COMMITTEE FOR INDUSTRIAL DEVELOPMENT

REPORT OF THE FIRST SESSION

(27 March—21 April 1961)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: THIRTY-FIRST SESSION

SUPPLEMENT No. 2

NEW YORK
CONTENTS

INTRODUCTION ................................................................. 1–4 1
PART I. ORGANIZATION OF THE SESSION ................................... 5–19 2
  Membership and attendance ........................................... 5–9 2
  Rules of procedure .................................................... 10 2
  Credentials ............................................................. 11 2
  Election of officers .................................................. 12–14 2
  Agenda ................................................................. 15 2
  Organization of work ................................................ 16–19 2
PART II. SUMMARY OF THE DEBATE ........................................ 20–142 3
  Opening and closing addresses .................................... 20–84 3
  General debate ....................................................... 49–66 6
  Recommendations of the Working Group adopted by the Committee 67–138 8
  Organizational aspects of the work of the Committee ........ 67–77 8
  Industrial programming and policies ............................ 78–114 9
  Financing of industrial development ............................. 115–124 12
  Training and management ........................................ 125–138 13
  Recommendation regarding development of petroleum resources in less developed countries 139–141 14
  Date and place of the next session ............................... 142 14
PART III. WORK PROGRAMME IN THE FIELD OF INDUSTRIALIZATION, AND FINANCIAL IMPLICATIONS OF THE COMMITTEE'S RECOMMENDATIONS ........................................ 143–144 15
  Document E/C.5/1. Proposals for a longer-term and expanded programme of work in the field of industrialization: memorandum by the Secretary-General [extracts] .......................... 16

ANNEXES
I. List of delegations ...................................................... 25
II. Terms of reference of the Committee for Industrial Development .................................................. 27
III. List of documents before the Committee at its first session ............................................................... 28
IV. Statement of financial implications submitted by the Secretary-General ........................................ 29

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.
INTRODUCTION

1. At its fourteenth session, the General Assembly adopted resolution 1431 (XIV) of 5 December 1959, by which it recommended that “the Economic and Social Council, at its twenty-ninth session, give consideration to the prompt establishment of a commission for industrial development, without prejudicing the activities of the regional economic commissions in this connexion and taking into account the views expressed during the discussion on this question at the present session of the General Assembly”.

2. The Council, at its twenty-ninth session, adopted resolution 751 (XXIX) of 12 April 1960, by which it established a Committee for Industrial Development, with the terms of reference set forth in annex II of the present report. It provided that the Committee should consist of all members of the Council “together with an additional six members to be elected for three-year terms by the Council from amongst States Members of the United Nations or members of the specialized agencies or the International Atomic Energy Agency with due consideration to the principle of geographical distribution and to the adequate representation of under-developed countries”. On 21 April 1960 (1111th meeting), the Council elected India, Mexico, Pakistan, Peru, the United Arab Republic and Yugoslavia to serve on the Committee.

3. During the first part of its fifteenth session, the Assembly adopted resolution 1525 (XV) of 15 December 1960, in which it recommended that, in drawing-up its programme of work, the Committee should consider certain additional functions (see annex II, page 27) and recommended that the Council enlarge the membership of the Committee to thirty members “in order to ensure a more balanced representation of Member States in that Committee”. On 22 December 1960, at its resumed thirtieth session (1136th meeting), the Council elected the Federal Republic of Germany, the Ivory Coast, Madagascar, the Philippines, Sudan and Tunisia to serve on the Committee.

4. The Committee for Industrial Development held its first session at United Nations Headquarters from 27 March to 21 April 1961.
ORGANIZATION OF THE SESSION

Membership and attendance

5. The following members of the Committee were represented: Afghanistan, Brazil, Bulgaria, Denmark, El Salvador, Ethiopia, France, Federal Republic of Germany, India, Italy, Ivory Coast, Japan, Jordan, Madagascar, Mexico, New Zealand, Pakistan, Peru, Philippines, Poland, Spain, Sudan, Tunisia, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela and Yugoslavia.

6. The following States sent observers to the Committee: Argentina, Canada, Czechoslovakia, Indonesia, Israel, Italy, Romania, Sweden.

7. The following inter-governmental organizations were represented: International Labour Organization (ILO), Food and Agriculture Organization of the United Nations (FAO), World Health Organization (WHO), United Nations Educational, Scientific and Cultural Organization (UNESCO) and International Atomic Energy Agency (IAEA).

8. The following non-governmental organizations were represented:

   Category A: International Chamber of Commerce, International Confederation of Free Trade Unions, World Federation of Trade Unions;

   Category B: Chamber of Commerce of the United States.

9. A list of the representatives, alternates, advisers and observers attending the session will be found in annex I.

Rules of procedure

10. In accordance with rule 26 of the Rules of Procedure of the Economic and Social Council, the proceedings of the Committee were governed by rules 26, 41 and 42 and 47 to 70 inclusive of those Rules of Procedure.

Credentials

11. The Chairman and the Vice-Chairmen reviewed the credentials of the delegations to the session and found that representatives attending the session had been properly accredited by their Governments.

Election of officers

12. At its first meeting, on 27 March 1961, the Committee unanimously elected the following officers: Chairman: Mr. Said Hasan (Pakistan); First Vice-Chairman: Mr. Chedly Ayari (Tunisia); Second Vice-Chairman: Mr. Aurelio Pastori (Uruguay); Rapporteur: Mrs. Nonny Wright (Denmark).

13. At the ninth meeting, on 12 April 1961, Mrs. Wright informed the Committee that after the adoption by the Committee of a proposal to have a more comprehensive report than was customary for Committees of the Council (including a summary of statements made by representatives in the course of the general debate), she did not believe it possible for her to continue her functions as the Committee's Rapporteur. The pressure of her other duties did not permit her to undertake this considerable supplementary work.

14. In view of this situation, the Committee decided to entrust the Secretariat with the task of preparing the draft report of the Committee for approval by the Chairman and the Vice-Chairmen before its issuance as a Committee paper.

Agenda

15. At its first meeting, the Committee unanimously adopted the following agenda:

2. Adoption of the agenda (E/C.5/5).
3. Questions arising from Economic and Social Council resolutions 597 A (XXI), 757 (XXIX) and 792 (XXX):
   (a) Proposals for a longer-term and expanded programme of work in the field of industrialization (E/C.5/1);
   (b) Concerted action in the field of industrialization (E/C.5/2);
   (c) Progress report on the implementation of the work programme on industrialization (E/C.5/4).
4. Questions arising from action taken by the General Assembly at its fifteenth session and the Economic and Social Council at its resumed thirteenth session:
   (a) Development of the petroleum industry in less developed countries [A/4648, paras. 162 to 195, A/C.2/707] (E/C.5/3);
   (b) Financing of economic development of less developed countries through long-term loans and in other advantageous ways and ensuring an increasing share in world trade for their products [General Assembly resolution 1524 (XV)] (E/C.5/4).
5. Adoption of the report of the Committee to the Economic and Social Council.

Organization of work

16. At its seventh meeting, on 3 April 1961, the Chairman proposed, and the Committee agreed, to set up a Working Group to formulate the work programme for the Secretariat and to make recommendations concerning the Committee's future work.

17. It was decided that the delegations of the following countries would be represented on the Working Group: Brazil, Denmark, Federal Republic of Germany, France, India, Japan, Mexico, New Zealand, Pakistan, Peru, Poland, Spain, Sudan, Tunisia, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Yugoslavia.
18. The Working Group elected Mr. Branko Horvat (Yugoslavia) as its Chairman and held fifteen meetings, between 3 and 13 April 1961. It decided to consider separately the five following topics: (a) training and management; (b) programme and priorities; (c) financing of industrial development; (d) organization of the Committee's future work; (e) studies of industrial development problems in Africa. After each topic had been considered, the Chairman appointed several members of the Working Group to prepare a report, summing up the discussions and indicating the decisions that had been reached, as follows: (a) Training and management: Mr. Krishna Moorthi (India), Mr. Harland (New Zealand), Mr. Ayari (Tunisia), Mr. Karapandza (Yugoslavia); (b) Programme and priorities: Mr. de Almeida (Brazil), Mr. Ripert (France), Mr. Ayari (Tunisia), Mr. Weeks (United Kingdom); (c) Financing of industrial development: Mr. Ahmad (Pakistan), Mr. Sergeev (Union of Soviet Socialist Republics), Mr. Berenson (United States of America), Mr. Pastori (Uruguay); (d) Organization of the Committee's future work: Mr. Rego Monteiro (Brazil), Mr. Dangeard (France), Mr. Krishna Moorthi (India), Mr. Lychowski (Poland); (e) Studies of industrial development problems in Africa: Mr. Ripert (France), Mr. Ayari (Tunisia), Mr. Abdel Ghaflar (United Arab Republic), Mr. Errock (United Kingdom).

