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ECONOMIC AND EMPLOYMENT COMMISSION

SUB-COMMISSION ON ECONOMIC DEVELOPMENT

Second Session

SUMMARY RECORD OF THE TWENTY-EIGHTH MEETING

Held at Lake Success, New York,  
on Tuesday, 15 June 1948, at 2.30 p.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. Armando CORTESAO	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Mr. E. LOPEZ-HERRARTE	International Bank for Reconstruction and Development
Mr. J. J. ANJARIA	International Monetary Fund
Mr. Hugh GOSSCHALK	Interim Commission of the International Trade Organization

Consultant of a Non-Governmental Organization:

Mr. Alfred BRAUNTHAL American Federation of Labor

Secretariat:

Mr. B. G. GHATE Secretary of the Sub-Commission

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CONSIDERATION OF ITEM 3 OF THE AGENDA

The CHAIRMAN drew the members' attention to the relevant documents, i.e., "Studies on Economic Development in Progress in the United Nations" (E/CN.1/Sub.3/19) which had been prepared by the Secretariat, and to Part VIII of the Sub-Commission's first Report (E/CN.1/47).

Mr. CAMPOS wished to know in connection with paragraph 4 of Document E/CN.1/Sub.3/19 whether the Secretariat intended to include in its study the problem of double taxation. That problem has been only briefly dealt with by the Economic and Social Council because that body had considered that a detailed examination of the question should be undertaken by the Fiscal Commission. The study was important and should be included in the Secretariat study into conditions affecting foreign investments.

With reference to paragraph 2(C) Mr. Campos enquired when the third volume of the series on "Economic Development in Selected Countries" would be ready. He considered that the members should have an opportunity to examine it before publication.

Mr. GHATE (Secretary of the Sub-Commission) replied that the subject of double taxation was envisaged by the Secretariat. The third volume would not be ready for the press in 1948. He did not know when the Sub-Commission would be meeting again, but if a draft were available at the time the Sub-Commission met, members would have an opportunity to examine it.

Mr. MOROZOV (Union of Soviet Socialist Republics) said it would have been useful if the Secretariat had made the relevant documents available between the sessions. He did not receive materials which he had expected. He enquired whether the second volume of

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"Economic Development" mentioned in paragraph 2 (A) as well as "Non-Self-Governing Territories: Summaries of Information Transmitted to the Secretary-General during 1947" referred to in paragraph E (11) would be distributed to the Sub-Commission members.

Mr. GHATE (Secretary of the Sub-Commission) explained that the report on non-self-governing territories was in the hands of the Trusteeship Department, but that an unrevised manuscript copy might perhaps be obtained for the members' inspection. The second volume mentioned in paragraph 2 (A) was nearing completion. It was not yet available in final form, but will be distributed, as was the first volume, as soon as available.

Mr. RUMI wished to know what was the status of the proposals, mentioned in paragraph 4 (B), for a series of studies of the banking and financial institutions available for the mobilization of financial resources in selected under-developed countries.

Mr. GHATE (Secretary of the Sub-Commission) explained that discussions on the subject between the Secretariat and the International Monetary Fund were in an advanced stage, and that the material was expected to be ready by the end of 1948.

Mr. ANJARIA (International Monetary Fund) confirmed that some data were available and that discussions on the subject were under way, but it was his understanding that it was too soon to say when the material would be ready for publication.

Mr. RUMI stressed the urgency of the studies in question.

Mr. HARC considered that all possible institutions, domestic as well as international, should be taken into account in the study of

/institutions

institutions available for the mobilization of financial resources in under-developed countries.

Mr. MOROZOV pointed out that the Sub-Commission had agreed at its first session that industrialization was the decisive element of economic development. That view was also shared by the Economic and Employment Commission. The progress of industrialization in under-developed countries, including non-self-governing territories, was the cornerstone of the Sub-Commission's work. Therefore it was surprising that the Secretariat Note omitted a mention of industrialization. The Secretariat's research should follow the lines laid down by the Economic and Employment Commission and the Sub-Commission on Economic Development and consequently lay proper emphasis to the question of industrialization.

