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Chairman: Mr. Ismael THAJEB (Indonesia).

## AGENDA ITEM 33

Economic development of under-developed countries (A/5532) (continued):

(b) Activities of the United Nations in the field of industrial development: report of the Economic and Social Council (E/3781, annex VIII; A/5503, chap. IV; A/5534 and Add.1 and 2, A/5535 and Add.1-5 and Add.5/Corr.1; A/C.2/221, A/C.2/L.740 and Add.1 and 2) (continued)

1. Mr. VAN TILBURG (Netherlands) said there were several points in the draft resolution (A/C.2/L.740 and Add.1 and 2) which required clarification. For example, it was questionable whether the statement "existing specialized agencies devote only a marginal attention to industrial development" should be included without qualification in the eighth paragraph of the preamble. Nobody could deny that so far as industrial development as a whole was concerned, the specialized agencies performed valuable work. The training and management activities of the ILO had been recognized by the Committee for Industrial Development and also by the General Assembly in its resolution 1824 (XVII).

2. The reference to "existing specialized agencies" in the preamble, taken in conjunction with operative paragraph 3, would seem to suggest that the establishment of a new specialized agency was the main purpose of the draft resolution. But the Advisory Committee of Experts on the Industrial Development Activities of the United Nations System had not favoured such a course. Moreover, the problem of co-ordination had been specifically mentioned in the mandate of that committee, specified in General Assembly resolution 1821 (XVII). The relevant draft resolution should therefore be absolutely clear and avoid causing further complications in the United Nations administrative framework. The amendment submitted by Nigeria and Ghana (A/C.2/L.769) also needed clarification.

3. His delegation fully agreed that the United Nations must accept responsibility in the field of industrial development and improve the existing organizational framework. But it was doubtful whether a new body should be established as long as there appeared to be ample scope for strengthening the Centre for Industrial

Development. In any case, the draft resolution should leave no ambiguity on that score. The text should also bring out more clearly the interdependence between industrial and social development which had been stressed by the Committee for Industrial Development, the Economic and Social Council and the Netherlands delegation in the Third Committee.

4. Mr. UNWIN (United Kingdom) said that a recent publication prepared by the Centre for Industrial Development and entitled *A Study of Industrial Growth*<sup>1/</sup> stressed the dynamic character of industrialization and its essential place in economic development. As a country which had participated in the industrial revolution of the eighteenth and nineteenth centuries which had led to the present division between rich and poor nations, the United Kingdom fully realized the role which industrial development could play in building up a dynamic modern economy. But industrialization was not the sole ingredient for successful expansion. As pointed out in the summary of the ILO's activities in the field of industrialization (A/5535), it must form part of balanced development. No one would deny the importance or complexity of industrial development, but the role which the United Nations could play in that field was by no means settled.

5. Some members of the Committee tended to view the problem simply as one of finding additional financial resources. But finance was not the only issue. The first thing was to determine what the role of the United Nations should be. Its main function would seem to be analytical: to decide what industries could best be established in a particular place, in the light of, *inter alia*, local resources and available manpower. In providing such advice, the United Nations would encounter the serious difficulty of finding the right personnel, a problem which would not be solved merely by additional funds.

6. Although the Committee for Industrial Development had done valuable work, its performance had been disappointing in that it had become increasingly preoccupied with means rather than ends. Its members were often well qualified to speak on United Nations matters but were not always notable for their detailed knowledge of industry. It would have done better to advise the Secretary-General on what he should do in connexion with industrial development rather than subject him to criticisms and injunctions on how to organize the work in that field.

7. The proposal in operative paragraph 4 of the draft resolution to hold an international symposium could be useful, although it should be approached cautiously. A large conference like the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas would be of little practical value. But if, to begin with, a series of small regional

<sup>1/</sup> United Nations publication, Sales No.: 63.II.B.2.

and inter-regional seminars were organized to deal with clearly defined subjects, useful results could be achieved. The advisability of convening a larger gathering could be considered in the light of the success of the smaller groups, which might supply valuable guidance as to how it should be arranged.

8. It was surprising that the draft resolution failed to mention the excellent work done by the Centre for Industrial Development, or the work of the specialized agencies, in particular the ILO, in that field. Also, in the eighth preambular paragraph, the summary of the conclusions which appeared in the report of the Advisory Committee of Experts (E/3781, annex VIII) was misleading and should be omitted. Operative paragraph 2 represented a compromise but, like many compromises, it opened the way to misunderstanding and confusion. The Committee for Industrial Development and the Council should certainly consider further the problem of strengthening the activities of the United Nations in the industrial field, but they could not start work on the basis of a decision to set up a body whose functions were not specified. In order to avoid prejudging the issue, he suggested that, in paragraph 2, the words "establish an" should be replaced by the words "strengthen the".

