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SUMMARY RECORD OF THE SIXTY-THIRD MEETING

Held at Lake Success, New York,  
on Thursday, 31 March 1949, at 3 p. m.

CONTENTS: Draft of first part of report on the mobilization of financial  
resources for economic development

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Vice-Chairman: Mr. M. BRAVO-JIMENEZ  
and Rapporteur

Members: Mr. J. N. GUIMARAES  
Mr. D. K. LIEU  
Mr. J. PATEK  
Mr. A. P. MOROZOV

Representatives of specialized agencies:

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Alliance  
Mrs. MEAGHER World Federation of Trade Unions

Secretariat: Mr. DOREMAN Secretary of the Sub-Commission

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DRAFT OF FIRST PART OF REPORT ON THE MOBILIZATION OF FINANCIAL  
RESOURCES FOR ECONOMIC DEVELOPMENT.

The CHAIRMAN in opening the discussion of the first part of the draft report, proposed that it should be prefaced by two paragraphs referring to the resolutions adopted by the Economic and Social Council (139 B VII) and the General Assembly (198 III) in which it was stipulated that the Economic and Employment Commission should study central problems of economic development; also to the modification of those resolutions by the subsequent Economic and Social Council resolution (179 VIII), in order to explain why the Sub-Commission had adhered to its original programme.

The introductory paragraphs should also indicate that the Sub-Commission was aware that similar problems were being studied by the Food and Agriculture Organization and by the Secretariat and that the subject matter of the report requested from the Secretariat was to a large extent the same as the subject matter discussed by the Sub-Commission at its current session. Since, however, the Sub-Commission had adopted its agenda some time previously, it was submitting its observations in the belief that they would be of assistance to the Food and Agriculture Organization and to the Secretariat.

Mr. MOROZOV objected to the inclusion of any reference to the Food and Agriculture Organization, because in that context the Sub-Commission was concerned only with matters within the competence of the United Nations.

The CHAIRMAN agreed to the deletion of the reference to the Food and Agriculture Organization.

The Chairman went on to propose a number of drafting amendments to the first and second paragraphs of the draft report:

- (i) that the reference to the previous reports of the Sub-Commission mentioned in line 1 of paragraph 1 should be given in a footnote.
- (ii) that the phrase "constitute the basis for determining the Sub-Commission's approach..." should be substituted for the phrase "have been considered as the ground for determining..." in line 6 of paragraph 1.
- (iii) that the phrase "emphasize once more" in line 1 of paragraph 2 should be replaced by the word "reiterate".
- (iv) that the phrase "in the sense of its being" should be inserted between the words "industrialization" and "a balanced application ..." in line 3 of paragraph 2.

/(v) that

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(v) that the phrase "sound and efficient utilization of their own resources" in lines 4 and 5 of paragraph 2 should be amended to read "sound and efficient utilization of the national resources of the countries concerned."

Amendments i, ii, iii, and v were accepted by the Sub-Commission.

Mr. MOROZOV was not prepared to accept amendment iv. He proposed the retention of the original text with the addition of the phrase "as the development of national industry, including the development of heavy industries -- metals, machine tools and chemical industries and the construction of power plants" after the word "industrialization" in line 3 of paragraph 2. He felt it was essential to emphasize that industrialization meant the development of national industry, also to indicate the branches of industry, which played a decisive part in economic development.

Mr. PATEK agreed with Mr. Morozov and wished to emphasize that the process of industrialization could only be thought of in terms of the development of heavy industry.

The CHAIRMAN pointed out that Mr. Morozov's proposal revealed a fundamentally different conception of the process of industrialization from that indicated in his own proposal. He personally regarded industrialization as the widest possible application of modern technology and capital equipment to the entire economy of the country. While he agreed with the purpose of Mr. Morozov's proposal, namely, that under-developed countries should not remain dependent upon the more highly developed ones, it was clearly impossible for all under-developed countries to contemplate the establishment of all the industries mentioned by Mr. Morozov. He gave Ceylon as an example. Since, however, Mr. Morozov appeared to agree that all under-developed countries should not be placed under an obligation to develop heavy industries, he suggested that the difficulty might be met by the addition of the phrase "wherever possible" to the phrase proposed by Mr. Morozov.

Mr. BRAVO-JIMENEZ thought that the words "whenever possible" might be misconstrued and suggested instead that the words "subject to the availability of national resources for this purpose" should be added to the text proposed by Mr. Morozov, which should be considered as a separate sentence.

