles to the expansion of trade, particularly between the East and the West, which are determined by, or at least associated with, the different political structures of the economies in the two parts of the Continent. These problems have continually been broached at meetings of the ECE Trade Committee and special expert groups working under its auspices. In more recent times the *ad hoc* group, established by the Commission in 1961 and working under the leadership of my compatriot, Ambassador Carl Henrik von Platen, did an important service to our common cause by exploring these obstacles and by discussing constructive ways and means by which they could be overcome. Even though I know that agreement has not as yet been reached on the continuation of the work of the group, the problems which it raised and tried to resolve and solve are by necessity very much on the Commission's agenda for its future activity, and hopefully the present Commission session will find it possible to take a further step for continuing this useful and indeed essential work.

In a modest way ECE has thus been able to use the improved political climate in the region for enlarging and intensifying its operational activity in the interest of all-European cooperation in many practical fields. Over the years the research work, carried out mainly by the Research and Planning Division of the Secretariat, has retained the high standards of independence, objectivity, and competence which were attained from the very beginning. Under the changed conditions its direction has increasingly justified the word "Planning" in the title of the Division, more so than in the beginning when, for natural reasons, almost all the emphasis had to be given to analysis.

IV

But when all this is said, we cannot be satisfied with what the Commission is now accomplishing. In the future we should envisage contributions of even greater significance. East-West economic relations which, more particularly, are under the purview of the Commission, show fundamental shortcomings which should be overcome in our common European interest. To illustrate these shortcomings let me restate something I said ten years ago and which is equally true today:

The more tightly the limitation of the political factors has affected economic cooperation, the bigger would be the common gains of such cooperation — if it were possible. On an immense scale the Cold War holds back economic progress on both sides of the dividing line. Big projects which are not only very useful, but in a more sane political situation would be deemed almost necessary, cannot be undertaken and are not even contemplated as a practical possibility.

In a united Europe we should be able to think, for example, in terms of the construction of oil and gas pipelines from the Middle East [and, I would now add, from Eastern Europe] serving the great consuming centers as these fuels move from East to West, from South to North, through the Continent. We should be able to think in terms of all European countries joining together in a great effort to develop the resources of

the Danube. We should rise to the challenge of lifting the Mediterranean basin out of poverty; we should make a concerted effort to re-create its forests, improve its soil, its land-use and, indeed, its climate, and to create employment for the under-employed and, at the same time, lay the basis for rapid industrialization. We should look upon the coal resources in all parts of Europe as a whole and draw up a program which would take account of geological factors irrespective of political frontiers. We should be able to eliminate barriers to trade imposed on the false assumption that the benefits of trade are solely one-sided. We should join together on an all-European basis, together with the United States of America, in a vast cooperative effort to help the under-developed countries, even outside Europe, hasten their growth in the interest of a higher standard of living for all. ... These and other big things should be done but, unfortunately, are difficult to envisage realistically as long as Europe remains divided.⁴

We need a vision to give us faith in reason. But if I now try to formulate a view of what practically can be accomplished by ECE in the years to come, I have, first, to face the difficulties involved. Some of these difficulties lie in the institutional and attitudinal situation in Europe. Trade between market economies — though with much and, on the whole, increasing government planning and regulation — and economies where the state itself manages production and trade — though with considerable and, again, increasing decentralization of decision-making — raises problems that are not dealt with in the traditional economic theory of international trade. These difficulties most certainly can be overcome to a much greater extent than has been done up till now and the present low level of trade testifies to this possibility; the deliberations of the von Platen group were focused on accomplishing just this result. This kind of obstacle of all-European cooperation demands practical effort by ECE and provides, indeed, opportunities for its work.

A much more formidable set of difficulties arises from the fact, which is itself largely a consequence of the protracted political split of the European Continent, that increasingly over the last twenty years the more significant economic problems have come to be handled by subregional organizations which have themselves gradually gained in stability and effectiveness. As I have often pointed out, politics is in one sense sovereign. There is no irrational political division to which economic policies and economic development does not adjust — if it is allowed to become “normal.”

I have seen reported a suggestion that the Western subregional organizations, operating outside the UN, should now be used as a matrix for region-wide economic cooperation. On the basis of my knowledge and experience this seems to me to be unrealistic. But if the political conditions for East-West cooperation should improve, the subregional organizations in the West, as well as in the East, might so adjust their activities as to promote, or at least not block, all-European cooperation here in ECE. The Commission's Secretariat had early initiated and has continuously upheld close contacts with the secretariats of the subregional organizations in the West and the East and has invited their representatives to all meetings, not only the public but also the private ones. And this Secretariat policy has been backed by the governments.

V

Europe is nothing more than a peninsula on the huge Asian continent, and the split of Europe has left us in a situation where Western Europe is nothing more than a string of coastal states on that small peninsula. I always reacted, and often expressed my reaction in my statements to the Commission, to the increasingly common application of the term “Europe” to that narrow strip of our Continent and the term “European” to its subregional organizations. This type of propagandistic terminology should not be too important in itself. But it indicates a deeper inclination which is intensely inimical to the work governments are trying to do in this Commission. We should not close our minds to the fact that since the war both in the East and the West a new generation has grown up that through its experiences during these twenty years and through the propaganda surrounding it has become conditioned to look at reality in this perverted way. This is true not least of the government officials who have now had two decades' experience of meeting their peers and doing significant work in the subregional organizations.