9. His delegation agreed with the Advisory Committee of Experts in rejecting the idea of a new specialized agency, but could not support the idea of a new voluntary fund to finance industrial development. The best procedure would be to increase contributions to the Expanded Programme of Technical Assistance and the Special Fund so that a larger number of sound industrial projects could be launched. In order to encourage such projects and help in drawing them up, suitably qualified officers might be attached to the staff of United Nations resident representatives in selected cases.

10. He was unable to support the draft resolution as it stood but if the amendments proposed by his delegation (A/C.2/L.772) were taken into account, he hoped that a generally acceptable text could be adopted.

11. He could not support the amendment submitted by Ghana and Nigeria (A/C.2/L.769) and urged its sponsors to withdraw it. He strongly opposed the further reshuffling of the Secretariat that it would entail. There were some areas in which the Resources and Transport Branch overlapped with manufacturing industry and satisfactory co-ordination already existed there, but there were many other points where there was no overlapping. Adoption of the amendment could only lead to unnecessary dislocation and confusion.

12. There was a tendency within the Committee to assume that little was being done to help the developing countries in the field of industrialization. But much was in fact being done both inside and outside the United Nations. His delegation was ready to support endeavours to ensure that the United Nations did more, but for that purpose the Committee must know clearly what the Organization was going to do and make sure that the fullest use was made of it.

13. Mr. VIDAL ZAGLIO (Uruguay) emphasized that the developing countries must industrialize in order to raise their living levels and attain the economic and social objectives set forth in the Charter of the United Nations. But they could make little progress without technical and financial assistance from the United Nations. They were quite unable to finance programmes of industrial development from their own resources,

for the prices of the primary commodities they exported were continually declining while the prices of manufactured goods they imported were continually rising. They were thus doubly exploited.

14. The aim of the draft resolution was to ensure that the United Nations increased its assistance to the developing countries in the field of industrialization. The United Nations must guarantee that the assistance was given objectively and in a manner which would benefit the people of the recipient country. The assistance should not merely serve selfish ends but should be used for specific projects carefully integrated within over-all economic development plans. Uruguay, having achieved remarkable economic, social and cultural progress, had begun to industrialize. It had done so mainly with its own resources but was grateful for the outside assistance it had received. It was ready to support the draft resolution.

15. Mr. CUMES (Australia) said that there was general agreement on the importance of industrialization and its impact on the economic development and living levels of the developing countries. The immediate problem was to find ways and means of accelerating it. He fully agreed with the United Kingdom representative that industrialization was a complex undertaking, the nature and components of which differed from country to country. Countries embarking on industrialization programmes should relate their programmes in a general and sometimes even in a detailed manner to those being carried out by other countries. In the preparation and implementation of such programmes, individual countries and regions would need international help and guidance. That was the principal area in which the United Nations could play a practical role but also one in which it had thus far had comparatively little experience. That did not mean that Australia was not very conscious of the excellent work being done, either directly or indirectly, by the specialized agencies, such as the ILO, and by the United Nations itself, to assist industrialization. Australia heartily acknowledged the excellent work done by the Centre for Industrial Development and by its two successive directors, Mr. Mayobre and Mr. Abdul Rahman.

16. Australia believed that the resources available to the United Nations for that purpose were inadequate and should be increased. Moreover more experience was needed in order to make United Nations activities more effective in that connexion. The Centre for Industrial Development provided such a means of gaining experience and it should therefore be strengthened and given additional resources. The establishment of a new specialized agency would raise many practical problems of duplication and add to the already formidable difficulties of co-ordinating the activities of existing specialized agencies. Such difficulties did not exist in the case of the Centre, which his delegation considered would be best suited to perform the requisite functions. Australia conceived of the Centre as growing gradually, but quite rapidly, to perform functions which were shown to be, by both theory and practice, appropriate to it. When the Centre had had a chance to demonstrate its capacity, it would be simpler for everyone to be precise as to the future organization needed.

17. For that reason, his delegation supported the recommendation in operative paragraph 3 of the draft resolution that the Committee for Industrial Development should give detailed consideration to the functions

and structure of the future organization. The United Nations Conference on Trade and Development would be concerned, *inter alia*, with institutional arrangements which might well have a direct bearing on industrialization, and the Committee for Industrial Development should be in a position to take account of them.