In connection with the last part of paragraph 3, Mr. Morozov was opposed to the suggestion that studies on patterns of industrialization should be undertaken under arrangements with outside organizations. Such a procedure would involve the danger of the study not being conducted in accordance with the provisions of the United Nations Charter and the resolutions of the organs of the United Nations.

Concerning trust and non-self-governing territories, Mr. Morozov maintained that the study of their economic problems was one of the Sub-Commission's main tasks. With regard to paragraph 9 "Technical Assistance for Economic Development" he stated that rather than describing the functions assigned to the several agencies, it would be more important to give an account of the measures which had been undertaken, and of their results.

The CHAIRMAN suggested that the Secretariat Note should be considered paragraph by paragraph. Thus the members could propose improvements and additions and the Sub-Commission's Report would present

/a series

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a series of comments on the points raised by the Secretariat Note. He agreed with Mr. Morozov that special stress should be laid on industrial development and suggested drafting changes in paragraph 2 (C).

Mr. RUMI raised the question of a definition of the term "industrialization." He considered industrialization as the application of modern techniques and capital equipment to raise productivity in any economic sphere, and to him the formulations in the Sub-Commission's first Report appeared adequate.

Mr. MOROZOV considered that no changes should be introduced in the Secretariat Note but that the recommendations should be included in the Sub-Commission's Report. With regard to a definition of industrialization, he thought that the development of heavy industry, particularly machine construction, was the essential aspect.

The CHAIRMAN agreed with Mr. Morozov that the recommendations should form part of the Report. He preferred to avoid any too precise and specific definition of industrialization.

Mr. CAMPOS felt that the Sub-Commission would not be able to escape a discussion of the meaning of the term "industrialization." He agreed with Mr. RUMI that industrialization involved the application of modern technology and the raising of productivity. He would not go so far as Mr. Morozov's view, but was inclined to a position somewhere between the two.

Mr. HANO suggested that the Sub-Commission should select those studies on which it would like to make specific recommendations.

Mr. CAMPOS pointed out that the proposed volume 3 of "Economic Development in Selected Countries" involved problems of policy and judgment. Therefore the Sub-Commission members should have an opportunity to examine them before publication.

/Mr. BRAVO

Mr. BRAVO pointed out that the studies should avoid criticizing the economic policy of any given country.

The CHAIRMAN thought the Secretariat Studies were intended to be objective and analytical. He believed the proposed volume 3 of the reports on economic development was not intended to pass judgment on the plans or efficiency of the individual countries or governments but rather to analyse the content of the plans, the progress of economic activities, the obstacles encountered and so on, as described in the Secretariat Note. He agreed that such analysis would of course not avoid inferential criticism, but did not believe the publication of the Secretariat report should be held up for consideration by the Sub-Commission. The Secretariat must take the responsibility for analytical reports, and then the commissions or sub-commissions can discuss the Secretariat reports and record such comments or report on its own as it chooses. An example is provided by the Secretariat's World Economic Report, which is analytical and expresses opinions on the responsibility of the Secretariat. The Economic and Social Council discussed this report at length and each member was able to record his observations and opinions.

The CHAIRMAN agreed with Mr. MOROZOV that the report of the Sub-Commission in dealing with the proposed volume 3, and more generally in dealing with the current item of the agenda, should stress the desirability of giving special attention to the industrialization phase in Secretariat studies concerned with policies, trends, obstacles and accomplishments in the general sphere of economic development.

Mr. METALL (International Labour Organization) explained that the inquiry under way at the ILO referred solely to the revision of the list of eight countries having permanent seats on the organization because of their outstanding industrial importance.

/Mr. MOROZOV

Mr. MOROZOV said that the Report of the Joint Committee appointed by the Trusteeship Council and the Economic and Social Council had not been approved by the Economic and Social Council. The study of the economic situation in the trust and non-self-governing territories was one of the Sub-Commission's essential tasks, and the Joint Committee could not relieve it of this duty.

