



ECONOMIC AND SOCIAL COUNCIL

Thirty-third Session

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President: Mr. Jerzy MICHALOWSKI (Poland).

Present:

Representatives of the following States: Australia, Brazil, Colombia, Denmark, El Salvador, Ethiopia, France, India, Italy, Japan, Jordan, Poland, Senegal, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Yugoslavia.

Observers for the following Member States: Bulgaria, Canada, Ghana, Greece, Indonesia, Nepal, Netherlands, Norway, Peru, Philippines, Romania, Spain, Thailand, Ukrainian Soviet Socialist Republic.

The observer for the following non-member State: Republic of Korea.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 6

**Report of the Committee for Industrial Development
(E/3573 and Corr.1, E/3574, E/3600 and Corr.1)
(concluded)**

1. Mr. KUDRYAVTSEV (Union of Soviet Socialist Republics) said that the statements made at the previous meeting had well brought out the main aspects of the report of the Committee for Industrial Development (E/3600 and Corr.1), which gave an account of the results achieved and a general survey of the Committee's future programme. The Polish representative's comments had been of particular interest.

2. Industrialization, the importance of which was recognized by all, was the key to the economic development of under-developed countries. Many African, Asian and Latin American countries had considerable leeway to make up in the economic field; industrial development would enable them, among other things, to break the grip of international monopolies and to diversify their economies. The Committee should therefore arrange, and further intensify, its work with a view

to promoting the rapid industrialization of those countries. It should seek to define the concepts of industrial development and, in particular, to make it easier for countries to select the sectors of industry on which they should concentrate their efforts. Real economic independence was impossible without a national industrial system including well-developed iron and steel and mechanical engineering sectors, and the diversification of economic activity. Experience had shown that balanced economic development must be related to the energy resources and natural resources of the individual country. Industrialization must be national and, if it was to be so, a strong public sector must be created. Foreign aid, if needed, should be in the form of long-term low-interest loans and technical assistance, free of political conditions.

3. The attention of the Committee for Industrial Development had been drawn to the report on the economic and social consequences of disarmament (E/3593 and Corr.1), and it was perfectly correct to link general and complete disarmament to the acceleration of economic development. Industrialization was a sufficiently important task to warrant the use of all available financial resources.

4. Economic planning was also necessary. The example of India, Indonesia or Ceylon — not to mention the USSR and the socialist countries — showed the value of long-term plans. The Committee had itself recognized the danger that unguided industrialization might fall short of an optimum utilization of available resources and possibilities and that in order to achieve the most effective mobilization of resources in the developing countries, Governments must assume leadership in the organization of planning and programming. The Committee had also stressed the importance of programmes of technical assistance, particularly in the training of key personnel in that connexion.

5. The Soviet delegation had been able to approve the report as a whole, and hoped that the Acting Secretary-General would see that the report and the experts' recommendations were forwarded to the competent bodies in the African, Asian and Latin American countries.

6. M. KLUTZNICK (United States of America) thought that the Committee for Industrial Development had had a fruitful session, and hoped that the Committee's recommendations would be unanimously approved by the Council, as they had been by the members of the Committee.

7. Some of the statements made during the debate gave the impression that the progress achieved by the United Nations in the industrial development of the

under-developed countries was felt to be inadequate. That was probably true, but Member States could hold only themselves responsible, since it was for them to provide the Secretariat with the necessary means.

8. The debate had also shown that a report which had been adopted unanimously might sometimes be interpreted in very different ways. Much had been said of national industries and heavy industry, but it must not be overlooked that, as was pointed out in the Committee's excellent report, industrial development could not be carried out everywhere on the same lines; the industries to be developed were not the same in all countries and, in some cases, the establishment of regionally developed markets and industries was the best solution. Nor was it sufficient to draw lessons from the industrialization of the developed countries; the more recent experience of countries at varying stages of development must also be taken into account.

