

ECONOMIC AND EMPLOYMENT COMMISSION

SUB-COMMISSION ON ECONOMIC DEVELOPMENT

Second Session

SUMMARY RECORD OF THE THIRTY-SIXTH MEETING

Held at Lake Success, New York
on Monday, 21 June 1948, at 3:00 p.m.

Chairman:

Mr. V. K. R. V. RAO

Vice-Chairman and
Rapporteur:

Mr. Manuel BRAVO

Members:

Mr. Roberto CAMPOS

Mr. Josef HANC

Mr. Y. T. SUN

Mr. A. I. MOROZOV

Mr. Beardsley RUMI

Representatives of Specialized Agencies:

Mr. F. L. WORMALD Food and Agriculture Organization of the
United Nations

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

Secretariat:

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

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CONTINUATION OF THE DISCUSSION OF ITEM 4 OF THE AGENDA: INTERNATIONAL AIDS FOR THE MOBILIZATION OF THE NATIONAL RESOURCES OF UNDER-DEVELOPED COUNTRIES FOR THEIR ECONOMIC DEVELOPMENT.

The CHAIRMAN, presenting Mr. F. L. Wormald (Food and Agriculture Organization of the United Nations) described to him the three questions in which the Sub-Commission was interested, namely (1) What machinery existed within the FAO for the purpose of furnishing various forms of technical assistance, either by the staff of the FAO or by technicians from the outside? (2) What requests had been received from countries for technical assistance and what actions have been taken on these requests by the FAO? and (3) What results had been achieved through the technical assistance rendered?

Mr. WORMALD (FAO) stated that technical assistance, interpreted in a wide sense, might be held to comprehend the whole responsibility of FAO, but for the purposes of the Sub-Commission he would limit himself to technical assistance in a narrower sense, that of assistance rendered through persons sent out to the various countries. One form of assistance is through special technical missions. Up to the present time the FAO had sent out four such missions; one to Greece (summer of 1946) one to Poland (July - September 1947) one to Venezuela (January - March 1948) and one to Siam (first quarter of 1948). The missions varied over a wide range in size, composition, and scope.

The mission to Venezuela, consisting of only three persons, was for a very specific field, namely, the cultivation and processing of indigenous, edible vegetable oil-bearing seeds. On the other hand, the mission to Greece had a very broad function - to study the problems of agriculture, fisheries, and related fields, and to develop and recommend a programme for rehabilitation and long-range development; it consisted of eight members sent to Greece from outside and three already there under UNRRA. Their report was issued in the fall of 1946. The mission to Poland was somewhat less comprehensive in scope; it was concerned with general rehabilitation and development of Polish agriculture, with special attention to nutrition and the adaptation of

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small holdings
production on / to the nutritional needs of the country. Its report was published in the middle of June. The report on the mission to Siam had not yet been published. Although this mission had rather wide grounds to cover, its terms of reference were quite specific; covering seven or eight particular subjects on which advice was needed.

All these missions had been organized at the request of the governments concerned to do a job and make a report to the Director-General of the FAO for transmission to that government. As a rule, missions included outside experts of various nationalities together with a few from the FAO staff. The staff of the FAO was not adequate to cover all the necessary ground; for example, of the eight experts who went on the mission to Poland, only two were from the FAO staff. To aid in the recruitment of outside experts, he noted that FAO was endeavouring to establish a roster of experts in various fields, available for missions. In the meanwhile, it relied on the knowledge of its own senior staff members, on governments, universities, research institutions, etc. for suggestions concerning the names of experts to serve on missions. Although FAO had naturally recruited its experts largely from the country in which its principal offices are situated, nevertheless, the composition of the FAO missions had been reasonably international. Thus, the mission to Greece included six persons from the United States, one from France, one from the United Kingdom; the mission to Poland included one from Canada, one from Denmark, two from the Netherlands, one from North Ireland, and five from the United States; the mission to Siam included one from China, one from India, one from the Netherlands, two from the United Kingdom, and four from the United States. FAO had attempted to make the missions more international in character, but this was not always possible.

Another form of technical assistance was that of individual experts sent out at the request of Member Governments. In the closing weeks of 1947 and the early part of 1948, FAO sent four experts to the Near East, on request, to investigate and assist on particular aspects of agriculture, such as

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irrigation, animal husbandry, drainage, etc. These experts went into one or more of the near eastern countries, investigated the subjects with which they were especially concerned, made recommendations to the governments concerned and helped in the formulation of policies. Between individual experts and missions the difference was that missions were sent to direct an investigation, and to report to the Director-General of the FAO, who transmitted the report and recommendations to the government concerned. For individual experts, however, it was more a matter of getting down to the specific problem on the spot. That these two forms of technical assistance were not mutually exclusive, however, was shown in the Siamese mission, whose experts on the problem of rinderpest collaborated directly with Siamese officials in building up better laboratory techniques for serum production.

