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Third Session

SUMMARY RECORD OF THE SIXTY SECOND MEETING

Held at Lake Success, New York,
on Thursday, 31 March 1949, at 11 a.m.

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economic development: Communication received from the
International Co-operative Alliance (E/C.2/183)
International assistance, technical and financial,
rendered for promotion of economic development:
(E/CN.1/Sub.3/24)

Chairman: Mr. RAO

Vice Chairman and Rapporteur:

Mr. BRAVO JIMENEZ

Members: Mr. GUIMARAES

Mr. LIEU

Mr. PATEK

Mr. MOROZOV

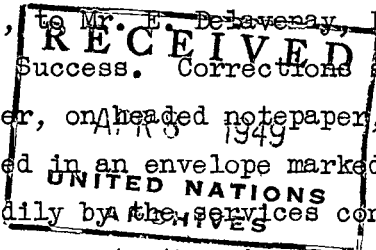
Representatives of specialized agencies:

Mr. EVANS International Labour Organization (ILO)

Mr. LOPEZ-HERRARTE International Bank for Reconstruction
and Development

Mr. LIANG International Monetary Fund

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Consultants from non-governmental organizations:

Mr. COADY)	International Cooperative Alliance (ICA)
Mr. WOODCOCK)	

Secretariat:

Mr. DORFMAN	Secretary of the Sub-Commission
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DISCUSSION OF MOBILIZATION OF FINANCIAL RESOURCES FOR ECONOMIC DEVELOPMENT:
COMMUNICATION RECEIVED FROM THE INTERNATIONAL CO-OPERATIVE ALLIANCE (E/C.2/183)

The CHAIRMAN invited the representative of the International Co-operative Alliance to address the Sub-Commission.

Mr. COADY (ICA) thought that the best way to illustrate the ideals and views of ICA would be to review the work it had done in one particular part of the world, to wit, an area of fifty-three thousand square miles in Canada's Maritime Provinces, with a population of one and a quarter million people. He described how, by dint of persevering effort and self-help the people concerned had mobilized whatever financial resources were available to them and had then succeeded in raising their standard of living and well-being to a very considerable extent.

In his view, education of the people regarding economic development was the first essential step in the development of any people. That education could be carried out by various methods, such as mass education and discussion groups. The second step was to organize the people thus educated so that they should mobilize their own resources. The Credit Union movement had played a particularly successful part in that field -- in the three Canadian provinces he had mentioned, for instance, there were now four hundred and fifty Credit Union branches with total assets amounting to ten million dollars. The financial resources thus mustered were then put to good use and enabled primary producers, such as farmers and fishermen, to obtain equipment and to set up their own marketing and processing agencies. Indeed, different forms and techniques of co-operative organization could be used in many fields, whether in cities or in the country, to promote better standards of living for all. He wished to stress that the education factor played an extremely

/important part,

important part, as it enabled the people to take better advantage of all opportunities of help without losing their identity.

In reply to a question from the Chairman, he added that students from all over the world were studying the co-operative movement in the area.

The CHAIRMAN said there was great interest throughout the world in co-operative methods of dealing with problems of economic development. The view had often been expressed in India, for instance, that the co-operative approach to economic development might provide a solution which would be independent of any extremist political ideology. The main difficulty was how to organize and educate the people in that matter. In that connection, he wondered whether the ICA representative could inform the Sub-Commission of the educational methods used by the co-operative movement and state whether any comprehensive literature had ever been published on the movement he had described. Such reports would undoubtedly contain much useful material for all under-developed countries.

Mr. COADY (ICA) replied that the educational work was done both by special field workers and by volunteers, such as clergymen, teachers and social workers. Their main problem was to stamp out illiteracy and educate the people to help themselves. He presented to the Sub-Commission a set of publications on the Eastern Canada movement.

Mr. GUIMARAES felt that co-operatives should play a much more important role than they were doing in the promotion of the economic advancement of the less developed areas. He was convinced that producer, consumer and credit co-operatives were an efficient means of promoting economic development along lines consistent with the principles and methods examined during the sessions of the Sub-Commission.