9. With regard to organization, full use had not yet been made of the potentialities of the regional economic commissions. If they received the necessary technical support from Headquarters, the commissions could play a leading part in the implementation of any programme of economic development. The draft resolution which the Committee for Industrial Development recommended the Council to adopt (E/3600 and Corr.1, para. 129) showed the direction in which United Nations action should move in the immediate future. The United States delegation, despite a few minor reservations, would endorse the draft resolution as a contribution to the accelerated development of the under-developed countries.

10. Mr. PATIÑO ROSELLI (Colombia) recalled that his delegation had taken the view at the sixteenth session of the General Assembly and the second session of the Committee for Industrial Development that the acceleration of industrialization would be greatly facilitated by the establishment of a specialized agency, as had been shown by the excellent study submitted by the Brazilian Government (E/C.5/21). Greater efforts for industrial development should be a feature of the United Nations Development Decade. It was doubtful whether results comparable to those obtained in other fields could be achieved unless comparable means were employed. The draft resolution proposed by the Committee for Industrial Development was somewhat unambitious, but would nevertheless help to promote industrialization. It was to be hoped, in particular, that the study to be made by the advisory committee of experts would provide more positive guidance for the efforts that were being made.

11. Mr. WALKER (Australia) remarked that in recent years the developing countries had become increasingly aware of the importance of diversifying their economies. Their interest in industrial development and the large number of newly independent countries largely explained why there was so much interest in problems of industrialization. The Committee's report was highly instructive, as was the profound and absorbing analysis of the problem in the statement by the Under-Secretary for Economic and Social Affairs (E/3600 and Corr.1, annex VI).

12. As a young and developing country, Australia had a particular interest in industrialization. Originally it had been almost entirely dependent on the export of primary products but, with the increase in its population and the development of its natural resources, it had established such industries as its circumstances allowed. Some problems remained; for instance, industrial development had for long tended to be concentrated in certain states and, during recent years, the Australian Government had endeavoured to encourage a more even pattern of industrial development throughout the country.

13. Australia was at present also encouraging industrialization in New Guinea, a territory which until recently had had only a subsistence economy. Australia had followed the work of the Committee for Industrial Development with interest and was glad to have the opportunity to participate in its second session. The Committee's conclusions deserved careful study. For instance, the Committee had rightly emphasized that industrial development must be integrated with overall economic development planning and must be adapted to the social and economic structure of the country concerned. Because of the inevitable differences between countries and regions it was impossible to adopt a general formula. With regard to the role of the public sector, each Government must decide what part it would play in the direction of industrialization. Experience in Australia had shown that, if the Government assumed responsibility for providing basic facilities such as sources of energy and transport and credit, private enterprise was capable of carrying forward industrial development provided the necessary capital, raw materials and skill were available.

14. The selection of new industries to be encouraged raised a very important problem. The industries must have access to necessary supplies of raw materials, be able to find markets and be integrated into the economy. In some cases, the selection must also take account of regional considerations. A developing country could not afford to ignore the question of the type of production on which its neighbours were concentrating.

15. He also approved the Committee's conclusion regarding the training of personnel at all levels. A lack of skilled labour could hinder industrialization quite as much as a lack of capital. Each country, therefore, must attach due importance to technical education. Training must also be arranged, as far as possible, in the country or region concerned, so that the personnel under training were not removed from the conditions in which they would be working.

16. Another problem was the domestic financing of industrial development. Many under-industrialized countries were heavily dependent on their exports of primary commodities for the capital needed to finance their industrial development. Those countries could face serious problems from deterioration in their terms of trade or restrictions on their access to markets. Ways must therefore be found to overcome those difficulties. In Australia a development bank was set up in 1959 to provide capital on favourable terms for industrial and

agricultural enterprises. The fact that the bank had had to increase its resources twice since its establishment was proof of its success in Australia.

17. He also agreed with the Committee's conclusions concerning the importance of the transfer of technology to the less developed countries. It was to be hoped that the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas would produce good results in that respect. Australia was already preparing to take an active part in it.

