

SECOND COMMITTEE: ECONOMIC DEVELOPMENT

RESPONSIBILITIES AND ACTIVITIES OF THE UNITED NATIONS IN
THE FIELD OF ECONOMIC DEVELOPMENT

Note by the Secretariat

A. THE DRAFT ITO CHARTER PROVISIONS CONCERNING ECONOMIC DEVELOPMENT

1. The provisions for action on economic development by the International Trade Organization are set forth in Chapter III of the Draft Charter of that agency. (Document E/PC/T/186). Some Articles, like Articles 8 and 9, represent a reaffirmation and strengthening of policies previously adopted by other international agencies. Others are directed primarily toward establishment or maintenance of trade practices conducive to economic development. Paragraph (2) of Article 10 of the Draft Charter, however, provides for activities which are similar in many respects to development activities already assigned to or undertaken by other international agencies. As finally submitted by the Preparatory Committee, this paragraph provides that:

"Subject to any arrangements entered into between the Organization and the Economic and Social Council and appropriate inter-governmental organizations, the Organization shall, within its powers and resources, furnish any Member which so requests with appropriate advice concerning its plans and the financing and the carrying out of its programmes for economic development, or shall assist it to procure such advice. Such advice or assistance shall be furnished upon terms to be agreed and in such collaboration with other appropriate inter-governmental organizations as will use fully the special competence of each of them. The Organization shall, upon the same conditions, likewise aid Members in procuring appropriate technical assistance." (Document E/PC/T/186).

2. In view of the history of this provision* the Conference, in considering its incorporation in the ITO Charter, will undoubtedly wish to

* See particularly E/PC/T/33, Article 11, Paragraph (3) and Annexure 8; E/PC/T/34, Article 11, Paragraph 2; E/255, page 15; and the Resolution of the Economic and Social Council on "Functions of the International Trade Organization regarding Economic Development (ECOSOC Resolution 29 (IV)).

/examine

examine it in relation to corresponding provisions in the Charters or terms of reference of other United Nations organs and agencies, and the activities undertaken under their provisions. This paper describes the responsibilities and activities of the Economic and Social Council, the Economic and Employment Commission and its Sub-Commission on Economic Development, as well as those of the United Nations Secretariat, in respect of economic development.

B. ACTIVITIES OF THE ECOSOC AND THE UNITED NATIONS SECRETARIAT

1. The subsidiary organs of the Economic and Social Council that deal with the problem of economic development are as follows:

a. Economic and Employment Commission

At its Second Session, 21 June 1946, the Economic and Social Council set out the following terms of reference for the Commission: (document E/82/Rev.1 and E/84/Rev.1, Paragraph 1)

"(a) The Commission shall advise the Economic and Social Council on economic questions in order to promote higher standards of living.

"(b) It shall examine such questions as may be submitted to it by the Council and shall on its own initiative report to the Council on problems which, in its opinion, require urgent attention.

"(c) It shall make recommendations to the Council with reference to economic questions involving concerted study and/or action by more than one specialized agency or Commission of the Council and in particular shall draw the attention of the Council to the probable influence of the policies and activities of other commissions of the Council, the specialized agencies or other international organizations on the issues mentioned in paragraph (d) below.

"(d) In particular it shall be the function of the Commission to advise the Council on:

"(1) The prevention of wide fluctuations in economic activity and the promotion of full employment by the co-ordination of national full employment policies and by international action;

"(2) Problems of the reconstruction of devastated areas and other urgent problems arising from the war, with a view to developing means of giving real help, which is so necessary, to various Members of the United Nations whose territories have been devastated by the enemy as

/a result

... a result of occupation and war activities;
... (iii) The promotion of economic development and progress
... with special regard to the problems of less-developed
... areas.

"In carrying out the functions set forth above, the Commission
... shall take account of the close relationship between the short-term
... problems and the long-term objectives of an expanding and
... integrated world economy."

b. Sub-Commission on Economic Development terms of reference are:
(Resolution No. 1 (III), Economic and Social Council).

"to study and advise the Commission on the principles and problems
... of long-term economic development with particular attention to the
... inadequately developed parts of the world, having the objectives
... of:

- (i) Promoting the fullest and most effective utilization of
... natural resources, labour and capital;
- (ii) Raising the level of consumption; and,
- (iii) Studying the effects of industrialization and changes of
... a technological order upon the world economic situation."