18. An interesting feature of the draft resolution was the proposal to hold an international symposium. While his delegation agreed that there was scope for international discussion and exchanges in that connexion, it was not convinced that a single symposium was the best method or that it would produce practical results. Industrialization posed many problems which must be tackled on a country or regional basis, and it might therefore be useful to consider the possibility of regional or inter-regional symposia.

19. His delegation was unable to support the two-Power amendment (A/C.2/769), although it sympathized with the motives of its sponsors. The reference to natural resources would extend the functions of the present Centre, or of any future organization, too far. He would welcome some clarification of the matter from the sponsors.

20. He supported the United Kingdom representative's oral amendments concerning the preamble and operative paragraphs 2 and 4.

21. Mr. BRILLANTES (Philippines) said that, in co-sponsoring the draft resolution, the Philippine delegation had been guided by the conclusions of the Advisory Committee of Experts, which were paraphrased in the last preambular paragraph.

22. The role of industrialization and its high priority in the national development programmes of the developing countries were well known. At the third session of the Committee for Industrial Development, the term "industrialization" had been provisionally defined as a process of economic development which emphasized the creation of a dynamic manufacturing sector having and producing means of production and consumer goods and capable of assuring a high rate of growth for the economy as a whole and of achieving economic and social progress. In the Philippines, approximately one third of the total investments planned for the five-year social and economic programme was earmarked for manufacturing industries, which sufficed to illustrate the importance attached by the Philippines to United Nations activities in the field of industrial development.

23. The operative part of the draft resolution made no prejudgements of any kind. Operative paragraph 2 was merely a decision that an organization for industrial development should be established within the framework of the United Nations. That not only reflected the opinion of the experts, but was a logical corollary to Economic and Social Council resolution 873 (XXXIII), which referred to organizational changes to intensify, concentrate, and expedite the United Nations effort for industrial development. Some delegations had expressed misgivings concerning the use of the term "organization" and had wondered whether the sponsors had in mind a body similar to the existing specialized agencies. The latter interpretation would prejudice the nature of the organization and circumscribe the action to be taken under operative paragraph 3. The word "organization" was used in operative paragraph 2 in a broad sense and could refer to a specialized agency, as explicitly mentioned in Council resolution 873 (XXXIII), or to any other machinery. The main con-

sideration was that the United Nations effort in the field of industrial development should be intensified and expedited.

24. With regard to operative paragraph 3, measures for co-ordinating the activities of the various bodies would have to be included in the report which the Committee for Industrial Development was to submit to the Council. At the sessions of the General Assembly, the Council and the Committee for Industrial Development, strong views had been expressed for and against the establishment of a specialized agency. It had been unanimously agreed, however, that much remained to be done in the field of industrial development, and it was hoped that the report called for in operative paragraph 3 would help to serve the purpose.

25. Mr. NATORF (Poland) said that his delegation had consistently stressed the need for industrialization. The experience of many countries had shown that industrialization was the only way in which to overcome economic backwardness. United Nations activities in that field had taken three main forms: the General Assembly had endeavoured to improve the United Nations machinery concerned with industrialization; United Nations assistance had been steadily increased in order to meet the industrial needs of the developing countries; and studies had been carried out on the advisability of setting up a new organization to deal with the matter.

26. In his delegation's opinion, the most valid conclusion of the Advisory Committee of Experts was that the present institutional framework of United Nations activities in the field of industrial development was not satisfactory. The Committee had also recognized the possibility and advisability of establishing a new organization. Undoubtedly, the sponsors of the draft resolution would like a final decision taken in the matter during the current or the next session of the General Assembly. His delegation sympathized with their desire, but felt that it would be most inadvisable and perhaps harmful if a hasty decision was taken to set up a new body which would not be capable of meeting even the most elementary needs of the developing countries. Once established, the new organ would have to continue operations for about ten or fifteen years without any structural change.

27. One of the main shortcomings of the Centre for Industrial Development was its excessive concern with theoretical investigations and studies. National planning institutes and regional bodies could make technical data available to the new organization and the results of studies carried out on that basis could then be transmitted to countries in need of such information.

28. The establishment of a new organization should lead to a radical change in the allocation of resources to the developing countries. It was not true that the Governments of the developing countries alone decided the form of assistance to be rendered and that the United Nations had no say in the matter. He stressed that the new organization should also be concerned with investment for industrial development and with the processing, extractive and power industries.