18. The Council's main concern should be to decide how the United Nations could act most effectively in the field of industrialization. The Committee had noted that it was not easy to make an accurate appraisal of the work of the United Nations Secretariat, the regional economic commissions, the Special Fund, the International Bank for Reconstruction and Development, the specialized agencies, etc. However, the over-all impression from the reports of those bodies was that there was considerable international activity in the field of industrialization. The active role being played by the regional economic commissions was especially heartening. The Australian delegation thought that the activities of the Industrial Development Centre should be expanded and its staff strengthened. Another important question was how to ensure concerted action and a closer co-ordination of efforts.

19. Mr. PASTORI (Uruguay) said that he would vote for the draft resolution recommended by the Committee for Industrial Development because it expressed a good many of the ideas advocated by the Uruguayan delegation in the Committee and in its two working groups. In that connexion, he congratulated the Committee on the soundness and accuracy of its report and commended the Secretariat for its assistance. He wished, however, to point out that in his delegation's view, planning for industrial development should be basically a national responsibility. Each country, in the light of its particular circumstances, had to seek to reconcile the heterogeneous forces in its economic system, which frequently had divergent objectives and interests. At the same time medium- and long-range industrial development plans could only be effective if the countries concerned possessed the capital required for their implementation. The decline in world primary commodity prices had, however, created a disequilibrium in the balance of trade of the non-industrial countries which the assistance provided by the advanced countries in the form of loans and grants had been insufficient to offset. Uruguay, for example, could not rely on income from invisibles; its current payments and capital imports had to be financed from export earnings. If those earnings declined and if, in addition, the small saver had no incentive to invest in industry because of the high rate of his country's currency as a result of the above factors, an industrial development plan could not be carried out. The essential need was, therefore, to solve the crucial problem of primary commodity prices. It was to be hoped that the committee of experts which was to meet shortly would take that need into account.

20. He associated himself with those representatives who had requested that studies should be circulated early enough for the competent national services to become familiar with them. The question had aroused keen interest in all quarters and the results of the work of the committee of experts should be circulated before the next meeting of the Committee for Industrial Development.

21. Mr. GALDIN (France) said that, in working out its fourth capital development plan, the French Government had recognized that the idea of industrializing the less developed areas was now accepted by industrialists and workers as well as by planners. France no longer envisaged its economic life as that of a privileged autarchy in an underprivileged world; it sought to expand trade with all countries in the process of development and industrialization. The French delegation had therefore taken great interest in the work of the Committee for Industrial Development, just as it had previously appreciated the work done in the field by the United Nations and the specialized agencies. The documents submitted to the Council reflected the remarkable ferment of new ideas that was in progress and provided a comprehensive account of industrial development and its effects. The ILO and UNESCO emphasized the need for a proper evaluation of the need for intellectual *élites* and technicians. The International Bank for Reconstruction and Development pointed out that financing was easier and faster when infrastructures were already established and technological choices had been made. In that connexion, the pre-investment activities of the Special Fund could be of decisive importance. The ILO was also seeking to ensure that countries in the process of industrialization would not go through the same process of trial and error as the developed countries in working out their labour legislation and adjusting their social relationships. The International Atomic Energy Agency and the regional economic commissions were also doing valuable work.

22. Recognition of the merits of the work that was being accomplished raised the problem of co-ordination. The secretariat reports showed that United Nations action might be organized around three main ideas: first, studies and surveys to help countries define the broad lines of their industrialization policy (which could only be done by a centralized body on the basis of the experience acquired in as many countries as possible); secondly, the compilation of documentation and exchanges of information to ensure the prompt dissemination of knowledge of industrial discoveries in the advanced countries; and thirdly, increased technical assistance to the less developed countries, from the stage of preliminary surveys prior to the adoption of a planning system to the stage of pre-investment surveys with a view to the establishment of industries.

23. Those three broad categories of activity offered a fairly clear picture of the future role of the United Nations Secretariat, the Industrial Development Centre and the Committee for Industrial Development. The organizational problems had of course been examined in detail and had been the subject of much discussion.