/The CHAIRMAN

The CHAIRMAN said that the country concerned would obviously be the only one entitled to interpret the words "whenever possible", but he agreed to Mr. Bravo-Jimenez' suggestion.

Mr. MORCZOV did not think that such an addition was necessary, but agreed that his proposal should be considered as a separate sentence. He pointed out that the Chairman's proposal number (iv) was not consistent with the definition of economic development given in the Sub-Commission's first report.

The CHAIRMAN agreed that the emphasis had changed somewhat. In his opinion, experience had shown that the wording of the first report had not given a really satisfactory explanation of what was meant by economic development, in that it had led to misunderstandings by the Economic and Employment Commission and elsewhere. Such misunderstandings had been prejudicial to the full appreciation of the previous reports of the Sub-Commission as a whole. He wished to make it clear that in his view such countries as Denmark or New Zealand should not be considered as under-developed just because they were not highly industrialized.

After some discussion on drafting, the CHAIRMAN reworded his proposal number (iv) so that the sentence should read as follows: "The Sub-Commission wishes to reiterate that the process of economic development in under-developed nations and territories has to be thought of as a balanced application of capital equipment and technology to the maximum, sound and efficient utilization of the national resources of the countries concerned and, that industrialization forms the decisive phase in such development".

Mr. MOROZOV felt that that wording was weakening the content of the previous sentence and wished more emphasis to be laid upon industrialization. Otherwise the application of capital equipment and technology might be considered to be "balanced" even if it was only used in connexion with such forms of development as the groundnut scheme. He was therefore opposed to the Chairman's suggestion.

The majority of the Sub-Commission decided to adopt the wording proposed by the Chairman, Mr. Morozov being against the proposal and Mr. Lieu abstaining.

Mr. MOROZOV then proposed that the second sentence should be worded as follows:

"The Sub-Commission is of the opinion that the objectives of the

/under-developed

under-developed countries should be the development of national industries, including the development of heavy industries, metals, machine tools, chemical industries, construction of power plants, etc."

The CHAIRMAN, supported by Mr. BRAVO-JIMENEZ and Mr. GUIMARAES, said they could not agree with the text suggested by Mr. Morozov.

The text suggested by Mr. Morozov was rejected.

Mr. LIEU agreed that the need for the development of heavy industries should be emphasized. He supported the suggestion made by Mr. Bravo-Jimenez that a clause regarding national resources should be added to the paragraph, and thought that some mention should be made of the availability of markets, as a further pre-requisite for the establishment of heavy industries.

The CHAIRMAN suggested that the second sentence should be redrafted as follows:

"The Sub-Commission is further of the opinion that the development of national industries including heavy industries, metals, machine tools, chemical industries, construction of power plants etc. is a legitimate objective of the under-developed countries as a part of the process of their economic development, subject to the adequate availability of resources for that purpose."

Mr. GUIMARAES suggested that the word "national" should be deleted.

Mr. BRAVO-JIMENEZ preferred the original text proposed by the Chairman and pointed out that the second text emphasized a different problem -- that of whether the development of national industries was legitimate or not -- which was out of context in the present discussion.

Mr. MOROZOV found the text limitative and suggested that the words "the main" should replace the word "legitimate" which had juridical implications.

Mr. PATEK agreed with Mr. Morozov's suggestion.

Mr. BRAVO-JIMENEZ proposed that the words "must within the framework of national resources necessarily include" should be inserted between the words "national industries" and be substituted for the word "including."

/Mr. GUIMARAES

Mr. GUIMARAES considered that the amendment proposed by Mr. Bravo-Jimenez was a contradiction, and was too restrictive.

The CHAIRMAN then suggested the following text:

"It must be emphasized that this process of industrialization means the development of national industries and must, within the framework of available resources and markets, necessarily include the development of heavy industries, metals, machine tools, chemicals, construction of power plants, etc."

Mr. MOROZOV, supported by Mr. PATEK, could not agree with the text proposed by the Chairman as he considered it too restrictive and suggested that the words "within the framework of available resources and markets" should be deleted.

Mr. GUIMARAES, supported by Mr. BRAVO-JIMENEZ and Mr. LIEU, agreed with the text proposed by the Chairman.

The text suggested by the Chairman was adopted, Mr. Morozov and Mr. Patek recording their disagreement.

The meeting rose at 5.45 p. m.