2. The Economic and Employment Commission at its First Session, 20 January
to 5 February 1947, considered the future work of its Sub-Commissions and
... transmitted to its Sub-Commission on Economic Development detailed
... instructions on the work it was to do in the field of economic development.
... During those discussions, the Commission had before it the report of the
... First Session of the Preparatory Committee of the ITO.

The Economic and Employment Commission, in accordance with the terms
of reference of the Sub-Commission, and taking into account the
responsibilities of various international agencies, instructed its
Sub-Commission on Economic Development as follows: (Document E/255)

a. To inform the Commission as early as possible regarding current
and planned studies; field surveys*, and provision of technical advice
and assistance to Members in the field of economic development both
by the Secretariat of the United Nations and by the inter-governmental
agencies.

b. To keep under consideration and to make recommendations to the
Commission regarding the general planning and co-ordination of the
activities mentioned in paragraph a, above. Particular attention

* By "studies" is meant the compilation and collating of information already
available or obtainable without field investigation. By "field surveys" is
meant the obtaining of information in the area concerned.

/should be

should be given to the participation of the various inter-governmental agencies in these activities and, where appropriate for the United Nations to participate, to the nature of its participation.

"c. To commence a study, in co-operation with the other Commissions of the United Nations and the Specialized Agencies concerned, with the view to making recommendations regarding the need for an international code relating to foreign investment which will cover among other things the protection of economic and social interests of the countries in which investments are to be made, as well as the protection of investors, both public and private; and conduct studies into the need for and methods of international incorporation of private business firms conducting business operations on an international or a world scale.

"d. To make recommendations to the Commission relative to:

- i. the organization of international co-operation with respect to scientific, technological and economic research relating to production and development, the conservation of resources, the adoption of improved methods of production and technical processes to stimulate greater productivity, and the implementation of the mutual responsibilities of Members, under relevant international agreements, in relation to the international supply of facilities for economic development, including capital funds, capital goods and materials, equipment, advanced technology and trained personnel;
- ii. The furnishing of such technical assistance within the resources available, as Members of the United Nations may request, relating to production and development; and to the organization, in co-operation with the governments concerned, of such missions as may be needed to perform this function.

"e. To make recommendations to the Commission relative to any other matter which the Sub-Commission may feel should be drawn to the attention of this Commission, including any modification of these instructions which it may wish to suggest."

3. At its Fourth Session, 28 February to 29 March 1947, the Economic and Social Council noted with approval the instructions of the Economic and Employment Commission to its Sub-Commission on Economic Development, and requested the Economic and Employment Commission, among other things,

"to investigate and report, taking full account of the responsibilities of the specialized agencies and the inter-governmental organizations regarding the most appropriate forms of international action for facilitating the better utilization of world resources of manpower,

/materials

materials, labour and capital in order to promote higher standards of living throughout the world, more particularly in undeveloped and under-developed areas." (Resolution No. 26 (IV), Economic and Social Council).

4. The Economic and Employment Commission at its Second Session held in June 1947, after considerable discussion of the lines of international action regarding better utilization of world resources of manpower, materials, labour and capital (pages 9-11, document E/445), concluded that:

"It now looks forward to the receipt from its Sub-Commission on Economic Development of an analysis of the nature of the international collaboration which is essential for the implementation of a development policy. The Commission will give consideration to the conclusions and the recommendations of such a report at its next Session, and hopes then to be in a position to make appropriate recommendations to the Economic and Social Council."

"Any draft resolution which is not specifically adapted to a particular problem would necessarily have to be of an academic nature. Accordingly, the Commission plans to place particular emphasis in its recommendations to the Economic and Social Council upon concrete situations, with a view to outlining policies for appropriate positive action."

The Commission did not wish to add further formal instructions to the Sub-Commission on Economic Development beyond those contained in the Report of its First Session.

At its Second Session, the Commission also elected the members of the Sub-Commission on Economic Development. For this responsibility they chose:

JOSE NUNES GUIMARAES of Brazil

D. K. LIEU of China

ALEXANDER P. MOROZOV of the Union of Soviet Socialist Republics

V. K. R. V. RAO of India

BEARDSLEY RUMI of the United States of America

EMANUEL SLECHTA of Czechoslovakia

VICTOR URQUIDI of Mexico

The First Session of the Sub-Commission on Economic Development opened on 17 November 1947. The Sub-Commission is now considering various problems of economic development with a view toward making recommendations to the Economic and Employment Commission on international collaboration and the co-ordination of international action to promote economic development and better utilization of resources.