The draft resolution recommended by the Committee (E/3600 and Corr.1, para. 129) offered a reasonable solution which had the merit of establishing an initial series of objectives to guide the Secretariat in its activities for the benefit of the less developed countries. Since it was essential to proceed as rapidly as possible by providing documentation and advice to the developing countries at the earliest possible date, administrative logic, the desire for immediate effectiveness and financial considerations militated in favour of utilizing services with which they were familiar and had the great advantage of being in existence. The best course would be to supplement the staff of the services concerned in the industrial sectors of greatest need, in particular by creating a secretariat post of commissioner to be held by a person of recognized technical competence. The advisory committee which was to be established would be able to say whether changes in the existing structure should be made at a later stage.

24. Mr. DELGADO (Senegal) congratulated the delegations of Brazil and India on their contribution to the effectiveness of the work of the Committee for Industrial Development and commended the Committee's rapporteur. For material reasons, the Senegalese delegation had not taken as active a part as it would have liked in the Committee's debates, but the Senegalese Government had already responded to the General Assembly's appeal for greater efforts to accelerate self-sustaining economic growth. Its first four-year plan for 1961-1964 would be the beginning of its participation in the United Nations Development Decade. Senegal would endeavour to balance its external accounts while avoiding an artificial and costly autarchy and increasing employment to keep pace with population growth and urban expansion; industrialization would have to be largely based on the other sectors of the economy. The first phase would consist of promoting local processing industries. The second would place greater emphasis on basic industries and the utilization of potential natural resources through the expansion of existing plants or creation of new enterprises in less developed areas. It was the Government's intention to enlist domestic and foreign private capital in that programme and it had accordingly promulgated an investment code which provided all the necessary safeguards. It would also play an important part by maintaining a climate favourable to industrial expansion, by encouraging all new projects and by envisaging direct participation if private investors were not sufficiently interested. An investment of approximately 2,000 million francs CFA over a four-year period (12 per cent of total industrial investments) was envisaged mainly in companies financed by public and private capital. In addition, 1,000 million francs CFA would be invested in mineral exploration. The programme was designated to increase industrial production by 13 per cent annually and to create 10,000 new jobs a year.

25. His Government was, however, anxious to co-ordinate its industrialization policy with that of the other African, and in particular West African, States. Like the other States members of the African and Malagasy Union, Senegal hoped that the United Nations and the

specialized agencies would assist it in that endeavour, and it strongly supported the measures recommended in the draft resolution of the Committee for Industrial Development. It was true that praiseworthy efforts had been made in the past, particularly by France, which had given Senegal continuing support in its drive for industrialization, and by the European countries grouped in the Common Market. However, the activities of the international organizations must be expanded along similar lines. It would therefore be most helpful to strengthen the Industrial Development Centre. The specialized agencies, particularly the Bank, the Fund and the International Development Association, as well as the Expanded Programme of Technical Assistance and the Special Fund, could also do more to promote industrial development. The regional economic commissions would have a very important part to play, for they were particularly well equipped to understand the problems of the various regions; Senegal would therefore co-operate fully with the African Development Institute which was to be set up in the near future at Dakar. However, the work of all those organizations must be completely co-ordinated, and the creation of a highly qualified committee of experts, selected on the basis of an equitable geographical distribution, would provide a body capable of undertaking that task. His Government was prepared to give such a committee its full support. It was still too early to think of establishing a specialized agency for industrial development, since not all the information needed to form a judgement on the matter was available; however, the establishment of such a body should be given consideration as a possible future step which could contribute to the further centralization of efforts in the field of industrial development. In the meantime, the committee of experts could take effective action to prepare the way for such an eventuality.

26. He wished to point out in conclusion that industrial development was only one aspect of over-all economic development, which must proceed in a smoothly integrated manner and must be aimed, above all, at raising living standards.