19. At its eighth and tenth meetings the Committee considered item 4 of its agenda and, in particular, the question of the development of the petroleum industry in the under-developed countries. At its ninth meeting it discussed the organization of its work and at the eleventh meeting it considered and adopted its draft report (E/C.5/L.2).

Part II

SUMMARY OF THE DEBATE

Opening and closing addresses

Opening addresses

20. At the first meeting, statements were made by Mr. Said Hasan (Pakistan), Chairman of the Committee, and Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs.

21. Mr. Hasan said that the United Nations, which had demonstrated its concern with the problems of economic development, public health, education and nutrition, had not created a specialized agency for industrialization and that the Committee for Industrial Development intended to fill that gap to some extent. The significance of the Committee, which was of vital interest to the under-developed countries, would depend in the last analysis on what it could accomplish.

22. Mr. Hasan then reviewed the events which had led to the establishment of the Committee and recalled its terms of reference and the various items on its agenda.

23. Mr. de Seynes pointed out that the phenomenon of industrialization had probably played the most significant role in moulding man's destiny. The industrial revolution had transformed the world through its material achievements and, by increasing life expectancy, had profoundly modified the demographic and biological structure of the human race. The extraordinary achievements of the post-war years, by revealing the possibilities for technical progress and industrial development, had replaced the image of a stationary state by the prospect of continuous growth, once the take-off stage had been passed.

24. He felt that this was why the aspirations of the under-developed countries had so often centred on industrialization; it was also the raison d'être of the Committee for Industrial Development.

25. Mr. de Seynes indicated, in broad outline, the background of industrial production against which the Committee began its work. The production of manufactured goods had increased by at least eight times since 1900. During the past twenty years, the world average of productivity per person in the manufacturing industries had risen from $1,800 to $3,200. The increase in both production and productivity had been more marked in heavy industries (metals, chemicals, paper) than in the light industries (food, textiles, leather); thus, by 1958, the former accounted for nearly 60 per cent of total production. Finally, the rate of industrial growth in the under-developed countries exceeded that of the highly industrialized countries for the first time and the share of the latter in the world total fell from 89 per cent in 1938 to 85 per cent in 1958. Over the last ten years, for example, the average rate of growth was 8 per cent for the under-developed as against 4 per cent for the industrialized countries.

26. However, these data must be interpreted in the light of the differences in production levels to which the percentages related and also of demographic factors. The per caput output of manufactured goods in under-developed countries averaged only about $25 a year against $420 in the industrialized countries: these figures indicated existing potentialities. There was also a wide disparity between the average productivity per person employed in manufacturing industries: $900 in the under-developed and $3,600 in the industrialized countries.

27. Mr. de Seynes pointed out that these statistics, despite their limitations, showed the situation with which the Committee had to deal on behalf of Governments and the international community. He outlined three groups of problems which seemed of special importance.

28. The first group related to the transfer of technology and its adaptation to conditions in the under-developed countries. Programmes of technical assistance—which had developed all over the world, in particular within the United Nations family—had brought about a radical change in the process of transferring technological
knowledge, which had formerly been almost exclusively associated with the flow of private capital. Currently, technical assistance experts were studying very concrete problems for recipient Governments, such as the possibilities of replacing imported metals by locally processed metals, how a fertilizer industry could be most efficiently developed, how a steel industry could be set up, etc. Nevertheless, technical assistance programmes could usefully be supplemented by more systematic action for transferring technological knowledge in the form of more international gatherings, meetings of experts, and an intensified exchange of information on the latest advances in technology.

29. The no less vital problem of adapting technology to the special conditions of the under-developed countries was more difficult. Since scientific and technological research were heavily concentrated in the industrial countries, certain problems remained unsolved because they had disappeared or had ceased to be significant in those countries, whereas the historical processes which had led to their elimination could not always be reproduced in under-developed areas. Research oriented towards certain manufacturing processes which had never been—or had ceased to be—used in the industrial countries could be the subject of international action.

30. On the whole, the role of science and technology in the evolution of the under-developed countries had still not been fully explored. It was necessary to determine the optimum conditions for the transfer and adaptation of technology, as well as the fields in which specialized research was essential. The Scientific Advisory Committee set up by the General Assembly in 1954 was at present studying the possibility of organizing an international conference to consider those broad problems and at such a conference the problem of industrialization would be high on the agenda.

31. A second group of problems was connected with the choice of industrialization policies. The under-developed countries have felt a pressing need to replace the empiricism which had characterized industrialization in the past by a conscious and organized approach. The resources they could devote to the development of their industries were so limited that they had to try to weigh each undertaking’s chances of success accurately as possible. United Nations experience in technical assistance had shown the extent to which the process of industrialization was, conceptually, still at a rudimentary stage; the establishment of industries was still based on instinct, flair and experience, with stereotyped notions frequently being substituted for scientific criteria. It therefore seemed that a systematic statistical and analytical study of the various problems involved might make it possible to avoid many serious miscalculations. In the planning and execution of the technical assistance programmes, the United Nations had always recognized and stressed the specific character of each situation and problem; that did not mean, however, that experience and analysis covering a great many specific cases could not provide a basis for generalizations of value both to Governments and to industrial managers.

32. The integration of industrial projects into an over-all economic plan raised even more difficult problems. The problem there was to find relationships which would permit the integration of macro-economic and micro-economic approaches in simple homogeneous concepts. During the preparation and execution of an industrialization programme, the different specialists involved—the general economist, the industrial economist and the engineer, in particular—worked according to their own methods and the various problems which specifically concerned each of them were frequently considered in separate compartments. There was therefore a need, both in planning and at the implementation stage, for an over-all approach that brought together the various disciplines concerned.

33. Finally, there was a third group of problems and this was associated with the consequences which the industrialization of the currently under-developed countries must inevitably have for the organization of the world economy. In this connection, a long-term outlook was imperative.

34. In this connexion he recalled what he had said a few days earlier to the seventeenth session of the Economic Commission for Asia and the Far East at New Delhi, namely, that economic projections had become a major requirement of modern international life. That need had been recognized and endorsed by the organs of the United Nations and a programme of global and sectoral projections was under way. It was an idea which was rapidly gaining ground among the decision-makers and it seemed to be of particular relevance in regions where population pressures and the scale of the problems to be contended with left little room for errors of calculation. The foreign trade sector seemed to provide a particularly striking example in that connexion. According to a recent study, the import requirements of the under-developed countries as a whole were expected to triple by 1980; the expansion in exports of primary commodities would be far from sufficient to cover those new needs. Even anticipating a substantial increase in international financial assistance and even if account were taken of the possibilities offered by intra-regional trade, there would remain a gap which it would probably be impossible to bridge, unless the industrial countries were prepared to import an increased volume of manufactured goods from the less developed countries. Such a process would certainly conflict with interests, principles and traditions. That was a problem which could not fail to be of concern and which must be tackled without further delay. For example, some industries in the more advanced countries would have to prepare themselves for reconversion, either on their own initiative or with governmental assistance. However, even the gradual removal of customs and tariff barriers would probably arouse the traditional objections to competition from cheap labour. The time seemed ripe, therefore, to search for possible solutions and to promote changes in attitudes.

35. That aspect of industrialization, which was the most significant in the international sphere, had thus far been dealt with only timidly. It was, however, currently under study pursuant to resolutions adopted by the General Assembly and the Economic and Social Council.
Although such a study did not appear in the work programme of the Committee for Industrial Development, it seemed inevitable that the Committee would have to take cognizance of it at some time or another; for if a course of action designed to bring about a minimum of harmonization was to be followed, it would have to be based on studies that were clearly within the terms of reference of the Committee, namely, studies relating to the comparison of costs of production prevailing under different conditions and in different countries.