29. Some order must be introduced into the division of labour of the various existing agencies, and he was in complete agreement with the observations made in that connexion by the representative of the United Arab Republic (929th meeting). The activities of the

existing agencies should also be reorganized and some of their functions could be transferred to the new organization.

30. He thanked the delegations of Ghana and Nigeria for their amendment which raised the matter of natural resources. The Polish delegation had made a similar proposal at the thirty-third session of the Council (1198th meeting). Industrialization and natural resources were closely interrelated and often considered together in United Nations bodies. Some of the delegations which were strongly opposed to the consideration of natural resources seemed to be motivated by political considerations. No serious or logical arguments had been adduced against the amendment and there was a definite need for inter-governmental committees to study the subject of natural resources.

31. Mr. KAPLANSKY (Canada) noted that two trends could be detected in the debate: first, a tendency to minimize the significance of the text and, secondly, an attempt to attach such importance to it as to imply that the United Nations had accomplished little in the field of industrial development. Both those attitudes were open to question. The draft resolution ignored a number of vital factors related to industrialization, such as the role of existing machinery and the tremendous impact of bilateral arrangements, which seemed to be preferred by both donor and recipient nations. In addition, the terms used in the text were open to differing interpretations, particularly regarding the type of organization to be established.

32. Operative paragraph 2 visualized an industrial development organization within the framework of the United Nations, but the wording of operative paragraph 3 seemed to denote a separate, autonomous agency. It was important to consider not what the existing or new machinery should be called but what the existing machinery was doing and could do. There was general agreement that the industrial development activities of the United Nations had not yet reached a level sufficient to meet the needs of the developing countries and should be increased, and that industrial development was an exceedingly complex process involving almost every aspect of growth.

33. Canada was opposed to the establishment of a new specialized agency to deal with industrial development; that would take too long and involve too much duplication. It was not true that existing specialized agencies devoted only marginal attention to industrial development; they were already undertaking, usually satisfactorily, many of the activities that would be assigned to a new agency. His delegation would prefer the United Nations to devote more money to direct assistance and research, using existing machinery in a strengthened and perhaps expanded form. The role of the Centre for Industrial Development and the Commissioner for Industrial Development should be enlarged. The United Nations should co-ordinate and direct the industrial activities of other agencies. Such an arrangement would naturally require a steady increase in manpower and funds.

34. If the Special Fund and the Expanded Programme were to devote more attention to industrial development, more well-conceived projects in that field would have to be submitted by Governments. The Commissioner for Industrial Development should be put in a position to assess requirements. He should perhaps travel more and might experiment with regional or inter-regional symposia. The Secretary-General and

the Advisory Committee on Administrative and Budgetary Questions might consider altering existing priorities and providing funds and personnel on a scale more commensurate with the task to be undertaken. The Commissioner might undertake to sound out Governments as to whether the industrial component of their bilateral assistance programmes could be increased.

35. His delegation, which was concerned more with the substance than the form of United Nations assistance in the field of industrial development, did not think that a change in name would appreciably alter the impact of existing arrangements. However, if it was desired to emphasize the role of the United Nations in that field, the title "United Nations industrial development administration" would seem preferable to "United Nations industrial development organization".

36. His delegation suggested that the sub-divisions of the eighth preambular paragraph, which were a highly selective rendering of the experts' conclusions, should be deleted. In operative paragraph 1, the words "Takes note of" would be preferable to the word "Endorses". Operative paragraph 2 might usefully be omitted entirely; if not, his delegation would favour the New Zealand suggestion that the special role of the United Nations in the field of industrial development should be emphasized. Operative paragraph 3 might be reworded to recommend that the Committee for Industrial Development should "devise ways and means of strengthening present United Nations machinery for industrial development activities". Alternatively, paragraphs 2 and 3 might be replaced by the following text:

"Requests the Secretary-General to study, in the light of the report of the Advisory Committee of Experts, ways and means of providing more adequate organizational machinery for industrial development and to submit his report to the Committee for Industrial Development at its fourth session."

37. The symposium suggested in operative paragraph 4 seemed too ambitious. It would be preferable first to hold regional or inter-regional symposia in conjunction with the regional economic commissions and the specialized agencies concerned and then consider the usefulness of an international meeting.