27. Miss SALT (United Kingdom) recalled that her delegation had co-operated fully in the work of the Committee for Industrial Development, to which it attached great importance. The second session of the Committee had been most useful in that it had clarified a number of questions on which it had thereupon been possible to reach unanimous agreement. All the delegations had, moreover, recognized the urgent need for industrialization and the part which it must play in over-all economic development. Hence, such disagreement as there had been had related to methods rather than objectives. Nevertheless, the Committee could be even more effective if it organized its activities better and was prompter in initiating studies of technical matters. Its membership should include a greater number of experts in the future.

28. The work programme, which was very well balanced, she was glad to note, did not include many new projects, since the previous programme had not yet been fully

implemented. She was confident that the Secretariat would conduct the new studies as competently as those which it had already presented. The advisory committee of experts which was to be appointed should meet as soon as possible, so that it could undertake a thorough examination of the matters before it. Her delegation was certain that, once it was strengthened and reorganized, the United Nations Secretariat would be able to cope with whatever was required of it in the field of industrial development; it would, however, examine the conclusions of the committee of experts without any preconceived ideas. Her delegation would, moreover, give all its assistance in the future to the Commissioner for Industrial Development, whose efforts would surely prove fruitful.

29. Mr. WODAJO (Ethiopia) said that the value of the contribution made by the United Nations should not be measured solely in terms of the sums of money which it furnished to the various countries, for that would mean failing to recognize the essential role of the Organization. Since its inception, the United Nations had served as a huge crucible in which the most varied ideas were fused together. That process of interaction among various theories, which evolved in accordance with the circumstances prevailing in different countries, had often made it possible to level barriers and, indeed, to bring about veritable revolutions. The attitude now taken with regard to the problem of industrialization exemplified the progress that had been made.

30. Until just recently, it had been held by one school of thought that each country should specialize in the production of those goods and services which it was best fitted to produce and should dispose of all its surplus output on the world market to the greatest possible advantage of both buyers and sellers. The theory of comparative costs had made it impossible for the under-developed countries to industrialize at all, since the countries which had already achieved industrialization enjoyed a unique advantage by virtue of their experience and of the technical skills of their people while the under-developed countries would have been permanently handicapped by illiteracy and inadequate resources, particularly as regards sources of power. However, experience had shown the fallacious character of the assumption underlying that theory — i.e., that all would benefit alike from trade between industrialized and non-industrialized countries — for the under-developed countries' terms of trade had developed unfavourably even in those economic sectors in which those countries were proficient.

31. Another school of thought held that nothing could be achieved in terms of economic development without immediate, intensive industrialization. That view might in fact be valid, but it overlooked the major obstacle posed by lack of capital, which prevented the under-developed countries from financing their industrialization.

32. Yet, in spite of preconceived notions and rigid ideologies, new ideas had emerged: although it was recognized that the under-developed countries could not achieve economic development without industrializing, there was a greater awareness of the practical limits of such industrialization. Since the under-developed coun-

tries were essentially primary producers and their national wealth was basically dependent on their revenue from exports of primary commodities, the violent fluctuations in primary commodity prices meant that their national wealth rested on a very shaky foundation. It was also recognized now that industrialization must be carried out on the basis of national planning.

33. The Committee for Industrial Development had not confined its attention to general questions of theory; it had examined the precise part which the United Nations could play in industrializing the under-developed countries and the manner in which its activities should be organized. There were two possible approaches: one was to establish a specialized agency to deal with problems of industrialization, and the other was to strengthen the various departments of the Secretariat. Ethiopia had never felt that the establishment of specialized agencies was the best possible solution. Bodies of that kind had inevitably been set up at the time when development problems had been put forward and resolved in isolation from each other, but, now that the interdependent character of the problems facing the developing countries was universally recognized, they must be dealt with in a comprehensive rather than, as in the past, fragmentary manner. Furthermore, it would be premature to establish a specialized agency when the Industrial Development Centre had been in existence for only two years. It was the regional economic commissions which should be the principal instrumentality for United Nations activities in the under-developed countries. The commissions could make an invaluable contribution within the framework of the policy of decentralization recommended by the General Assembly.