The Sub-Commission has before it the following plan of work proposed by the United Nations Secretariat:

/a. With

a. With respect to the least developed countries, consideration of national governmental efforts and international assistance to such efforts, designed to bring about:

- (i) The eradication of illiteracy and disease,
- (ii) The training of technical personnel needed for Economic Development,
- (iii) The evaluation of the existing private and governmental economic apparatus for the production and distribution of the goods and services required to raise the consumption level of their populations, for the promotion of industrialization, and for the formation and domestic investment of capital, and
- (iv) The creation of the institutional framework of such bodies and services as may be needed to promote economic development in the interest of their own people.

b. With respect to under-developed countries which have already made considerable progress in the direction of economic development, consideration of various measures for pooling the experiences of Member Governments in the field of economic development in a manner which would enable the United Nations to serve as a centre for:

- (i) The collection of information,
- (ii) the dissemination of the most suitable techniques of organization and methods of planning economic development, and
- (iii) other technical advice with a view to promoting concerted measures of mutual assistance and international collaboration.

c. With respect to acceleration of existing national development programmes, consideration of international measures and concerted national measures designed to alleviate:

- (i) Shortages of technical personnel and training facilities,
- (ii) Shortages of capital required for the procurement of basic equipment,
- (iii) Inflationary pressures which may be concomitants of development programmes.

The Sub-Commission has before it various papers prepared by the Secretariat and the various documents bearing on economic development submitted to the Economic and Employment Commission. The Sub-Commission also has before it several special studies prepared by the United Nations Secretariat. These studies are:

/a. Economic

a. Economic Development in Selected Countries: Planning, Problems and Agencies.

This report describes the plans and programmes prepared by the fifteen member Governments for the economic development of their own countries. The report also describes the present national organizations dealing with development; and reveals, in many ways, the magnitude of the problem and the manner in which it is being dealt with in the various countries. Reports covering other countries are now in the process of preparation.

b. Progress Report on Questionnaire on Economic Development Addressed to Member Governments.

This report shows the nature of information which the United Nations Secretariat would like to collect and which is being attempted at present. The material received from the twenty-four member Governments in reply to the United Nations questionnaire, is therefore being analyzed and collated with a view to appraising the relative completeness and adequacy of development programmes throughout the world.

c. Draft Note on the Functions of Government in National Development Policy*.

It is recognized that each country has its own problems of development and even among those problems which are common to all or many, emphasis varies considerably from one country to another. This report, therefore, attempts a study of the general problem of development without making reference to the specific problems of any country.

d. Draft Note on International Collaboration in the Field of Development*.

Conscious of the importance attached by the Economic and Employment Commission to "the analysis of the nature of the international collaboration which is essential for the implementation of a development policy", the Secretariat prepared this report in which some of the problems of collaboration in the field of world economic development are analyzed.

* This note was made available to members of the Sub-Commission on Economic Development in draft form only.

- e. Draft Note on the Functions and Activities of Agencies and Organs of the United Nations and Arrangements for Co-ordination in the Field of Economic Development.

This paper describes the present activities of all the Specialized Agencies and other United Nations organizations in respect of economic development and reveals the active interest which is being taken by every organ of the United Nations (see paragraph B 2 (d), above).

- f. Memorandum on Studies of Conditions affecting Foreign Investment

The Economic and Employment Commission instructed the Sub-Commission to commence a study of the need for an international code for foreign investment. The subject was examined by the Secretariat in consultation with the Specialized Agencies concerned. The report gives an indication of the present status of the subject and is intended for the information and guidance of the Sub-Commission.

- g. Memorandum on the International Incorporation of Business Firms

The Economic and Employment Commission has also directed the Sub-Commission that it should examine "the need for and methods of international incorporation of private business firms conducting business operations on an international or a world scale". The report discusses some of the aspects of the question.

- h. Progress Report on the United Nations Scientific Conference on Resource Conservation and Utilization.

This report describes one of the major activities of the Secretariat in respect of promoting free exchange of technological information on resource conservation and utilization throughout the world. The Economic and Social Council decided at its Fourth Session to convene a Conference on Resource Conservation and Utilization, the date of such conference to be not earlier than 1948. (Resolution No. 32 (IV), Economic and Social Council).

