

## ECONOMIC AND EMPLOYMENT COMMISSION

## SUB-COMMISSION ON ECONOMIC DEVELOPMENT

## Second Session

## SUMMARY RECORD OF THE THIRTY-FIRST MEETING

Held at Lake Success, New York  
on Thursday, 17 June 1948 at 11.00 a.m.

Chairman: Mr. V.K.R.V. RAO

Vice-Chairman  
and Rapporteur: Mr. Manuel BRAVO Jimenez

Members: Mr. Roberto CAMPOS  
Mr. Josef HANC  
Mr. D. K. LIEU  
Mr. A. P. MOROZOV  
Mr. Beardsley RUMI

Representatives of Specialized Agencies:

Mr. R. METALL	International Labour Organization
Mr. Armando CORTESAO	United Nations Educational, Scientific and Cultural Organization
Mr. E. LOPEZ-HERRARTE	International Bank for Reconstruction and Development
Mr. J. J. ANJARIA	International Monetary Fund

Consultants from Non-Governmental Organizations:

Mr. Alfred BRAUNTHAL	American Federation of Labor
Miss Edith SANSOM	International Chamber of Commerce

Secretariat: Mr. David WEINTRAUB For the Assistant Secretary-General  
Mr. Paul DEPERON  
Mr. William LEONARD  
Mr. B. G. GHATE Secretary

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CONTINUATION OF DISCUSSION OF ITEM 4 OF THE AGENDA - INTERNATIONAL AIDS FOR THE MOBILIZATION OF THE NATIONAL RESOURCES OF UNDERDEVELOPED COUNTRIES FOR THEIR ECONOMIC DEVELOPMENT (DOCUMENTS E/CN.1/Sub.3/20, 21 and 22)

Mr. CAMPOS suggested that the Secretariat prepare a balance sheet of what had already been done in the way of technical assistance and what was still to be done. The information perhaps could be tabulated and should contain the types of assistance available, the countries which had either availed themselves of or requested assistance and the conditions under which the assistance would be given.

Assistance by the United Nations should be preferable to that obtained through private channels. It should be of a high technical quality and, of course, apolitical. It should be easily accessible and if not free, at least granted on better terms than could be found in the open market. In this connection, he wished to know the conditions under which assistance was granted by the specialized agencies.

After the Sub-Commission has had an opportunity of studying the balance sheet, it would be in a better position to evaluate the gaps which existed in the economic development of the various countries. The Chairman had pointed out that there was no agency directly concerned with general economic planning that matter would have to await the entry into force of the ITO charter. Mr. Lieu had also drawn attention to the fact that there was no agency concerned with highway and road transportation.

Another point to be taken into consideration was the lack of adequate machinery for public administration, since in underdeveloped countries, governments not only had to regulate but also had to take the initiative in the management of economic development. The Economic and Social Council was now studying a proposal for a public administration training centre, but as yet had not taken any decision.

A statement from the International Bank would be useful in helping the Sub-Commission appraise needs for foreign investments. Some of the Bank's funds originally designed for reconstruction could perhaps now be diverted

/for economic

for economic development. There might also be other sources of funds, as for example, the Export-Import Bank. The collection of statistics of capital exports and capital available for export might serve later as the basis for a more complete recommendation.

While the Sub-Commission would not be able to put into action any detailed projects, it could make proposals for action to the Regional Commissions, which would have the best opportunity for carrying out such plans. Although economic development was in the bulk a responsibility of individual governments, certain projects were by their very nature of a regional rather than national character, as for example, the development of the Amazon Basin. Other projects though of a local nature, were of regional interest because they involved patterns applicable in more than one country. This had been indicated by the Economic Commission for Asia and the Far East.

A major problem which faced the United Nations in regard to economic development was the establishment of a proper balance between a too passive attitude and intervention. The several governments alone could do the bulk of the work but the United Nations should take the initiative to stimulate economic development. It should provide a kind of economic clinic for the examination and treatment of chronic diseases.

Mr. HANC drew attention to the Council Resolution of 28 March 1947, which instructed the Secretary-General to establish machinery within the Secretariat for the provision of technical assistance. He wished to know to what extent those instructions had been carried out.

The development problems as seen by underdeveloped countries were not of a general but of a specific character. Therefore, what was needed was technical missions of highly specialized experts on specific, practical problems. Such experts were few in number and had to be paid high salaries. It would be of great assistance to underdeveloped countries if the United Nations could find some means of improving that situation.

/Mr. RUMI

Mr. RUMI drew Mr. HANC's attention to the fact that the problem was not one of cost only. The type of expert to which he had referred might not be willing to go abroad on a technical mission, regardless of salary. In respect of the question of expense, he expressed the view that inferior expert at a low salary, might turn out to be more expensive.

Mr. BRAVO, citing experience in Mexico, indicated that it was very difficult to calculate beforehand the cost of technical assistance on a particular project. It was important to see that the technical experts engaged confine their work to their special fields, without digressing into an inquiry into general background problems with which the local government and national experts might be sufficiently familiar.

Mr. RUMI pointed out that if a per diem rate for experts was agreed upon, a reasonable accounting of costs could be made.

The CHAIRMAN then called upon Mr. Deperon, Director of the Fiscal Division, to state what technical assistance had been given by his Division.

Mr. DEPERON (Secretariat) said that the question of giving technical assistance to the Venezuelan Government had first been raised unofficially in conversations between the Venezuelan delegation and the Secretariat. Venezuela was faced with two problems; that of using its oil production resources for economic development, and secondly, that of taxation, especially in regard to foreign investors. The matters involved were the structure of the tax system, the fiscal organization of the country and, by derivation, the organization of the government services.