34. Ethiopia, which took a keen interest in the work of the Committee for Industrial Development and of the Secretariat in the field of industrialization, was satisfied with the approach which the Committee had adopted in its report and would support the draft resolution recommended by the Committee.

35. Mr. FRANZI (Italy) said that, despite certain difficulties caused by failure to circulate documents with sufficient promptness, the Committee for Industrial Development had done excellent work. The French text of the Committee's report had not been circulated in time for his delegation to transmit it to the technical departments of the Italian Government. Nevertheless, his delegation would support the report and the draft resolution; it hoped that the latter would be adopted unanimously and without change.

36. For the second year in succession, the Council found itself in the position of examining the report of the Committee for Industrial Development immediately following the Committee's session, so that it had no time to study the relevant documents. In order to prevent a recurrence of that situation in 1963, it was possible either to leave the date of the Committee's session unchanged but postpone consideration of its report until the July session of the Council, or else to advance the date of the Committee's session. Since the agenda for the Council's summer session was normally very crowded, the second alternative seemed preferable. However, the best solution

would be for the Committee to hold two sessions each year, which would relieve it of the need for an inter-sessional working group.

37. Mr. EL-FARRA (Jordan) said that he considered the Committee's report (E/3600 and Corr.1), as well as all the documents submitted by the Secretariat, to be of great value. The question of organizing and coordinating efforts was extremely important, and the advisory committee of ten experts could certainly make very useful recommendations in that matter.

38. Jordan recognized that planning was an essential part of economic development and had given particular attention to the promotion of small enterprise and private enterprise. It felt the need for a larger number of scholarships for its nationals in that field.

39. His delegation would endorse the report and vote for the draft resolution.

40. The PRESIDENT invited the representative of the World Federation of Trade Unions to address the Council.

41. Mr. CONNELLY (World Federation of Trade Unions) considered that the report of the Committee for Industrial Development on its second session (E/3600 and Corr.1) represented a considerable advance over the report of the preceding session (E/3476/Rev.1) with respect to the problems of industrialization in the developing countries. The World Federation of Trade Unions (WFTU) was particularly happy that the Committee had recognized the necessity for national and regional planning of industrial development, the mobilization and utilization of domestic financial resources, the inter-linking of the social implications of industrialization, the recognition of the educational and training needs of workers and, lastly, the independent participation of trade unions in the process of industrial development and particularly in socio-industrial planning.

42. In many developing countries the trade unions manifested what the Under-Secretary for Economic and Social Affairs had called a healthy impatience to reach the stage of industrialization. What those countries expected of the United Nations was not further debate, but action to facilitate industrial expansion in the nations of Africa, Asia and Latin America. It was noteworthy that the United Nations had at a very early date realized that industrialization, regardless of the political, economic or social conditions of the developing countries, could not proceed exclusively on the basis of individual enterprise, common sense or pragmatism. The Committee for Industrial Development very aptly noted in paragraph 19 of the report on its second session that it was necessary to mobilize and make efficient use of all domestic resources in order to develop the national economy fully, and it recognized that that was possible only in a planned economy. Moreover, industrial planning and programming should be comprehensive, taking into account not only the sector over which the Government exercised direct control, but other sectors of the economy as well. The WFTU had already stated at the thirty-first session of the Council (1148th meeting) that the formation and mobilization of domestic resources

should constitute the primary source of financing for industrial development, and that the developing countries should regard foreign financing, public or private, as a purely supplemental source. Paragraph 66 of the Committee's report expressed a similar idea.

43. The WFTU supported the Committee's view that primary commodity prices must be stabilized at a reasonable level so as to permit the developing countries to finance their economic development in a larger measure of security.