36. In conclusion, Mr. de Seynes stated that the creation of a Committee for Industrial Development was an indication of the changes which had occurred in ideas and attitudes during the past fifteen years. The task of the new body would not be an easy one: it would have to recognize the limitations of its possible action and define precisely the objectives which could be most effectively served by the various means of action currently open to the United Nations. The Secretariat would spare no effort to help members of the Committee to accomplish a mission to which Governments had pinned their hopes.

Closing address

37. At the 11th (closing) meeting, held on 21 April 1961, a closing address was delivered by Mr. Said Hasan (Pakistan), Chairman of the Committee.

38. Mr. Hasan stated that all would agree that the first session of the Committee had been fruitful. Many wise recommendations had been formulated and useful targets had been set as a result of the discussions that had taken place. Initially there had been many doubts about the functions and usefulness of the Committee. These doubts had been largely dispelled. The Committee was a purposeful one and it filled a gap that existed in its particular field where an inter-governmental body was indeed necessary.

39. Accelerated industrial development was a major concern of all developing countries, because it was only through a process of rapid industrialization that they could improve the standard of living for their rapidly expanding populations.

40. The Committee had been set up precisely to keep under constant review all problems pertaining to industrialization and all under-developed countries should be able to rely on it for help and guidance in the field of industrialization.

41. The basic problem with which developing countries were faced was the limitation of their resources; it followed therefore that the most profitable investments must come first and that criteria must be laid down that would permit the determination of the relative benefits that might be expected to accrue from any number of given investments.

42. While planning was necessary, it must be remembered that in most new countries there was a complete lack of industry and other developmental activities and therefore important projects undertaken without delay would fit into any plan that would be prepared. It was not always necessary to wait for a comprehensive plan because basic deficiencies were very well known, and so were the needs.

43. To succeed in industrializing, developing countries must be able to take advantage of experience gained in industrialized countries. However, it was at the same time essential to adjust modern techniques to conditions prevailing in under-developed countries. Some ambitious plans had failed because they did not take sufficient account of particular conditions existing in the countries. In this context, it might be said that over-all plans for industrial development should be drawn up not only by economists but also by technicians and administrators.

44. Studies and research projects carefully correlated to the actual needs and conditions of particular developing countries must be conducted in order to give a systematic and orderly pattern to industrial growth. However, promotion of industrial growth depended to a considerable degree on the availability of financial resources, in particular foreign exchange. Unfortunately the capacity of the under-developed countries to help themselves by earning foreign exchange had been greatly impaired by the fall of primary commodities prices, a drop which had moreover coincided with a rise in the prices of imported manufactured goods. That was why under-developed countries now attached still more importance to the expansion of their trade than to an increase in international assistance.

45. To remedy this situation international co-operation must be geared towards both international financial assistance and satisfactory solution of the commodity problems. In this connexion, the Committee should in the future study the value, nature, and direction of international assistance for industrial development.

46. The Working Group set up by the Committee had considered the problems and processes of industrial development under different headings and submitted recommendations in respect of each of them. These suggestions and recommendations were likely to be of great help to all developing countries.

47. The Committee's task—by no means an easy one—was to define its objectives and draw up a work programme that must be both bold and realistic. True, much had been done already at this first session but it would be necessary to go further in the future. Many Asian and Latin American countries had already gone ahead further than the report would suggest. Detailed plans for over-all economic development, with well defined sectors of industrial development, had been formulated in many of these countries and progress had been achieved in the realization of these plans. It was to be hoped that a more sophisticated approach would come to be evolved in future sessions of the Committee. A case in point was the consideration of the petroleum industry. Problems pertaining to the growth of the petroleum industry would have to be dealt with in more extensive and concrete ways although the first recommendations for studies were made at this session.

48. In concluding his closing address, Mr. Hasan mentioned the question of the teaching of economics in developing countries and suggested that the establishment of Institutes of Economic Development under United Nations auspices, preferably on regional levels, might be

---

*See paragraphs 16 to 18 above.*
considered as a prerequisite to establishing national programmes of industrial development.

General debate

49. The general debate, in which twenty delegations participated, took place between 28 March and 3 April 1961 (2nd to 7th meetings). It may be summarized under four main headings:

(i) The experiences of individual countries and views of delegations as regards the proper policies for industrialization;

(ii) Sources of financing of industrial development;

(iii) The particular role and functions of the Committee in the light of its terms of reference, as contained in Council Resolution 751 (XXIX), and the additional functions contained in General Assembly Resolution 1525 (XV), and in the context of the activities of the United Nations family relating to industrialization as indicated in the document prepared by the Secretariat concerning suggestions for concerted action (E/C.5/2);

(iv) The work programme on the basis of the proposals submitted by the Secretary-General (E/C.5/1).

A fuller account of the discussions is contained in the summary records of the Committee's meetings (E/C.5/SR.2 to 7).

General policy discussion

50. A number of representatives of both developed and under-developed countries reviewed the process of industrialization in their countries and, on the basis of those experiences, expressed their views with regard to appropriate policies for promoting accelerated economic development and industrial growth. Considerable emphasis was placed on the relationship of industrialization to over-all economic growth, a number of delegates noting that industrial development was the key to rising standards of living in the under-developed countries.

51. The role of government in the process of industrialization was discussed by a number of delegations. The role of appropriate government policies as an initiating agent to promote development was recalled by many representatives and emphasis was given by them to the role of government investment in economic and social infrastructure as a pre-condition for industrial growth. In the view of some delegations, State intervention was essential because of the well-known shortages in certain resources in the less developed countries which necessitated public management and allocation of such resources. The view was also expressed by certain delegations that no accelerated industrialization was possible without direct intervention of the State and that use should be made of State planning to this end. Other delegations stressed the contribution which, under proper institutional arrangements and adequate over-all economic and social policies, private enterprise might render the cause of industrialization and pointed to the results so far achieved by countries with private enterprise.

52. It was mentioned by some delegations that successful industrialization also depended to a large extent on the human factor in the production process; in this respect the role of trade unions in the newly developing countries was stressed.

53. A number of speakers discussed the sequence of establishment of industries and the pattern of the process of industrialization. Some delegations emphasized that the proper staging of industrialization should begin with production of consumer and intermediate producer goods while, in the view of other delegations, early establishment of heavy industries was essential to achieve rapid industrialization. Some delegations stressed the danger of excessive diversification in the establishment of new industries, in view of the advantages which might be derived from specialization and because of the limitations imposed by capital shortages; in their view, investment should, therefore, take place in areas in which it would generate further investment. The need to adapt industrial programmes to local conditions of raw material supply, availability of skilled manpower and markets was also mentioned by a number of representatives.

54. In addition to a discussion of appropriate policies for industrialization, there was discussion of the necessity for establishing certain pre-conditions to facilitate economic growth. There was widespread agreement on the need for a literate population and for the establishment of a proper educational system conducive to the development of industrial skills. A number of delegations mentioned in particular the need to develop managerial skills. Attention was also given in the debates to the need for the establishment of an appropriate government structure which would favour the development of sound economic, monetary and social conditions. Stress was also given to the need for ensuring that there was a just distribution of the fruits of economic growth.

Sources of financing of industrial development

55. Considerable discussion took place on the question of sources of financing of industrial development. Many representatives agreed that the main source of finance should be domestic savings properly mobilized and channelled so as to achieve the largest possible economic growth. A number of delegations considered the role of foreign financing in this connexion. It was noted by some that, while foreign financing taken in the aggregate represented a small share of total investment in the under-developed countries, its importance lay in the fact that foreign financing made it possible to overcome certain important bottlenecks the prevalence of which would hinder rapid industrialization.

56. Numerous suggestions were made concerning the possibility of expanding international financial assistance and of financing imports of under-developed countries through increased exports. A number of delegations considered that savings accruing from disarmament would provide the means for additional assistance to underdeveloped countries and attention was drawn to General Assembly resolution 1516 (XV) in this connexion. Other delegations called attention to the possibility of the establishment of a United Nations capital development fund, as envisaged in General Assembly resolution 1521 (XV), as an additional source of finance.