Concerning finance, Mr. WORMALD explained that sending four experts to the Near East at the expense of FAO was a departure from FAO's normal policy. The majority of experts sent out had been paid from a special source, a fund of over \$1,100,000 which was transferred to FAO from residual funds of UNRRA and was earmarked for technical advisory services in UNRRA countries. The largest sum of money had been spent in China, where a special advisory group of 33 resident experts was being maintained to cover the fields of agriculture, forestry and fisheries. On his tour to China Mr. Wormald had observed the value of this staff in carrying out its work under such difficulties as inflation and civil war. This project included a small factory set up to manufacture insecticides and simple spraying machinery. Valuable services had also been rendered in the control of rinderpest and general animal health. The largest group being paid from UNRRA funds had been operating in Europe, where not only had assistance and advice been given to national governments, but technical schools had been established for scientists and technicians to aid them in acquiring information on new developments. In 1947 three schools were in operation dealing with problems of hybrid corn, artificial insemination and serum. FAO hoped to conduct seminars on soil

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conservation and food preservation in the future.

The FAO did send out personnel at its own expense, or sometimes with the help of the governments concerned. At present it was in the process of developing regional organizations; it already had offices in Europe and the Near East and proposed opening others in the Far East and Latin America. These regional offices served the purpose of closer contact between headquarters and the several countries and served also as a focal point for provision of technical assistance. Mr. Wormald believed that the technicians working in these regional organizations would be small in number and employed on a quasi permanent basis.

Technical assistance was also being rendered by FAO in the organization of the proposed 1950 world census of agriculture. Three senior statisticians of different nationalities, had been sent to Europe and the Near East, the Far East, and Latin America to teach and organize training in this field; a statistical training school had been conducted for Middle East countries in Baghdad, and plans for teaching census techniques were being formulated for Mexico.

With reference to the Chairman's third question, Mr. WORMALD indicated it was too early to report on results of FAO assistance. Definite specific results could be observed in China; much less so in Greece because of civil war conditions. In Poland there was evidence of a follow-up. Mr. WORMALD would list as results the establishment of technical schools in Europe, an application by Lebanon, on the advice of FAO technicians, to the International Bank for a loan; and the stimulation of a group of Near and Far Eastern countries to make definite demands for equipment.

As a general principle, the Government requesting assistance should pay part of the cost, although at present this was difficult for some member governments, particularly those most in need of such missions.

As a rule the governments concerned had borne the cost of maintaining the mission while it was in the country; FAO had paid the external costs. Th

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FAO attempted, whenever possible, to obtain the services of experts free, from governments or institutions which continued to pay their salaries.

The CHAIRMAN thanked Mr. Wormald for his comprehensive statement.

In answer to the CHAIRMAN's questions, Mr. WORMALD stated that his information on the total cost of the several missions was subject to qualification; thus the figure for the Greek Mission which he recalled as \$18,250, was an obvious understatement.

To further questions by the Chairman, Mr. WORMALD explained that periodicals, popular articles and more scientific monographs were issued by FAO, but FAO had no means for maintaining laboratories for investigation or making grants to scientific organizations for publication of research. The FAO had assumed no operational responsibility for specific projects. It had extended no aid in getting supplies, except by way of information and advice.

At present there were no specific requests for the general type of mission described above, but tentative approaches had been made by several Latin American countries.

To Mr. Hanc's inquiry, Mr. WORMALD explained that the forestry field was an important example of the impinging of FAO's special concern on the industrial field.

Replying to Mr. Campos, Mr. WORMALD explained that although the FAO was making local studies only when asked, it was not playing a passive role but was endeavouring to stimulate interest and encourage demands for specific projects. In this connection it attached great importance to the development of its regional offices.

To the request of the FAO representative that they be given earlier notification of dates when they are to appear at Sub-Commission meetings, the CHAIRMAN pointed out that it was his understanding that the FAO should have a representative sitting at all of the meetings.

The Chairman then introduced Mr. Gosschalk (Interim Commission for the
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International Trade Organization) and inquired as to the plans of the Interim Commission in regard to economic development, particularly with respect to technical assistance.

Mr. GOESCHALK stated that the Havana Conference placed great and equal emphasis on both the positive functions of the ITO in the field of economic development and on the necessity for effecting co-operation and avoiding duplication with other agencies of the United Nations. The Interim Commission had been instructed, by resolution, to examine what other organizations were doing in this field and what were the facilities for certain specified technical surveys and studies and to report to the first conference of the ITO as to the structure and administrative methods necessary for ITO to carry out its positive functions and as to its working relations with other agencies. The Interim Commission had also been instructed to make to the first Conference of the ITO proposals as to its programme for the first year. The Secretariat of the Interim Commission would welcome views expressed by the Sub-Commission which might be of help to the Executive Committee of the Interim Commission.

