

ECONOMIC
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SOCIAL COUNCILCONSEIL
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MEMORANDUM SUBMITTED BY THE CHINESE DELEGATION
REGARDING THE TERMS OF REFERENCE OF THE SUB-
COMMISSION ON ECONOMIC DEVELOPMENT (E/107-REVISED)

1. Most of the economically less developed areas of the world are capable of considerable development by virtue of their natural resources and reserves of man-power. The urge towards industrialization in such areas is widespread and strong. At the same time, there is the ever-present possibility that the economically more developed countries may regard these less developed regions as fields of economic and political exploitation.

The promotion of economic progress in the under-industrialized countries will benefit world economic development in general and will influence the increase of investment opportunities, the prevention of secular stagnation or cyclical decrease in employment and the concurrent as well as consequential expansion of world trade. It is obvious that the creation of appropriate conditions of international co-operation is of equal, if not greater, importance to the economically more developed countries as to the economically less developed.

2. Three major aspects of international activity in regard to the under-industrialized countries are called for:

- (a) an assessment of the economic conditions of these countries with respect to their industrialization,
- (b) the improvement of conditions of international capital investment and
- (c) the promotion of technical and industrial skill.

The Economic and Social Council should explore the possibilities of taking action in these three fields. In the first instance the following

activities and functions should be promoted by the Sub-Commission on Economic Development of the Economic and Employment Commission;

(a) As a fundamental requirement, a general survey of the economic conditions of the under-industrialized countries should be made with particular attention to the natural resources of these countries, their man-power and the ways of industrial recruitment and training, their structures of production of capital and consumers' goods, the degree of their domestic capital accumulation and the sources of foreign capital, the conditions of their market mechanisms in the domestic as well as international field, the legislative and administrative provisions related to their economic development, and the patterns of their industrialization. Whereas this general survey may have to be undertaken in separate stages and probably on a regional basis, this should not prevent the immediate assumption of this task by the Secretary-General in consultation with the Sub-Commission on Economic Development.

(b) Capital investment for the economic development of the under-industrialized countries can take the forms of governmental loans, loans from an international body such as the International Bank for Reconstruction and Development, and private credit arrangements and direct investment. Under the present world conditions, it is possible that governmental and international loans will be quantitatively more important than private direct investment and loans. But the latter are not to be overlooked. The creation of conditions under which the possible abuses of international investment can be avoided and its benefits reaped is, therefore, a primary concern of the Sub-Commission on Economic Development.

The establishment of an international code relating to foreign investments should, therefore, be considered. This code should include various conditions and standards of practice relating to international loans and other forms of international investment.

The two-fold purpose of such a code is to encourage foreign investment on the one hand and to eliminate its possible abuses on the other.

(c) In order to further the economic development of the under-industrialized regions, it is, moreover, necessary that the most up-to-date knowledge and technical skill now available in the world can be drawn upon. This means that technical assistance in the widest sense should be available to the under-industrialized countries so as to assure the fullest use of capital investment and to promote the improvement and dissemination of technical knowledge and skill in these countries. This also means that there must be a thorough study of the possibilities of concrete programmes of technical and industrial training in the less developed areas and the creation of an international panel of experts ready to render their service whenever requested by the authorities of the under-industrialized countries. These activities should constitute another function to be promoted by the Sub-Commission on Economic Development.