57. Views were expressed by a number of delegations
on the possibilities of increasing export earnings of the developing countries through expansion of their exports of primary commodities and manufactured products. In this connexion it was noted that it was incumbent upon the industrialized countries to make an effort to expand their imports of such products. Note was also taken of the current level of export earnings of the less developed countries and the need to maintain stable prices. Mention was made of the need of these countries for favourable terms of trade. Other delegations noted the necessity to review the problem of barriers to the expansion of international trade, particularly with regard to primary commodities.

58. Some delegations noted that, among the benefits to be achieved from encouraging foreign private capital to participate in local development projects, was the supply of managerial skill and technological experience which were usually associated with this type of investment.

59. Certain delegations considered that a particularly advantageous form which foreign assistance should take could be direct loans to governments of less developed countries which would then make the final decisions as to the specific areas in which investment would take place.

Role of the Committee

60. In the discussions which took place concerning the role and functions of the Committee within the United Nations structure, a number of delegations stressed that, by virtue of its establishment as the first United Nations organ in this field, the Committee should have a central role with main responsibilities for advising the Economic and Social Council on matters relating to industrial development. In the view of these delegations, the role of the Committee should be to co-ordinate and keep under review the various activities of the United Nations Secretariat at Headquarters, the regional economic commissions, the specialized agencies and the International Atomic Energy Agency. Several delegations considered that while the Committee should be the central body for stimulating work in the field of industrial development, the implementation of specific studies should be undertaken by the appropriate body within the structure of the United Nations family.

61. Some representatives considered that it was necessary for the Committee to establish certain principles which should guide its organization and operation. In this context, it was considered that the Committee should be in a position to identify the key problems in the process of industrialization so as to orient the Secretariat in its work and determine priorities for implementation. In the view of one delegation, the complexity of economic development problems had defied synthesis and a systematic discussion and evaluation of concepts and of experience ought to be undertaken by bodies such as the Committee which, among other things, should act as a clearing house for ideas and experiences in that field.

62. In the course of this discussion a number of delegations made reference to the role of international organizations in stimulating educational activities concerned with industrial development. Reference was made to the organization of assistance to educational institutions, the establishment and enlargement of libraries and the particular problem of distributing United Nations studies and other documentation dealing with industrial development.

Work programme

63. With regard to the proposals of the Secretary-General for a longer range and expanded work programme in the field of industrialization (E/C.5/1), a number of delegations expressed the opinion that these proposals had been based on past achievements under the United Nations work programme and that these achievements provided a basis for a further rapid and vigorous development. Other delegations noted the wide scope of the proposed work programme and considered that it would be necessary for the Committee to establish priorities among projects. Some delegations made mention of the necessity to undertake work in the fields of technical, managerial and economic training and in the management and financing of industrial development, none of which, it was felt, had been adequately covered in the Secretariat proposals; other representatives pointed out that work in these fields was being undertaken by the specialized agencies concerned with problems of training and management and by the United Nations Secretariat, under other resolutions of the Council and the General Assembly.

64. The view of the Secretary-General—that the work in industrialization to be undertaken by the Committee and by the regional economic commissions under their respective work programmes would be carried out most effectively if these programmes are complementary and mutually supporting—was generally endorsed. In this connexion, the proposal by the Secretary-General to link the expanded work programme to the corresponding work of the regional commissions was welcomed. Some delegations also stressed the need for collaboration with the specialized agencies and it was observed that, in the discussion of the work programme, the Committee might wish to define more precisely the respective fields of activity of the United Nations and the specialized agencies. Several delegations referred to the valuable work of the regional economic commissions in the field of industrialization.

65. A number of delegations made a certain number of comments with respect to specific projects contained in the proposals of the Secretary-General but it was agreed that a more detailed examination of these proposals should await the discussion of this matter in a working group to be established for this purpose during the session. In this connexion, one delegation drew the attention of the Committee to the desirability of encouraging studies relating to certain problems arising in the industrialization of Africa. It was pointed out that it was essential to bring together the different poles of growth which were characteristic of Africa in order to achieve important economic and other advantages.

66. In the course of statements on their experiences in formulating and implementing industrial development programmes, a number of representatives expressed the hope that these experiences might be useful to less developed countries engaged in promoting industrial
growth. To this end some delegations volunteered to make available to the Committee documentation concerning the experience of their countries which could be used in the relevant studies to be undertaken by the Secretariat.

Recommendations of the Working Group
adopted by the Committee

ORGANIZATIONAL ASPECTS OF THE WORK OF THE COMMITTEE

67. The principles on which the work of the Committee should be based and the recommendations to be made in this respect were considered.

General principles

68. It was emphasized that the Committee for Industrial Development was the first central intergovernmental body to be established for the consideration of the activities of the United Nations in the field of industrial development. In terms of Economic and Social Council resolution 751 (XXIX) and General Assembly resolution 1325 (XV), it is charged with the main responsibility for advising the Economic and Social Council on matters related to the acceleration by less industrialized countries of their industrial development. In this regard it is expected that the Economic and Social Council will channel relevant activities in this field through the Committee.4

69. The activities of the Committee will necessarily be exercised without prejudice to those of the regional economic commissions, the specialized agencies and the International Atomic Energy Agency in their respective fields. Subject to this and in the spirit of paragraph 7 of resolution 751 (XXIX) mentioned above, the Committee in its work will promote liaison and co-ordination within the United Nations family in regard to all activities relating to industrial development.

70. It was agreed that, in establishing international programmes in the field of industrial development, the fullest use should be made of existing facilities and that, in particular, the programmes and facilities of the regional economic commissions and of the specialized agencies and the IAEA should be taken fully into account in determining the work to be carried out at United Nations Headquarters. In this connexion the hope was expressed that there would be full consultation, especially at the planning stage, between the United Nations Secretariat and the secretariats of the specialized agencies on the work of their respective organizations in this field, so as to ensure that proposals submitted to the responsible inter-governmental bodies were fully co-ordinated with each other.

71. It was recognized that, through focusing its full attention on the field of industrial development, it would contribute to a most effective coverage in depth of problems of industrialization by the United Nations family. Under the terms of sub-paragraph (b) of the second preambular paragraph of General Assembly resolution 1431 (XIV), “Industrialization will promote the diversification of the economies of under-developed countries and assure a more balanced economic and social structure and a high rate of economic development”. Consequently, while concentrating its activities on industrial development, the Committee has recognized the need for appropriate consideration of other aspects of general economic policy relevant to industrial development, without however duplicating the work of other appropriate bodies of the United Nations.

72. It was agreed that, in order to be fully effective, the work of the United Nations in the field of industrial development must be concentrated on projects of high priority, designed to meet clear and urgent needs.

Recommendations for action

73. Note was taken of the recommendations of Member Governments contained in operative paragraph 6 of Economic and Social Council resolution 751 (XXIX) with regard to the designation of representatives concerned with the planning and execution of economic development or other experts qualified to discuss the problems of industrial development.

74. In connexion with the co-ordinating functions mentioned in paragraph 70 above, the Committee agreed that, at its next session, it would like to have complete information on the interests and current activities of the United Nations, the specialized agencies and the IAEA for each area of work in the field of industrialization. It requests the Secretary-General, and recommends that the Council invite the Executive heads of the specialized agencies and of the IAEA, to prepare such information and to place it before the Committee at its next session.

Establishment of an industrial development centre within the United Nations Secretariat

75. The Committee recommends that the Economic and Social Council request the Secretary-General to take appropriate measures for the establishment within the United Nations Secretariat of an industrial development centre to promote the co-ordination of the efforts of the United Nations family in respect of industrialization. The tasks of the centre would include the collection, analysis and dissemination of experience gained in technical assistance programmes in the field of industrialization including, to the extent that the necessary data will be available or can be made available, multilateral, regional, bilateral and national programmes. The centre would provide a mechanism whereby the United Nations, the specialized agencies and the IAEA could obtain full information about each other’s activities in this field and could take steps to co-ordinate them.

76. In this connexion, the Committee has requested the preparation of a progress report on implementation of the provisions of resolution 740 C (XXVIII) concerning dissemination of experience obtained in the field of industrialization under the various programmes of technical assistance, reference to which is made in the section of the report on industrial programming and policies.5

---

4 In accordance with paragraph 8 of Council resolution 751 (XXIX) (see annex II of the present report), “the Committee shall report and make its recommendations to the Economic and Social Council”.