After an official request had been submitted to the Secretary-General, Mr. Deperon had been asked to go to Venezuela for conferences with Venezuelan officials. As a result of three weeks' consultations, a programme of investigation, research and reorganization was evolved, to be carried out with the aid of existing agencies, some of which had to be reformed and adapted to new  
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tasks. The programme dealt not only with such matters as division of current and capital accounts and definition of the treatment of foreign enterprises for taxation purposes, but also with re-organization of various ministries, civil service matters, revision of fiscal jurisdiction, port administration, and special budgetary and taxation questions.

Rather than emphasize the part being played by the International Organization, he had attempted to show Government officials what they could do to help themselves. Provisions had been made to assist the government in the recruiting of experts from abroad. A government agency known as the Commission of Administrative and Legal Studies was now carrying on a management survey and a survey of legislation governing civil service, and in this connection was maintaining contact with United Nations. On recommendation of the commission several laws had already been passed and decrees promulgated and one could note a constant development of certain basic ideas which had been laid down a year ago. With a minimum amount of time having been spent by United Nations officials in Venezuela, the Government was now carrying out a completely new programme of investigation and reform.

It was obviously not possible to lay down a standard procedure for the granting of technical assistance. Such procedures could be defined, but in the final analysis the foreign consultant had to adjust himself to the temperament of a country. It had to be remembered, that one reason why assistance was needed was because the government in question was unable to define the problems of the country or to find solutions for them.

Mr. MOROZOV wished to know whether it would be possible for Mr. Deperon to supply the Sub-Commission with a written statement on this subject of fiscal advice to Venezuela, which was the first instance of technical assistance by the United Nations, and, therefore, valuable as a guide to future activities along that line.

/Mr. DEPERON

Mr. DEPERON said he would be ready to prepare a note of about two or three pages. He pointed out, however, that some confidential information could not be released by the Secretariat.

Mr. HANC noted that a uniform procedure in rendering technical assistance could only be developed on an experimental and empirical basis.

Mr. MOROZOV stressed the importance of concrete cases since they might serve as the basis for working out the most appropriate methods of giving technical aid.

In answer to a question by Mr. Ruml, Mr. DEPERON explained that the Fiscal Division had adapted its programme of work to the request of the Venezuelan Government. An effort had been made to use as few Secretariat staff members as possible. The work involved only the time of one United Nations Secretariat official for eight weeks, but fifty persons engaged by the Venezuelan Government had been working on the project for one year.

Mr. LEONARD (Acting Director of the Statistical Office) stated that no technical mission had been sent out by his office as yet, but that negotiations on technical assistance to several countries were under way, including the supplying of experts for an industrial census in Turkey, to Haiti on population census techniques, and to Brazil on statistics of national income. Together with FAO, the Secretariat was helping in the establishment of a training institute for personnel for a population census to be taken in Mexico in 1950. Under the proposed arrangement, the United Nations Secretariat would provide three instructors and pay their salaries, while FAO would finance their transportation and their per diem allowances; the Mexican Government would supply the facilities and clerical staff. In addition, the Statistical office was giving advice to member Governments by correspondence and had initiated publication of a series of monographs on statistical techniques in various fields.

/Mr. CAMPOS

Mr. CAMPOS and Mr. BRAVO pointed out that economically underdeveloped countries usually had also the poorest statistical services. They wondered whether the Secretariat would be in a position to help those countries to solve their statistical problems.

Mr. MOROZOV expressed the view that any country needing technical assistance should pay for the services of experts. The personnel of the United Nations Secretariat should not be diverted to such duties because of budgetary limitations.

Mr. RUMI wished to know whether Mr. MOROZOV had meant that the salaries of United Nations experts should be reimbursed by the Governments concerned.

Mr. LIEU agreed that the financial aspect of the question was important but pointed out that the appropriate United Nations body to deal with such problems was the Budgetary Committee.

Mr. RUMI considered that the ultimate benefits to be derived from technical assistance rendered by the United Nations to a given country outweighed the initial expense which the United Nations might incur; he suggested that a distinction should be drawn between the cost of initial assistance and of that recurring regularly.

Mr. WEINTRAUB (For the Secretary-General), replying to Mr. Hanc, explained that there was no necessity for creating a special machinery in the Secretariat for providing technical assistance. (See Report of the Secretary-General to the Council, Document E/471 and addenda). For the time being, the machinery of the technical divisions of the Secretariat and that of the specialized agencies was sufficient. Future arrangements depended on the volume of requests received for assistance.

/On matters

On matters relating to economic development no assistance had yet been requested other than described by Mr. Deperon and by Mr. Leonard. Some informal conversations were at present under way, but Mr. Weintraub could not specify the countries involved until the negotiations had been formalized. With regard to financing, the general principle thus far had been that the services of the Secretariat were supplied free wherever they called for no replacement of personnel; in other cases the costs were reimbursable. He suggested that the Department of Social Affairs might inform the Sub-Commission concerning assistance on social welfare matters.

Mr. RUMI pointed out that under the Sub-Commission's terms of reference it was to consider economic problems within the broad framework of general social development; it was thus under obligation to give careful consideration to matters of social welfare, among others.

Mr. WEINTRAUB (For the Secretary-General) indicated that the lag of demand for general economic missions, as compared with missions to deal with specific problems could be explained by the fact that the narrower, specific problems appeared of prime importance within the several countries.

The CHAIRMAN pointed out that the several countries had, or thought they had, their own experts on the overall problems of their respective economics; that help in the solution of specific problems was more likely to be requested.

The Chairman stated that in addition to requesting information from the Department of Social Affairs and Bureau of Personnel he would also request the Trusteeship Department to make a statement on the trust and non-self-governing territories.

The meeting rose at 1.05 p.m.