Among the older generation which has memories from the prewar time and so has a deeper sense for history Europe was understood to be, and felt to be, the more inclusive area, having close historical, cultural, economic, and even political connections. To a Swede of that generation Poland is as much a neighbor state as, for example, the Netherlands and very much more so than, say, Spain, Greece, or Turkey. In the present situation this change in attitudes is one of the most important obstacles to our strivings for all-European cooperation. In this particular respect the political conditions in Europe have not improved since the time, twenty years ago, when I took up my responsibilities with the Commission.

A realistic view of the political conditions for practical work in the Commission, so necessary for having even modest success, must include recognition of the fact that *the Cold War has not ended*. More specifically, intergovernmental relations on our Continent are, as yet, far from sane and safe. More than twenty years after the war we seem still to be as far as ever from a peace treaty settling the German problem. We have, in fact, now two German states aligned to the two power blocs, of which one is not recognized to exist by the countries in the opposite bloc and is no longer represented in this Commission. Both the preservation of this situation and attempts to change it may be highly perilous.

The precariousness of peace in Europe and the world is demonstrated by the fact that there are foreign military bases, troops, and even enormous stocks of nuclear weapons ready for use in several countries in the midst of our Continent. Before this situation is ended peaceful cooperation between the two blocs will continue to be strained.

The nuclear arms race continues and is, in fact, escalating by the introduction of new weapons systems. The test ban is still only partial, leaving the atomic powers free to continue with underground tests which they have done to an increasing extent. There is also, as yet, no limitation to their production of still more powerful nuclear weapons and penetrating delivery systems. The nonproliferation issue, in regard to which the two superpowers are reaching agreement, does not even touch these real disarmament problems. The frustrating experiences of the disarmament talks, having gone on in the Palais des Nations for years, are deeply disconcerting. A nonproliferation treaty of the type proposed does not lay to rest the anxiety of the peoples in the world and will perhaps not even be signed by independent governments if it is not amended to include rather firm commitments to end the nuclear arms race, which the superpowers have not shown much inclination to accept.

Meanwhile, widespread preparation for biological and chemical warfare is taking place in all countries, though the inherent dangers of that armaments race are less on peoples' minds as they are badly informed about what is going on. These types of nonconventional weaponry are cheap, they do not require much large-scale research, and the problem of their delivery is much simpler. The horrifying risk is, indeed, that they might become the poor man's opportunity to commit genocide.

In Vietnam a war, truly horrifying in all its aspects, is going on with large-scale and escalating military intervention. It corrodes the moral climate in the belligerent countries and it builds up impediments for understanding and cooperation within the blocs and between the blocs. Not to recognize this is to live in illusion.

Other trends in the world at large are also threatening. One major set of such trends relates to the great majority of mankind living in the underdeveloped countries. We in the rich and truly developing countries — to which most, or all, of the countries which are represented by their governments in ECE belong — live in a fools' paradise; events in this third world within the near future will create situations which we have not even begun to face in a realistic manner.

To sum up, the political situation in Europe is itself far from sane and safe, and developments in the larger world, of which Europe is a part, are pregnant with stupendous dangers which in their effects are not bypassing Europe or leaving it unaffected. The implication is that the United Nations Economic Commission for Europe is not in a fundamentally different situation from that when I left it ten years ago.

Until now the adverse political conditions under which the Commission has been working and will continue

to work, on the one hand, severely limit its activity. On the other hand, it is just this unpropitious political climate which gives importance to the Commission and its work. It now represents an organized matrix for preserving and strengthening the links between countries on both sides of the divide, which must be preserved and strengthened if we want to build a sounder Europe and a peaceful world.

Professor Gunnar Myrdal, who was the founder and until recently the Director of the Stockholm University Institute for International Studies, is now the Chairman of the Board of the newly created Stockholm International Peace Research Institute (SIPRI). He was the Executive Secretary of the United Nations Economic Commission for Europe (ECE) from its birth in 1947 until 1957. This article is a revised version of an address delivered on April 12, 1967, in the Palais des Nations, Geneva, commemorating the twentieth anniversary of the Commission.

1 See Gunnar Adler-Karlsson, *Western Economic Warfare 1947-1967: A Case Study in Foreign Economic Policy*, Stockholm Economic Studies, New Series IX (Stockholm: Almqvist & Wiksell, 1968); and Gunnar Myrdal, "Political Factors Affecting East-West Trade in Europe," *Coexistence*, July 1968 (No 5).

2 Ibid.

3 "Opening Statement by the Executive Secretary to the 12th session of the United Nations Economic Commission for Europe, 29 April 1957" (UN Document E/ECE/287).

4 Ibid.