5 For further details, see “Industrial programming and policies”, paragraphs 78 to 102 below.
Establishment of an Intersessional Working Group

77. The need for a body of representatives of member Governments that could be convened between meetings of the Committee for Industrial Development was recognized. It was therefore decided to establish an Intersessional Working Group consisting of a number of member Governments, to be nominated by the Chairman of the Committee, to serve for annual terms. Other interested member Governments of the Committee will be entitled to participate in the activities of the Group. The functions of the Group will be to help the Committee to carry out its tasks, including those related to the work of the industrial development centre mentioned above. The Committee is confident that member Governments nominated by the Chairman of the Committee will designate their representatives to the Group on the basis of competence in matters relating to industrial development.

Industrial Programming and Policies

78. A number of problems in the field of industrial programming and policies were discussed. The Committee submits the following suggestions and recommendations for consideration by Governments and related national agencies or for international action.

79. The Committee draws the attention of Governments to the high rates of development, accompanied by substantial increases in standards of living, achieved in the last decade by a number of countries with different economic systems. Experience proves that, through the application of adequate economic policies, appropriate organizational methods and modern technologies, it has been possible to achieve high rates of development—substantially exceeding the rates which have frequently been aimed at in the past—while allowing at the same time for an increase in the standard of living. It was considered that the dynamic factors, which were responsible for economic growth during the last decade in countries with different economic systems, should be carefully studied, evaluated and taken into consideration, whenever appropriate, by other countries in the process of developing their industrial capacities and increasing their standards of living.

80. It is considered that the experience and progress of the various developing countries in the field of industrial development are of general interest; the Committee therefore recommends that, from this point of view, a questionnaire be prepared and circulated to Member States of the United Nations to elicit information on the institutional arrangements for, and the methods applied in, industrial planning and programming, as well as on the instruments used in the implementation of such plans and programmes and in the promotion of industrial development in general. It further recommends that replies, as and when received, should be made available to Member States and in due course placed before the Committee.

81. Sound arrangements for planning and economic programming in developing countries would facilitate effective decisions on policies of economic and industrial development and their implementation, and would contribute to more effective international co-operation in the field of industrial planning and policies.

82. It was therefore considered that project A.2.f (Organizational aspects of planning), included among the proposals formulated by the Secretary-General for a longer-term and expanded programme of work in the field of industrialization (E/C.5/1), was of utmost importance. This study should examine experience with various arrangements in different countries, not only in regard to planning proper, but also to the collection and analysis of statistical information; the results of this study should provide Governments with guidance in the setting up of their planning institutions.

83. The Committee draws the attention of Governments of developing countries to the facilities existing in the United Nations family for obtaining advice on, and assistance in, the establishment of appropriate institutional arrangements for planning and programming industrial development in their countries. It recommends that the United Nations Secretariat both at Headquarters and in the regional economic commissions, should expand its facilities in order to be able to provide advice and assistance of a substantial scope and on an immediate basis. In this connexion, special note was taken of the ECLA/BTAO advisory groups, described in the note by the Secretary-General on the work of the regional economic commissions in the field of industrial development (E/C.5/9, pp. 23 and 24); it was suggested that full advantage should be taken of the experience gained in this programme.

Work Programme Proposed by the Secretary-General

84. An examination was made of those proposals formulated by the Secretary-General for a longer-term expanded programme in the field of industrialization, contained in document E/C.5/1, which covered industrial development programming and policies [area A], economic and technological aspects of industry studies [area B] and problems of small-scale industry [area D]. It was considered that all the studies included in these sections of the proposals were important and well chosen. The proposals constitute an extension in the right direction of the work accomplished so far by the United Nations at Headquarters and by the secretariats of the regional economic commissions.

85. It was emphasized that work should proceed at the same time in the competent United Nations bodies on the social implications of industrial development.

86. With respect to individual projects, those in the course of implementation were noted in the first place. As for the studies which the Secretary-General proposes to undertake in the future, observations were made both with regard to content and implementation.

--

4 At the eleventh meeting, the chairman nominated the Governments of Brazil, France, India, Japan, Pakistan, Peru, Tunisia, USSR, United Kingdom, United States, Uruguay and Yugoslavia to be represented on the Intersessional Working Group.

5 Relevant extracts from this document appear on page 16 below.
Industrial development programming and policies [area A]

General aspects [A.1]

87. The importance of this area was stressed and the proposal of the Secretary-General to implement this project in co-operation with the regional economic commissions was strongly endorsed.

Techniques of industrial programming [A.2]

88. Many delegations indicated their strong interest in project A.2.d (A study of industrial growth) and suggested possible lines along which it could be pursued; these included consideration of obstacles to development and variations in the experiences of individual countries with regard to bottlenecks in the industrialization process.

89. In connexion with project A.2.e (Long-term planning in centrally planned economies), the Committee recommends that the Secretariat undertake a similar study dealing with the experience in countries with mixed economies.

90. It was noted that the Secretariat's proposals scheduled for completion in 1963 included project A.2.f (Organizational aspects of planning) and project A.2.g (Studies of implementation of planning in selected countries). Several delegations felt strongly that, in view of the importance of those projects, an effort should be made to speed up the carrying out of these studies by advancing the date of their initiation. Note has been taken of the intention of the Secretariat at Headquarters to carry out these projects as required in consultation with the regional economic commissions.

91. These projections are essential as a tool of economic planning to be used by government agencies and it is proper that studies in this field should be undertaken by the United Nations Secretariat in conjunction with the work being undertaken under Council resolution 777 (XXX) and General Assembly resolution 1517 (XV).

Regional economic planning [A.4]

92. It was agreed that regional planning within national economies was for many countries a first step on the way to national economic planning and that there was a great demand for assistance in this area.

93. In connexion with project A.4.b (Industrial development aspects of urbanization in countries of Africa, south of the Sahara), it was stressed that the Secretariat at Headquarters, in implementing its share of the work on this project, administered jointly with ECA and other agencies, should take into account that a need for research work in this field exists in regard to other regions faced with similar problems.

Industry studies; economic and technological aspects [area B]

Industry pre-investment data [B.1]

94. Several delegations emphasized the need for pre-investment data for planning industrial development and there was agreement on the usefulness of such data. Co-operation with the regional economic commissions in this area of work, as proposed by the Secretary-General, and with the management of the Special Fund, was strongly endorsed.

95. Suggestions were made in respect of the implementation of project B.1.a (Joint Headquarters/ECLA project on pre-investment data), first as regards the coordination of the work of Headquarters with that of the regional economic commissions and second, as to the extent of detail in which the analysis of individual industries should be pursued.

Operating characteristics of industries [B.2] and Studies of individual industries [B.3]

96. The importance of these analyses, as envisaged in the projects included in these areas, was recognized and the Secretary-General's proposal to undertake studies of individual industries, in co-operation with the regional economic commissions, was endorsed.

97. With regard to project B.3.e, related to the proposed United Nations conference on the application of science and technology to the needs of the under-developed countries, the Committee noted that the Secretary-General and his Scientific Advisory Committee were studying the possibility of organizing such a conference and that the Secretary-General had in mind to present to the Council more specific information on this matter at its summer session.

Problems of small-scale industry [area D]

98. A number of delegates expressed their special interest in the proposals for work in this area. Note was taken of the particular importance of the studies on the financing of small-scale industry and on the problems of marketing and exports.

99. In the course of the discussion, one delegation suggested a number of additional studies which the Secretariat might undertake. The projects would include the preparation of purchasing power equivalents for the comparison of data on gross national product expressed in national currencies, average capital coefficients, the maturity period for investment and a study of the aluminium industry.

100. Some delegations stressed the importance of the preparation of a manual on development programming. The objective of such a manual would be to formulate practical advice to Governments on the manifold aspects of planning and programming, including the techniques and disciplines of projections and programming, the compilation of statistical information, budgeting for economic and industrial development, the financing of the programme and institutional arrangements for planning and programming. It would also deal with implementation in general, including monetary and fiscal measures.

101. It was considered that a number of studies already completed by the United Nations Secretariat, at Headquarters and in the regional economic commissions, and the studies in the proposed work programmes constituted, in fact, material for individual chapters of such a manual. It has been agreed that the Secretary-General be requested to consider the matter further with reference to the action that should be taken and to report thereon to the Committee at its next session.
102. Considerable discussion took place concerning dissemination to the less developed countries of available experience in the field of industrial development.