Mr. LIEU did not think that a classification of countries by degree of economic development would be practicable.

The CHAIRMAN explained that the suggested classification was designed to protect the Sub-Commission from becoming involved in jurisdictional disputes with other organs of the United Nations.

Mr. LIEU feared that the suggested classification might result in denying technical assistance to countries needing it, even though classified as "developed".

Mr. GHATE (Secretary of the Sub-Commission) said that in accordance with the report of the Joint Committee the Sub-Commission could make observations in respect of non-self-governing and trust territories, generally or in groups, or combinations of any kind. The only reservation was with respect to the singling out of one such territory for special study and recommendation.

Mr. MOROZOV felt that the Sub-Commission was obliged to study conditions in non-self-governing territories and, therefore, the Chairman's proposal was unnecessary. The question of recommendations concerning specific territories could be settled whenever a concrete problem arose.

The CHAIRMAN withdrew his proposal

/Mr. CORTESAO

Mr. CORTESAO (UNESCO) drew attention to the difference in status between non-self-governing and trust territories.

The CHAIRMAN called attention to the proposed revision of the Trusteeship Council's Provisional Questionnaire for Non Self-Governing Territories. Although the Economic and Employment Commission, at its last session, appointed a special committee to advise it on the matter, he thought that the Sub-Commission, as a body of technical advisers to the Commission, might wish to make its recommendations, particularly on Section F of the Questionnaire relating to Economic Advance.

After a brief discussion, in which Messrs. BRAVO, CAMPOS, HANC, MOROZOV and RUMI took part, it was decided to take up the matter of the Questionnaire later in the session if time permitted and if members had any specific suggestions to make.

Mr. MOROZOV felt that the Secretariat had had sufficient time in which to prepare the "Summaries and Analysis of Information Transmitted to the Secretary-General during 1947" for the present session of the Sub-Commission. The fact that the document had not yet been circulated was regrettable.

The CHAIRMAN said that the discussion of paragraph 3 "Studies of Patterns of Industrialization" would be postponed until later.

With reference to paragraph 4B, concerning studies of domestic financial institutions, Mr. RUMI recalled his previous comment on their urgency, and Mr. BRAVO indicated agreement. Mr. MOROZOV disagreed as to the need to emphasize the urgency of the studies mentioned in paragraph 4B. Such emphasis might be interpreted to mean that other studies were less urgent and there were other studies of an even more urgent character.

/Mr. MOROZOV



Mr. MOROZOV also drew attention to the Sub-Commission's resolution on the dangers of foreign investment as a means of interfering in the internal affairs of a country, which he felt should be taken into consideration in connection with paragraph 4A (i). He recalled that the Sub-Commission had also agreed that loans and credits were preferable to capital investment.

There was no comment on paragraphs 5 and 6.

In reply to the Chairman, the SECRETARY explained that the study referred to in paragraph 7 was expected to be completed in three or four months. The CHAIRMAN suggested that the question of availability of capital goods should also be given consideration in this study. The question as to how the flow of foreign trade was affected by currency and other restrictions also deserved careful analysis in this study.

In referring to paragraph 8, the SECRETARY said that studies were being carried out on coal, iron ore, fuel, and the availability of and requirements for capital goods and financing. The studies would relate to as many countries as possible. A study of fuel shortages is nearing completion and other studies on coal and other resources were scheduled for completion over a period of time.

Mr. METALL (International Labour Organization) promised that the ILO would co-operate with the Secretariat to the fullest extent possible. The SECRETARY assured the Commission that the Secretariat had received the co-operation of all of the specialized agencies concerned.

Mr. MOROZOV asked why particular emphasis had been placed on particular types of consumer goods in the final sentence of paragraph 8. It was pointed out that this was only a qualifying clause referring to consumer goods in a sentence describing studies of both capital and consumer goods requirements. After a brief discussion, it was agreed that the paragraph as it now read was a well-balanced one.

The meeting rose at 5.30 p.m.