In his opinion the co-operative movement was particularly interesting to people engaged in agriculture. Hence it was interesting to the majority of the populations of under-developed countries. In Latin American countries, agricultural and credit co-operatives were one of the most effective means of solving problems such as the distribution of seed and

/the sharing of

the sharing of equipment. The Banking Bill pending in Brazil provided that the Government Rural Bank would grant agricultural credit through the co-operatives. There was no need to emphasize the importance of accessibility to credit for small farmers. In some instances accessibility to credit was much more important than cheap credit. Mr. Morozov had drawn the Sub-Commission's attention to that point when he had made the following recommendation:

"In order to promote the development of agriculture in under-developed countries, recommends the introduction of measures which would provide for cheap credits for small and medium farm units, and for supplying them with equipment, seeds and fertilizers on conditions accessible to them."

In his opinion, that would be best achieved through agricultural co-operatives. The prominence given to the co-operative organization in the Brazilian Banking Bill was an eloquent illustration of the importance Brazil attached to the co-operative movement. He emphasized, however, that much depended on education in that field.

In conclusion, he said that the Sub-Commission should pay particular attention to the methods advocated by the co-operative movement and examine the question thoroughly, either at the current or at the following session.

The CHAIRMAN said that the Sub-Commission would have an opportunity to discuss placing the topic of co-operative organizational methods for under-developed areas on the agenda of the following session. At that time, if the Sub-Commission so desired, the Secretariat might be asked to present such a study for its consideration.

Mr. PATEK wondered whether the co-operative organizations in Canada engaged to any extent in foreign trade. The diversion of profits from middlemen to producers was a prime function of the co-operative movement.

Mr. COADY (ICA) replied that foreign trade in wheat, livestock, dairy products and fisheries was among the functions of the co-operatives.

/Mr. MOROZOV

Mr. MOROZOV said the Sub-Commission had before it a resolution adopted by the seventeenth congress of the International Co-operative Alliance, held in Prague in October 1948, which stressed the importance of extending the co-operative movement in under-developed countries and also indicated that co-operatives in those countries should play a part in foreign trade. Those recommendations were useful for all under-developed countries, and he recommended endorsement of the resolution by the Sub-Commission at the current session. He wished, however, to make a reservation regarding the reference to the Charter of the International Trade Organization contained in the resolution. He would not repeat his views on the Charter, and would merely say that the reference was out of place, as the Charter had not been ratified by the participants of the Havana Conference, and was not in force as an international agreement.

Mr. BRAVO JIMENEZ asked the ICA representative for information on the following two points: 1) What fields were most suitable for the co-operative movement and what were its most suitable functions? -- How could it, for instance, contribute to the process of industrialization? 2) What were the main obstacles to and limitations of the co-operative movement.

Mr. COADY (ICA) said that the co-operative movement concentrated its efforts, first of all, on the formation of savings and their utilization to the best advantage of the savers. Although it was true that the co-operative movement had been mainly concerned with primary production and processing, he saw no reason why it should not be able to contribute to more advanced forms of industrialization as well. The main obstacles were lethargy, ignorance, illiteracy and sheer force of tradition. That was where education came into play. In his view, the opposition of vested interests was not as important as the obstacles he had just mentioned.

Mr. BRAVO JIMENEZ thought that the co-operative movement was very suitable for certain types of activities in certain conditions, particularly in rural areas. He feared, however, that in the field of production as a whole, competitive enterprises with powerful financial

/backing could

backing could drive out co-operative organizations because of the latter's limited funds. He wondered, also, whether a co-operative movement such as described by Mr. Coady could develop independently of universities, and what could be the part of schools in rural areas.

Mr. COADY (ICA) said that although the co-operative movement had been particularly successful in rural areas, he wished to point out that co-operative principles had been successfully applied in the field of oil, a highly developed and competitive industry. American farmers organized in co-operatives, had gone so far into the petroleum industry that they owned over 1704 oil wells, and about 20 refineries and thousands of pipe lines, besides their own oil tankers. They not only produced enough oil for their own domestic use but were also shipping oil products to over 25 countries in the world.

He felt it would be bad policy to make the teaching of the co-operative movement compulsory in schools, but emphasized again the need for education. The only university necessary for the development of a co-operative program was a university ad hoc -- which meant a man and a stenographer, willing to go to the people and educate them in co-operative methods of organization.

Mr. Coady made it clear that the co-operative movement did not propose to take over all types of business, and that there would always be a large area left for private enterprise. His advice was that the co-operative movement should make a start where it could, and expand gradually.