103. The Committee recalls resolution 740 C (XXVIII) of the Economic and Social Council and urges that it be implemented as speedily as practicable with respect to experience arising from the various bilateral, multilateral and other programmes of assistance to the under-developed countries in the field of industrialization. The Committee further requests that a progress report on such implementation be submitted to the Council at its thirty-third session and to the Committee at its next session.

104. It has been noted, with appreciation, that the United States Government has offered to provide on a systematic basis to the Secretariat of the United Nations and to such Governments as might make requests, substantial material already available or becoming available as a result of its assistance programmes in the field of industrialization. This material included inter alia manuals, brochures, surveys and studies in industrial techniques relating to industrial development.

105. It is hoped that, in terms of Council resolution 740 C (XXVIII), similar material with regard to the giving of technical assistance could become available from organizations operating other bilateral programmes and from other sources.

Review of industrial development

106. On the basis of the experience gained at the Committee's first session, it has been recognized that the Committee would wish to review the broad, over-all trends in industrial development, on behalf of the Economic and Social Council. Of particular interest to the Committee and the Council are, the pace of industrialization in developing countries and the identification of the more important problems to be faced by the less developed countries in their efforts to raise living standards and accelerate their economic development through expansion of industrial output.

107. To assist in the discharge of these responsibilities, consideration might be given by the Secretary-General to the possibility of preparing a review of industrial development, in terms of the preceding paragraph, covering a period of up to ten years. It is hoped that such a review might be made available to the Committee, if necessary in preliminary form, within the time-limit for distribution of documents for the session of the Committee to be held in the spring of 1962. One possibility might be the preparation of a review as Part 1 of a World Economic Survey.

108. The Committee hopes that the Secretary-General will find it possible to undertake any such task in the normal course of preparation of the Survey.

109. The Committee recommends that the research projects prepared by the Secretariat be prefaced by concise summaries expressed, so far as possible, in simple non-technical terms. This would permit government officials of developing countries, who may not be specialized in the technical aspects of planning and programming, to make effective use of the material contained in the studies.

Studies of industrial development problems in Africa

110. A regional approach to the industrial problems of the under-developed countries may in certain circumstances be particularly useful. In view of the particular political and economic circumstances, both national and international, in under-developed countries, especially in Africa, it may be relevant to take into account also the cost and effectiveness of industrial development programmes on a regional basis.

111. The Committee desires to make the following recommendations:

1. That available studies of African industrial schemes, whether under national or international auspices, should be collected and examined;

2. That further studies should be mapped out to ascertain the prospects for industrial development in Africa. This would involve:

(a) Preparing a survey of Africa's industrial, financial and human resources;

(b) Helping the African countries to determine, under the best conditions, the terms on which sectors for investment should be chosen, by applying the following two criteria:

(i) The cost of carrying out individual projects in such sectors;

(ii) The rate and direction of growth of projects under consideration which would act as development nuclei;

(c) Undertaking, at the same time, a study of the possibilities of co-ordinating different lines of development, with a view to promoting an integrated industrial development on a multinational, regional and complementary basis.

112. It seems difficult to dispute that the costs of national industrialization programmes would be more favourable for each African nation if considered in the framework of such larger integrated units.

113. Moreover, the formation of such African economic units will make it possible to introduce an element of balance in the negotiations in which Africa will engage in the future, on a bilateral or multilateral basis, with a view to its industrialization. In preparing national programmes, care must always be taken to provide for the possibility of linking national projects to sectors of development located in other African countries.

114. To this end, and in the light of these suggestions, it is considered desirable that the Committee and the Intersessional Working Group should be kept fully and promptly informed of studies on the subjects referred to above, which are in the course of preparation or will be undertaken by the Economic Commission for Africa (ECA), if necessary in co-operation with the United Nations Secretariat at Headquarters and the other regional economic commissions, the specialized agencies and the IAEA. The Committee expresses the wish that responsible members of the secretariats or agencies concerned in the preparation of these studies on African industrial development and, in particular, members of the secretariat of the ECA, should be available to assist
the Committee and its Intersessional Working Group in their consideration of these studies.

FINANCING OF INDUSTRIAL DEVELOPMENT

115. Several problems in connexion with the financing of industrial development in developing countries have been discussed. The Committee has noted General Assembly resolution 1524 (XV) of 15 December 1960 on “Financing of economic development of less developed countries through long-term loans and in other advantageous ways, and ensuring an increasing share in world trade for their products” and submits certain suggestions for consideration by governments. In addition, it makes some recommendations for international action.

Suggestions for consideration by governments General

116. Economic development in an increasingly large number of developing countries is being carried out by means of long-term development plans. The financing of industrial development should be considered in the context of such plans. Where such plans do not exist, the financing of industrial development will nevertheless be considered in the context of long-term overall economic development requirements of the country.

Mobilization of domestic resources

117. The formation and mobilization of domestic resources should constitute the primary source of financing for development. Such mobilization requires appropriate fiscal and monetary policies as well as measures of self-help and internal reform (including, inter alia, land and tax reforms and improved educational and social services). The methods of mobilization depend on the political and social structure of the countries concerned and on the availability of appropriate financial institutions.

Foreign trade

118. The role of foreign trade in the industrialization of developing countries was considered and it was noted that export earnings, which at the present time are mainly derived from primary commodities, were a decisive factor in financing imports of capital goods required for industrial development. In this connexion the Committee concurs in the belief, expressed in General Assembly resolution 1524 (XV), that “diversification, the establishment of modern industries in the less developed countries and the development of their economies must take place in such a manner as to provide them with an opportunity to participate to a greater extent in the world market and, especially, to realize larger earnings from exports of their products, including exports of products of their newly established industries”. Therefore, every effort should be made to promote exports of both primary products and manufactured goods from developing countries and the industrialized countries should facilitate such efforts by increasing their purchases of primary commodities and manufactured goods from the developing countries. This should include, in appropriate forms, a review of protectionist and other restrictive practices at present in operation, in particular in respect of primary commodities.

119. The desirability of developing import substitution industries, provided that they are economically feasible, has been noted; such industries would release substantial amounts of foreign exchange which may be used to expand imports of equipment and machinery needed for speeding up industrial development.

Terms of trade

120. Considerable attention was paid to the terms of trade of primary exporting countries, especially to fluctuations in prices of primary products (i.e. agricultural products and minerals) in the world markets. It was considered that unfavourable terms of trade and excessive price changes affected adversely the industrial development of developing countries; it was therefore suggested that governments of both developed and developing countries should make efforts to reduce excessive fluctuation of prices and to promote reasonable and stable terms of trade for developing countries.

External financing

121. It was agreed that foreign financing of economic development, both public and private, should be treated as an additional source of raising capital to supplement domestic resources and to promote internal capital formation. The Committee wishes to emphasize the recommendation made to all Member States in operative paragraph 1(a) of General Assembly resolution 1524 (XV) that they “encourage, on a bilateral and a multilateral basis, the extension as appropriate of long-term loans, grants, or credits on favourable terms, including interest-free loans or loans at the lowest possible interest rates, the longest possible repayment periods and repayment in local currencies or in other beneficial forms, as well as the influx of other forms of foreign capital and assistance, which are important factors in the economic and social progress of the less developed countries”.

Recommendations for international agencies

122. After noting the work undertaken and contemplated by the Secretariat on the fiscal and financial aspects of economic development, as set out in the proposals for a longer term and expanded programme of work in the field of industrialization (E/C.5/1), in the progress report on the work programme on industrialization (E/3446*) and in other documents relating to this question, the Committee recommends that the Secretariat, in carrying out its programme of studies and reports, take account of the interest of the Committee in giving due emphasis to the following points:

(a) The applicability to industrializing countries of different forms and techniques of mobilizing internal financial resources for industrial development, especially on the basis of the experience of the developed countries;

(b) Information on the sources, forms and scope of external financing available to industrializing countries;

(c) The basic conditions under which long-term external economic assistance of various forms may be made available to industrializing countries, especially in the

---
light of the general characteristics of loan and other arrangements concluded between developed and developing countries.