- i. Progress Report on Activities of Agencies and Organs of the United Nations regarding the Provision of Expert Advice and Technical Assistance to Member Governments.

This report describes the activities of the United Nations Secretariat and of the Agencies concerned in implementing the Resolution of the General Assembly and of the Economic and Social Council in this field (see paragraph 6 below).

5. Within the United Nations Secretariat, the Division of Economic Stability and Development of the Department of Economic Affairs is responsible for analyses and reports concerning economic development to the Economic

/and Social

and Social Council and its subsidiary organs.

6. Provision of technical assistance to member Governments is closely linked with the question of how international action could be exercised effectively in the field of economic development. The Economic and Social Council and its subsidiary organs gave much attention to the whole field of technical assistance. The action taken by these bodies is described below insofar as it bears upon economic development.

a. In December 1946, the First Session of the General Assembly decided to refer to the Economic and Social Council the question of providing effective ways and means for furnishing expert advice in the various fields of economic, social and cultural development.

The Economic and Social Council, at its Fourth Session in March 1947, passed a resolution (51 (IV)) in which it:

"A. Instructs the Secretary-General to establish machinery within the Secretariat designed to perform the following services in relation to expert assistance to member Governments:

"1. Assistance to member Governments in obtaining information on expert personnel, research facilities and other resources that the United Nations and specialized agencies can make available to member Governments on request, and especially to the less developed countries for aiding them in their development;

"2. Elaboration of plans and programmes for the most efficient utilization of such personnel facilities and resources;

"3. Assistance to member Governments which seek expert advice in securing, on terms mutually agreed upon, such advice, particularly in the form of teams of experts who would study specific problems and recommend appropriate practical solutions for the consideration of the member Governments concerned;

"B. Instructs the Secretary-General in implementing the above instruction, to work at every stage in close co-operation with the specialized agencies, and in this connection, further instructs the Secretary-General to obtain a report on this subject from the Co-ordination Committee for submission to the Council if possible at its fifth session;

"C. Instructs the Secretary-General, in co-operation with the Co-ordination Committee, and without prejudice to any action to be taken on immediate requests, to study the general procedures /and terms

and terms including financial arrangements, which might be followed by the United Nations and specialized agencies in respect of technical assistance provided by them to member Governments."

c. At the same session, the Economic and Social Council, having noted the recommendations of the Economic and Employment Commission relating to economic development, passed a resolution (27 (IV)), in which it expresses the view that:

"the Commission, in carrying out its functions in regard to technical and other assistance to any country, should be guided by the principle that such assistance should not be used for the purpose of exploitation or of obtaining political and other advantages exclusively for countries rendering such assistance."

d. The Economic and Employment Commission at its First Session, considered effective ways and means of furnishing technical advice to Member Nations and in its Report to the Council urged that:

"...except for specialized requests received from member Governments clearly within the scope of the several Specialized Agencies, the Secretary-General make appropriate arrangements, in co-operation with the Specialized Agencies concerned, for the provision of such technical advice as may be requested by member Governments and is possible within the resources available and as will enable them to plan and carry out balanced development programmes as speedily and competently as possible. If substantial assistance is required from the United Nations, it should be effected on the basis of special agreements between the United Nations and the Government requesting such assistance; such agreements should also deal with the question of defraying expenses." (Document E/255, page 14).

e. The steps taken by the United Nations Secretariat regarding technical assistance, are as follows:

1. The Secretariat has laid down general policy governing the terms on which expert assistance can be given, specifying that "In those instances where the provision of expert assistance involves the assignment of staff from the United Nations, the Secretary-General proposes to follow the general policy that the United Nations will pay the salaries of such staff so long as replacement is not required, and the requesting governments will be asked to reimburse the United Nations for other costs. Where provision of experts from the staff of the United Nations necessitates temporary replacement of personnel, the Secretary-General proposes to
/request

request the government seeking assistance to pay for the cost involved in making such replacements." (Document E/471).

- ii. In accordance with the general policy described in the preceding paragraph, the Secretariat is prepared to provide expert assistance to member Governments in planning of and in establishing necessary machinery for harmonious programmes of economic development, and advising on such problems as inland transportation, maritime navigation, telecommunications, aviation, etc. (Document E/471/Add.2).