44. Basic to the achievement of industrial independence by the developing countries were three requirements: the elimination of all remaining colonial régimes; the eradication of the neo-colonial forms which had been imposed on a number of independent countries; and the nationalization of foreign monopoly undertakings. The continuing control of large sectors of the economies of the less developed countries by foreign monopoly capital meant that in countries which were nominally independent there remained enormous political pressures tending to prevent or slow down the essential processes of development. If it was true that the effectiveness of investment capital must be judged by the social yield, or by the gain accruing to the economy as a whole, then it was hard to imagine such results being obtained through reliance on foreign monopoly capital, which was interested only in realizing maximum profits.

45. The Committee's view that it was essential for trade unions to be drawn into the planning for industrial development at the earliest possible stage must be interpreted and applied in the broadest sense. While the trade unions in the developing countries had a deep sense of their responsibilities in the matter of consolidating their country's independence and building up its economy, their basic purpose was nevertheless to improve and safeguard the economic, social and cultural position of the workers, that being also an ingredient of a balanced and healthy national economy. The trade unions must accordingly play an independent role, since that was the only means of effectively ensuring to the workers their rights and their equitable participation in the rewards of industrialization. It was extremely regrettable that trade union repression was growing, particularly in certain countries which were strongly influenced by foreign monopoly capital. Such repressive actions ran counter to the objects which Governments should pursue, namely, the establishment of an independent industry and economy. The participation of trade unions in industrial development should therefore be encouraged to the fullest possible extent.

46. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that in his view the debate in the Council had been most satisfactory, especially as the problem of resources had for the first time been tackled with the requisite vigour. Whatever institutional solution was finally adopted, a debt of gratitude was due to the Brazilian representative for having obliged the organs of the United Nations to make a frontal attack on the problem. In the course of the progressive shift by the United Nations from theory to practical action, it had become apparent that the very structure of the United

Nations, and the resources allotted to industrialization, were entirely inadequate. The absorptive capacity of the Secretariat had been taxed beyond measure, and it had become urgent to decide on corrective action. From that point of view, the work of the Committee for Industrial Development had been an important factor.

47. The problem of resources, coupled with that of the administrative or institutional framework, was not confined to the field of industrial development. It extended to all the economic and social activities of the United Nations and it should be tackled on a broad front, particularly during the United Nations Development Decade. The very idea of that decade seemed incompatible with any attempt at stabilizing United Nations resources and activities. On the contrary, it seemed to require the gradual and rational expansion of those resources and activities. It was becoming vitally necessary to study how such an expansion could be brought about. The methods and procedures for drawing up programmes and comparing them with budgetary resources should be examined very carefully and it was important that the Council should prepare for such an examination forthwith, for it would become inevitable during the Development Decade.

48. He was glad to note the importance attached by many delegations to the membership of the Committee for Industrial Development and to the need for the participation of specialists or persons having responsibilities for industrialization. That was essential for the smooth operation of the Committee but also very necessary for the work of the Secretariat, which needed to be in as close contact as possible with both public and private circles concerned with industrial development.

49. The co-ordination of the Secretariat's activities

with those of the regional economic commissions and the specialized agencies, which was becoming increasingly feasible and desirable, had perhaps been approached thus far in a somewhat too formal manner. It would be a good thing if the committee of experts could finally come to grips with the substance of that problem.

50. The Italian representative had spoken of a need to revise the calendar of conferences and in that area, too, the considerable changes in the nature and volume of United Nations activities should be taken into account. One of the great merits of the Committee's second session had been to throw a realistic light on such problems as resources and co-ordination, the importance of which was felt in all the activities of the United Nations.

51. The PRESIDENT declared that the debate on the report of the Committee for Industrial Development was closed; he then put to the vote the draft resolution which the Committee had recommended (E/3600 and Corr.1, para. 129).

The draft resolution was adopted unanimously.

52. The PRESIDENT next proposed that the Council should adopt the following draft resolution:

"The Economic and Social Council

"1. Takes note of the report of the Committee for Industrial Development on its second session;

2. Endorses the recommendations, the programme of work and priorities set out in the report."

It was so decided.

The meeting rose at 5.45 p.m.