123. With regard to fluctuations in the prices of primary products, it has been noted with interest that the Secretary-General is submitting to the Commission on International Commodity Trade, at its ninth session, the report on "International Compensation for Fluctuations in Commodity Trade" (E/3447) which contains a proposal to establish a development insurance fund.

124. The Committee further recommends that the United Nations and the specialized agencies concerned should assist industrializing countries as regards the organization and strengthening of national financial and other investment promotional institutions, such as development banks, having as their object the mobilization and channelling of domestic and foreign capital for the acceleration of industrial development.

TRAINING AND MANAGEMENT

125. A number of problems in the field of training and management were examined and attention was devoted to making recommendations and suggestions both on a general level, for consideration by Governments and related national institutions, and on the specific level of proposals for international action.

General aspects

126. On the general level, the Committee recognizes that it is of fundamental importance in the process of industrialization that national educational systems must be oriented towards the needs of accelerated economic growth and to the specific requirements for vocational and technical education. Education and training should be an integral part of the plans for economic and industrial development of under-developed countries. The Committee also recognizes that technical education and training, to be fully effective, must be integrated with national plans for over-all educational development.

127. It is considered that university teaching in under-developed countries in the field of economics should be increasingly oriented towards the problems of development, in particular of industrial development. The Committee recommends that international assistance should wherever possible be directed towards achieving this purpose. The objective of this orientation would be to develop as early as possible in the educational process an awareness of the problems involved in economic development and industrialization.

128. It was noted that each country should attempt to develop, if necessary with international assistance, facilities to provide training and education for various grades of technical personnel, economists and administrators; in some cases in the immediate future it may be desirable to organize such facilities on a regional basis. It was considered that training abroad should be primarily directed at obtaining specialized knowledge.

129. Considerable attention was given to the problem of in-plant training. It was noted that in some countries with mixed or free enterprise economies such training was part of foreign investment agreements or was provided in connexion with procurement of industrial equipment from developed countries; it was considered that Governments should continue to encourage such arrangements. Special emphasis should be given by Governments to the extension of this type of training as a follow-up to technical education at universities and secondary technical schools. It was also urged that Governments of the developed countries should explore the possibilities of expanding provision of such in-plant training facilities in the industries of their countries and that some of the newly industrializing countries might also be in a position to provide similar facilities for personnel from less developed areas.

130. With regard to the training of economic administrators and public servants in charge of preparing economic policy decisions, note was taken of the training facilities currently offered by the Economic Commission for Asia and the Far East (ECAFE), the Economic Commission for Europe (ECE), the Economic Commission for Latin America (ECLA) and the United Nations Headquarters programme; it was also noted that the Economic Commission for Africa (ECA) is planning similar programmes. The training facilities offered by the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) were also noted. The Committee recommends that Governments which have established planning institutions arrange to provide in-service training of personnel from other countries; the existing facilities along these lines currently offered by the French Government were noted. In this connexion, the Committee also welcomes the offer of the Yugoslav Government to make available their facilities for this purpose.

131. It was emphasized that there was a need for organizing economic research centres in the less developed countries which would be closely related to universities, planning offices and other economic decision-making agencies.

Areas for international action

132. With regard to the areas in which international action would be effective, the Committee recommends that the United Nations Secretariat, in co-operation with the United Nations Educational, Scientific and Cultural Organization (UNESCO), should prepare a list of qualified institutions for training personnel in selected fields of industrial development and that the United Nations, in co-operation with the International Labour Organization (ILO) and UNESCO, study the possibility of preparing a list of experts who are available for assistance in the organization and operation of training programmes in the less developed countries.

133. The Committee recommends that the United Nations should consider, in co-operation with ILO, IBRD, the Food and Agriculture Organization of the United Nations (FAO), UNESCO and other interested specialized agencies, ways and means of rendering assistance to the under-developed countries in establishing or enlarging specialized libraries for industrialization, taking into account the assistance being rendered by national and other international institutions.
134. The Committee, taking note of the work of UNESCO in this field, recommends that the United Nations Secretariat should undertake to prepare, in cooperation with UNESCO, IBRD and other interested agencies, teaching materials on economic development with the emphasis on industrialization. These materials should be continuously revised in the light of accumulating knowledge and experience and might serve as textbooks for economic development courses in less developed countries or as supplementary reading.

135. In connexion with the publication of materials to be used by those involved in the process of industrialization, it was considered that the Bulletin on Industrialization and Productivity had been a useful source of material on industrial development. The United Nations Secretariat should continue to include in the Bulletin material relating to problems of economic growth in general. Note was taken of the current policy of publishing articles by specialists relating to practical experience in industrialization and Productivity, and material relating to problems of economic growth in other regions. The United Nations publication, particularly, was noted as being a useful source of information.

136. The problem of distributing the Bulletin and other materials published by the United Nations dealing with industrial development was discussed. The need was stressed for ensuring that these materials reach those directly concerned with industrial development in underdeveloped countries. It was noted in this connexion that certain rules had been laid down by the General Assembly regarding control and limitation of documentation, but that the Committee expresses the hope that these might in due course be liberalized.

Work programme proposed by the Secretary-General

137. Consideration was given to the work programme proposed by the Secretary-General in document E/C.5/1 in the fields of training and management (area C) and the statements concerning work currently undertaken by the United Nations in these fields. During these discussions, account was also taken of documents E/C.5/7 and E/C.5/8 submitted by the ILO and UNESCO describing their relevant activities. It was noted that these activities had been expanded considerably in recent years and that further development of them was envisaged. Note was also taken of the statements by the representatives of ILO and UNESCO stressing the willingness of those organizations to give sympathetic consideration to any recommendation made by the Council for the development of their work in these fields. The Committee agrees that the programmes and facilities of the regional economic commissions and the specialized agencies should be taken into account in determining the work programme of the United Nations Secretariat at Headquarters in the fields of training and management and that the fullest use should be made of existing facilities in developing international activities.

138. With respect to the projects proposed by the Secretary-General, a number of members have stressed the importance of project C.1.a (Methodology and techniques for assessing requirements of trained personnel) and have urged that highest priority be given to the completion of this study. Others pointed out that this field and also that of management already enjoyed a high priority in the work of other agencies and they questioned whether the proposed projects represented the best use of the resources available. The representative of the Secretary-General pointed out that no duplication of activities was involved and stressed that there was to be full prior consultation between the United Nations and the interested specialized agencies in formulating and carrying out specific projects. It was generally agreed that project C.1.a and project C.2.a (Organization of working parties on industrial management) should be approved for the work programme of the Secretariat.

Recommendation regarding development of petroleum resources in less developed countries

139. At its tenth meeting, on 14 April 1961, the Committee considered the draft resolution on the development of petroleum resources in less developed countries, sponsored by Brazil and the United States of America (E/C.5/L.1/Rev.1).

140. Some delegations stated that the recommendation in the draft resolution did not contain new elements and that the question of the creation of national petroleum industries in less developed countries should be referred to the Intersessional Working Party of the Committee for the elaboration of additional practical recommendations to be discussed by the Committee at its second session.

141. Rather than adopt the draft resolution, the Committee decided, with the sponsors concurring, to incorporate the operative parts of the draft in its report. The Committee therefore recommends that the Economic and Social Council request the Secretary-General to make a study covering the methods of financing, as well as the capital requirements of petroleum exploration in less developed countries, taking into account information which may be available from other sources, such as the studies in this field prepared under the auspices of ECAFE and the International Bank for Reconstruction and Development, which initiated a recent study on this subject, and to make the study available to the Committee for Industrial Development at its second session.

Date and place of the next session

142. At its eleventh (closing) meeting, on 21 April 1961, the Committee considered the question of the date and place of its next session. It was agreed to recommend to the Economic and Social Council that the second session of the Committee should be held in 1962, at least three weeks before the opening of the spring session of the Council.

Part III
WORK PROGRAMME IN THE FIELD OF INDUSTRIALIZATION,
AND FINANCIAL IMPLICATIONS
OF THE COMMITTEE'S RECOMMENDATIONS

143. The Committee recommends that the Economic and Social Council adopt the following work programme, which is based essentially on the proposals of the Secretary-General as submitted in document E/C.5/L.2/Add.1 (see p. 16 below) and which includes the modifications adopted by the Committee.