38. Mr. AYARI (Tunisia) hoped that it would soon be possible to devote less time to organizational matters and concentrate on the substantive aspect of industrial development. He shared the surprise expressed by the representative of Mexico at the 929th meeting when he observed that administrative matters had been studied by a group of industrial experts and not by Secretariat officials. In view of that fact, it was inevitable that the Advisory Committee of Experts should have fulfilled its mandate only partially and made no positive suggestions. It could be seen from paragraph 30 of the report of the Advisory Committee of Experts (E/3781, annex VIII) which mentioned the "lack of promotional work by the United Nations at the field level", that the origin of the inadequacy of United Nations industrial development activities should be traced to the local level. Insufficient requests were being submitted for assistance in industrial projects and the developing countries needed help in preparing such projects, as well as information about the sources of aid available.

39. There was general agreement that the United Nations had no adequate machinery for providing assistance in industrial development. However, in

order to have a yardstick for assessing adequacy, it was necessary to establish what was the responsibility of the United Nations with regard to industrial development and what its activities in that connexion should be. If those activities were to consist of the provision of experts, they were already being covered by the Expanded Programme, whose resources should perhaps be increased. Pre-investment work and feasibility studies were already being carried out by the Special Fund. The provision of industrial credit was the responsibility of other organizations and was outside the competence of the United Nations. Before deciding on the type of organization required, it was important to define its functions.

40. The Committee for Industrial Development had agreed on one definition of industrialization which was set forth in paragraph 89 of its report (E/3781), but industrialization covered too many fields to admit of precise definition. It was therefore natural that industrial development should be the concern of several organs, each specializing in one particular aspect. Although co-ordination was necessary, the diversity of United Nations industrial development activities was not incompatible with effective action. Indeed, it seemed that the specialized agencies wanted to continue their work on various specific aspects of industrial development.

41. His delegation was submitting an amendment (A/C.2/L.773) proposing to replace operative paragraphs 2 and 3 of the draft resolution by a single text. The subject of organizational changes should be discussed in the Committee for Industrial Development only after the relevant documentation had been properly studied.

42. Mr. RAMAHOLIMIHASO (Madagascar) said that a distinction should be drawn between industrial development and industrialization. Industrial development, which often consisted of a series of reforms following the disappearance of colonial régimes, aimed at improving the existing industrial situation in a given country: industrial activities became more national in character by local recruitment and the training of national cadres. Local needs should be met first and, with the establishment of a manufacturing industry, industrial development could improve a country's trade balance. Industrialization, however, was a long-term policy to be integrated within over-all economic development programmes.

43. In the past three years, considerable progress had been made in United Nations industrial development activities. A new organization might duplicate the work of existing bodies, and his delegation would favour continuing and strengthening the functions of the Centre for Industrial Development, whose activities had been approved by the Council. It would be better for the industrialization problems of developing coun-

tries to be examined by the Committee for Industrial Development rather than at a symposium, as suggested in operative paragraph 4. His delegation would suggest the deletion from that paragraph of the words "and with the Committee for Industrial Development" and the addition, at the end of the paragraph, of a reference to the fact that an international meeting could be held under the auspices of the Committee for Industrial Development, meeting in extraordinary session and with increased membership.

44. Mr. PERERA (Ceylon) thought that the draft resolution should perhaps include an expression of appreciation for the report of the Advisory Committee of Experts.

45. The most important of the three main defects noted by the Advisory Committee in the existing activities of the United Nations in the field of industrial development was the inadequacy of the organizational structure. The insufficiency of total resources for industrial development and the concentration of those resources on a particular aspect of industrial development derived largely from that basic organizational defect. Moreover, the dispersal of industrial development activities over a large number of agencies was a serious shortcoming, due to the lack of a single organization responsible for centralizing the leadership. The lack of central leadership also accounted for the impossibility under existing arrangements, of developing the outlook required if proper emphasis was to be given to both manufacturing and infrastructural activities and if available resources were to be put to the most efficient use.

46. Another important problem of organization was the lack of co-ordination in industrial development activities. As could be seen from the report of the Advisory Committee of Experts and the progress report by the Secretary-General on concerted action in the field of industrialization (E/3574), co-ordination at present consisted only of exchanges of information and consultations on a limited scale. That state of affairs was no reflection on the competence of officials concerned; it was the inevitable result of organizational shortcomings. The Advisory Committee of Experts had also emphasized the lack of the authority required for effective action.

47. In his delegation's view, such authority could be vested only in a single organization with over-all responsibility for industrial development. Those considerations brought out the need for a new and separate institution with over-all responsibility. That had been the conclusion of the Advisory Committee of Experts, which the sponsors of the draft resolution entirely endorsed.

The meeting rose at 6.35 p.m.