Mr. GOESCHALK pointed out that it might well be 1950/51 before the International Trade Organization came into effective operation and it was the view of the Executive Secretary of the Interim Commission that in the meanwhile no organization should fail to take any action which might be helpful by reason of the prospect of ITO coming into existence.

With reference to paragraph 2 of Article 10 of the ITO Charter, which sets down the technical assistance functions, largely the same problems would face the Interim Commission as faced the United Nations Agencies, namely what volume of requests might be received from governments and how were the expenses of giving technical assistance to be borne. With regard to the securing of experts a greater problem existed in the field of industry than in that of agriculture, as experts in the latter field were employed mainly by governments or universities, whereas experts in industry were in many
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countries largely employed by private concerns.

Mr. GOSSCHALK referred to paragraph 1 of Article 11 of the Havana Charter in which Members undertook obligations with respect to the provision of facilities for economic development. A possible field of study for the ITO might prove to be that of obstacles to economic development, particularly those associated with the movement from one country to another of capital, equipment, materials, skills and technology. The Organization was also specifically empowered to undertake studies and promote agreements concerning measures designed to promote and encourage establishments for technical training. A study of industrial production and plans for production on a world scale might assist the ITO in advising countries with respect to plans for their industrial development. These were, however, only personal informal thoughts of the Secretariat and final suggestions to the Executive Committee of the Interim Commission would be made subsequently.

The ACTING CHAIRMAN inquired as to (1) the connection between the main task of the ITO - the promotion of international trade - and that of economic development; (2) the reason why an economic development committee in the ITO, originally proposed, had not been approved; (3) the attitude of the ITO in regard to specific problems of industry, particularly with regard to the development of new industries in the under-developed countries.

With respect to the first question, Mr. GOSSCHALK explained that the main purpose of the Charter was the expansion of international trade, but the whole thesis was that expanding economic development and international trade were inseparable. The Charter pledged its members to foster and assist industrial and general economic development, particularly of those countries which were still in the early stages of industrial development, and to encourage the international flow of capital for productive investment. To the second question Mr. GOSSCHALK declared that one of the reasons for the proposed establishment of an Economic Development Committee was that a Tariff Committee was being considered, but it was agreed at the conclusion of the

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Conference that neither committee be prescribed. On the third question Mr. Gosschalk referred to Article 13 of the ITO Charter which dealt with release from obligations not to impose restrictions on imports, if such restrictions were required for their economic development.

Replying to a question from Mr. Braye, Mr. GOSSCHALK declared that Article 13 was concerned with the types of restrictions which governments might impose on imports from abroad, and not with restricting the right per se of any Member to establish such industries as it saw fit.

Mr. MOROZOV was astonished to hear that this Draft Charter does not put any limitations on the rights of countries to develop certain industries. As he sees it, the provisions, e.g. Article 13, are in contradiction to what the representative of ITO had said.

To this and further questions on the subject, Mr. Gosschalk declared that the Charter itself did not prevent any Member from imposing a tariff for purposes of economic development. With regard to tariffs the obligation imposed by the Charter consisted in an obligation to negotiate.

Mr. HANC, referring to Article 13, suggested a close re-examination of the wording on page 11, as the Sub-Commission was interested in seeing what obstacles were likely to work against the development of under-developed areas; he thought that this matter should be discussed more fully at a later session of the Sub-Commission.

The CHAIRMAN declared that there were two problems involved: the part ITO would play in economic development, and the obstacles to economic development imposed by the ITO Charter.

Mr. MOROZOV stated that Article 13, for instance paragraph 7, contains provisions under which the organization must agree to measures which will involve limitations of imports. The dangerous results of those provisions can be clearly seen in sub-paragraph 1 on page 11. It is designed / to protect.

to protect particular industries established between January 1, 1939 and the date of this Charter. What happens if the particular enterprise was established 25 December 1938? Might the enterprise be abolished and the government not have the ^{possibility of} protecting it? Sub-paragraph 2 gives permission to establish a particular industry for the processing of an indigenous primary commodity when the external sales of these commodities have been materially reduced as a result of new or increased restrictions imposed abroad. It means only that when there is no place to put these commodities, then as a favour the permission is given for certain protective measures. In sub-paragraph 3, again as a favour, permission is given to restrict imports in order to utilize materials which otherwise would be wasted. Part of the Charter, for example Article 13, thus provides a serious obstacle to the development of under-developed countries and have been so drafted as to protect the interests of the big economic powers. It will necessarily not only slow down the development of countries, especially under-developed countries but will seriously hamper this development.

On completion of the discussion of ITO, the CHAIRMAN thanked Mr. Gosschalk for his report and turned to the question of a time table for the remainder of the session. Members of the Sub-Commission expressed their opinions as to the target date for the first and final draft of the Sub-Commission report and urged that summary records of meetings be submitted as soon as possible to facilitate the drafting of the report.

The meeting rose at 6:00 p.m.