Mr. PATEK supported the ICA resolution, while making a reservation regarding its reference to the Charter of the International Trade Organization. He thought the Sub-Commission should express its support of that resolution during the current session, and discuss the problem of co-operation as a whole at the following session.

Mr. EVANS (I.L.O.) pointed out that the International Labour

/Conference

Conference had always paid great attention to co-operative organizations. In its Recommendation Concerning Minimum Standards of Social Policy in Dependent Territories (Article 45 of the annex) the International Labour Conference had recommended on 12 May 1944, that "the assistance and development of co-operative societies, including co-operative organizations of workers for the promotion of health, housing and education, shall be accepted as part of the economic programme of competent authorities in dependent territories, and the measures to be taken shall include financial assistance wherever this is appropriate." Furthermore, the Preparatory Asian Regional Conference held in New Delhi in 1947 (Official Bulletin, Vol. XXX, No. 3) had adopted a resolution concerning co-operation, which began with the statement that:

"Universal experience long since established not only in the countries of other continents but also in the majority of the countries of Asia has demonstrated the part which the different categories of rural co-operatives, handicraftsmen's co-operatives, workers' productive co-operatives, consumer co-operatives and housing co-operatives are able to play in the economic and social betterment of the working populations of rural areas and industrial centres."

INTERNATIONAL ASSISTANCE, TECHNICAL AND FINANCIAL, RENDERED FOR
PROMOTION OF ECONOMIC DEVELOPMENT (E/CN.1/Sub.3/24)

The CHAIRMAN remarked that the question of international assistance had been on the agenda of the Sub-Commission at every one of its sessions so far; indeed, consideration of that question was included in the instructions transmitted to the Sub-Commission by the Economic and Employment Commission (E/255). The Sub-Commission had in the course of its work endeavoured to obtain statements on that issue from the various specialized agencies concerned and had studied the principles which motivated technical assistance on the international scale and the forms which such assistance should take.

The Chairman felt there was cause for gratification in the fact that the Sub-Commission's report on technical assistance had been

/the basis

the basis of a resolution adopted by the General Assembly at its third session in Paris. It was also worthy of note that, on the basis of the same recommendations, the General Assembly had made a budgetary provision of \$288,000 for the purpose of technical assistance, and that the Economic and Social Council had since adopted a resolution requesting the Secretary-General to draw up a comprehensive programme of technical assistance on an international scale.

As regards the document prepared by the Secretariat on assistance rendered by the United Nations and the specialized agencies for the promotion of the economic development of under-developed countries (E/CN.1/Sub.3/24), the Chairman felt that it was superfluous for the Secretariat to prepare a document of so comprehensive a character for all the subsequent sessions of the Sub-Commission. He wholly agreed with the suggestion made in paragraph 4, page 3 of the document that a clearer and more satisfactory paper could be prepared for the Sub-Commission if "assistance rendered" were interpreted to mean "direct assistance rendered to a particular country or countries." A less elaborate document than the one at present before the Sub-Commission would be adequate.

Replying to a remark of Mr. Bravo Jimenez, who stressed that any factual information on the practical results of technical assistance should be placed before the Sub-Commission by the Secretariat in assessing the results of assistance rendered, the CHAIRMAN remarked that only the countries which received such assistance were in a position to furnish adequate information on its results.

Mr. MOROZOV recalled that at its preceding sessions the Sub-Commission had indicated that the Secretariat should endeavour to obtain concrete data on the results of technical assistance rendered. However, the document prepared by the Secretariat spoke mainly of missions sent by various specialized agencies to under-developed countries, but did not show what practical results had been achieved. He would therefore abstain from participating in the discussion of the document in question.

Mr. FAITEK wished to associate himself with Mr. Morozov's statement.

/Mr. DORFMAN

Mr. DORFMAN (Secretariat) pointed out that the letters sent by the Secretary-General to the specialized agencies concerned contained the request that all practical results of technical assistance rendered should be reported to the United Nations. It was true that, in general, the specialized agencies had not found it possible to give an indication of those results. The Secretariat itself, however, had indicated some of the results obtained in certain fields, such as those obtained in pursuance of resolution 58 (I) of the General Assembly and the activities of the United Nations International Children's Emergency Fund. The pertinent data could be found on pages 19, 21 and 22 of document E/CN.1/Sub.3/24.

Mr. MOROZOV remarked that implementation of resolution 58 (I) did not come within the purview of the Sub-Commission on Economic Development, but of the Social Commission.

Mr. EVANS (ILO) shared the Chairman's appreciation of the fact that the Sub-Commission's recommendations on the subject of technical assistance had been followed by action by the General Assembly and the Economic and Social Council. The International Labour Organization intended to co-operate as fully as possible in the execution of the policy outlined in the resolutions of the General Assembly and the Council.

He also welcomed the Chairman's suggestion that, as reports from the specialized agencies on technical assistance would in any case be required by other bodies, no separate report on the same subject need be prepared by them for the Sub-Commission.

Turning to document E/CN.1/Sub.3/24, Mr. Evans expressed the view that greater care should be devoted to the avoidance of unnecessary overlapping and duplication of work by the specialized agencies. In that connexion, he criticized some of the headings entered under paragraph 32, page 20 of that document (Other Specialized Activities in the Social Field) as being too comprehensive and vague, and as including subject matter falling within the competence of the ILO.

Mr. DORFMAN (Secretariat) remarked that that particular section was included in the form in which it had been received from the

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Department of Social Affairs. * He wished to point out, however, that the Sub-Commission was not concerned with allocation of functions or co-ordination, and that that point could more appropriately be brought up, if desired, before the Administrative Committee on Co-ordination.

Mr. EVANS (ILO) realized that the question of co-ordination was not within the competence of the Sub-Commission, but felt that that question could not be passed over in silence in view of the fact that E/CN.1/Sub.3/24 had been placed before the Sub-Commission and was on its agenda.

The CHAIRMAN agreed that the Sub-Commission should lay renewed stress on the importance of avoiding duplication of effort. If two or more specialized agencies were engaged on the same subject, wastage of effort and funds was bound to result; moreover, the conclusions reached might not coincide.

Some such duplication was caused by the fact, for example, that, in addition to the Sub-Commission's decision at its preceding session to concentrate on the question of economic development of under-developed areas, the World Food Council had also adopted at a later date a very comprehensive resolution on the question of financing economic development. Furthermore, the Economic and Social Council at its eighth session had adopted a resolution (E/1215) requesting the Secretary-General to carry out certain work in connexion with economic development of under-developed countries, which corresponded exactly to the work which the Sub-Commission on Economic Development had already resolved to undertake. He wondered whether the Council's attention had been drawn by the Secretariat to the fact that its decision might result in duplication of work.

Mr. DORFMAN (Secretariat) stated that that fact had been brought to the Council's attention in a note by the Secretary-General (E/1119). The Council's resolution requested the Secretary-General to undertake the work concerned with the co-operation of the specialized agencies: no such provision was contained in the terms of reference of the Sub-Commission on Economic Development. That slight difference had probably been the reason for the Council's decision. Furthermore, the Council's resolution specified that "the Economic and Employment Commission and the Sub-Commission on Economic Development should adhere to their present programmes of work".

/Mr. EVANS

Mr. EVANS (ILO) informed the Sub-Commission that the International Labour Organization had sent a number of advisory missions to under-developed countries in the course of the last year. Thus, a mission to study facilities for vocational and technical training on behalf of ILO and ECAFE had spent some months in several Asian countries in 1948; a similar mission was in Latin America; advisory missions on questions of social security had visited the Philippines, Ceylon and Iran; while a member of the staff of the office had visited Venezuela to advise the Ministry of Labour of that country in the preparation of plans for establishing statistics of employment, wages and hours of work. Other missions were contemplated.

The CHAIRMAN, summing up the discussion, stated that the Sub-Commission -- with the exception of Mr. Morozov and Mr. Patek, who had stated their reasons for abstaining from participation in any decision taken -- expressed satisfaction with the action taken by the General Assembly on the recommendations it had formulated at its second session; considered that the Secretariat should in future prepare less comprehensive documents on the subject of technical assistance, interpreting the term "assistance rendered" to mean direct assistance only; and re-affirmed its concern for the avoidance of duplication of effort by specialized agencies and bodies of the United Nations. He suggested that in its report the Sub-Commission might also take note of the fact that, during the preceding year, economic development had begun to figure on the loan programme of the International Bank, and that three under-developed countries of Latin America had received loans for that purpose.

The meeting rose at 1.20 p. m.