144. At its eleventh meeting, held on 21 April 1961, the Committee had before it a note by the Secretary-General regarding the financial implications of its recommendations (E/C.5/L.2/Add.1). The account of the discussion of the subject appears in the summary record of the eleventh meeting (E/C.5/SR.11). The Committee took note of document E/C.5/L.2/Add.1 which is reproduced in Annex IV to the present report.

LIST OF PROJECTS APPROVED BY THE COMMITTEE

A. INDUSTRIAL DEVELOPMENT PROGRAMMING AND POLICIES

A.1 General aspects

A.1.a Questionnaire on experience and progress in field of industrial development—to be prepared in 1961 for distribution to Member States; a progress report on the preparation of the questionnaire to be submitted to the meeting of the Intersessional Working Group.

A.2 Techniques of industrial programming

A.2.a Use of models in programming—study completed.
A.2.f Organizational aspects of planning—to be initiated mid-1961, for completion, end 1962.
A.2.g Studies of implementation of planning in selected countries—to be initiated in mid-1961, for completion 1962.
A.2.h Maturation period of investment: to be undertaken in 1962, for completion in 1963.

A.3 Projections for individual industrial sectors

A.3.a Projection of demand for industrial equipment—under way—for completion in June 1961; further work to be undertaken in co-operation with ECE, completion in early 1962 (see project B.1.d).
A.3.b Projection of demand for machine tools—to be undertaken in co-operation with regional commissions for working party meeting in late 1963 (see project B.3.c).

A.4 Regional economic planning

A.4.a Survey of methods and experience in regional economic planning—a study of selected aspects to be initiated in late 1961, for completion late 1962.
A.4.b Industrial development aspects of urbanization: continuing project. The first stage, to cover countries of Africa south of the Sahara, is to be undertaken in co-operation with ECA, for inclusion in inter-agency concerted action programme on urbanization; to be initiated in 1961.

B. INDUSTRY STUDIES; ECONOMIC AND TECHNOLOGICAL ASPECTS

B.1 Pre-investment data

B.1.a Continuing project on pre-investment data, in co-operation with ECLA; collection and analysis of data for selected industries—cement and food canning industries to be completed in 1961.
B.1.b Working party on industrial development programming.*
B.1.c Industrial programming data in the ECAFE region—study presented to ECAFE second expert group on programming techniques, in Jan.—Feb. 1961; joint projects for the countries of this area under discussion.
B.1.d Equipment output ratios—a first study completed, final draft to be completed the autumn of 1961. Additional work to be undertaken in co-operation with ECE.
B.1.e Collection of other relevant industry information—continuing project; related to functions of proposed Industrial Development Centre.
B.1.f Collection and analyses of experience under bilateral, multilateral and other programmes of assistance to underdeveloped countries in the field of industrialization—continuing project related to the functions of the proposed Industrial Development Centre. Progress report to be submitted to second session of Committee.

B.2 Operating characteristics of industry

B.2.a Capital intensity in materials handling—implementation postponed.
B.2.b Adaptation of processes and equipment—study draft underway—for completion in 1961.
B.2.c Assembly industries—study to be undertaken in 1962 for completion in 1963.

B.3 Studies of individual industries

B.3.a Working party on the establishment of petro-chemical industries based on natural gas.*
B.3.b New developments in iron and steel technology.*
B.3.c Machine tool building*
B.3.d Basic chemicals and allied industries.*
B.3.e Preparatory work in connexion with an international conference on the application of science and technology to the needs of under-developed countries to be proposed by the Secretary-General for 1962.

C. TRAINING AND MANAGEMENT

C.1 Training

C.1.a Project on methodology and techniques for assessing requirements of trained personnel—to be initiated in early 1962, for completion in 1963.

* See the heading "Working Parties, Seminars and Related Meetings", below.
D.1. b [In co-operation with UNESCO and other interested agencies]. Preparation of a list of qualified training institutions in selected fields of industrial development; to be initiated in late 1961.

D.1. c [In co-operation with ILO, IBRD, UNESCO and other interested agencies]. Assistance in the establishment of or enlargement of specialized libraries for industrialization. Work to begin in 1961.

D.1. d [In co-operation with UNESCO, IBRD and other interested agencies]. Preparation of teaching materials on economic and industrial development. Preliminary discussions with the agencies to take place in 1961, following which it is envisaged that an expert working party will be convened in 1962.

C.2. Organization of working parties on industrial management.*

D. PROBLEMS OF SMALL-SCALE INDUSTRY

D.1. Industrial tracts and estates

D.1. a Financing of industrial estates—to be undertaken in early 1962, for completion late 1962.

D.1. b Seminars on industrial estates.*

D.2. Studies of co-operative and complementary arrangements

D.2. a Case studies—to be initiated in late 1962.

D.3. Survey of existing institutions for assistance to small-scale industry

D.3. a Series of case studies—to be initiated in late 1961, for completion end of 1962.

D.4. Studies of selected aspects of assistance

D.4. a Provision of finance; study to be undertaken in 1961, for completion 1962.

D.4. b Marketing and export promotion; study to be undertaken in 1961, for completion 1962.

E. FISCAL AND FINANCIAL PROBLEMS

E.1. Measures to promote exports of industrial equipment to under-developed countries; project, consisting of a survey and appraisal of the experience of different countries; to be initiated in late 1961, for completion early 1963.

Working Parties, Seminars and Related Meetings

B.1. b Working party on industrial development programming—co-sponsored with ECLA in co-operation with BTAO, early 1962.

B.2. a Working party on the establishment of petro-chemical industries based on natural gas—late 1962, in co-operation with the regional economic commissions and BTAO.

B.3. b New developments in iron and steel technology—a working party on this topic is to be co-sponsored with ECAFE and ECE in co-operation with BTAO; late 1962.

B.3. c Machine tool building—an interregional working party with the co-operation of the regional economic commissions and BTAO; 1963.

B.3. d Basic chemicals and allied industries—Headquarters to participate in an ECAFE seminar on these industries; late 1962, in co-operation with BTAO.

C.2. a Organization of working parties on industrial management—first working party in Latin American region in co-operation with ECLA and BTAO; late 1962.

C.1. b [In co-operation with UNESCO and other interested specialized agencies]. Preparation of a list of qualified training institutions in selected fields of industrial development; to be initiated in late 1961.

C.1. c [In co-operation with ILO, IBRD, UNESCO and other interested agencies]. Assistance in the establishment or enlargement of specialized libraries for industrialization. Work to begin in 1961.

C.1. d [In co-operation with UNESCO, IBRD and other interested agencies]. Preparation of teaching materials on economic and industrial development. Preliminary discussions with the agencies to take place in 1961, following which it is envisaged that an expert working party will be convened in 1962.

C.2. Organization of working parties on industrial management.*

D. PROBLEMS OF SMALL-SCALE INDUSTRY

D.1. Industrial tracts and estates

D.1. a Financing of industrial estates—to be undertaken in early 1962, for completion late 1962.

D.1. b Seminars on industrial estates.*

D.2. Studies of co-operative and complementary arrangements

D.2. a Case studies—to be initiated in late 1962.

D.3. Survey of existing institutions for assistance to small-scale industry

D.3. a Series of case studies—to be initiated in late 1961, for completion end of 1962.

D.4. Studies of selected aspects of assistance

D.4. a Provision of finance; study to be undertaken in 1961, for completion 1962.

D.4. b Marketing and export promotion; study to be undertaken in 1961, for completion 1962.

E. FISCAL AND FINANCIAL PROBLEMS

E.1. Measures to promote exports of industrial equipment to under-developed countries; project, consisting of a survey and appraisal of the experience of different countries; to be initiated in late 1961, for completion early 1963.

Working Parties, Seminars and Related Meetings

B.1. b Working party on industrial development programming—co-sponsored with ECLA in co-operation with BTAO, early 1962.

B.2. a Working party on the establishment of petro-chemical industries based on natural gas—late 1962, in co-operation with the regional economic commissions and BTAO.

B.3. b New developments in iron and steel technology—a working party on this topic is to be co-sponsored with ECAFE and ECE in co-operation with BTAO; late 1962.

B.3. c Machine tool building—an interregional working party with the co-operation of the regional economic commissions and BTAO; 1963.

B.3. d Basic chemicals and allied industries—Headquarters to participate in an ECAFE seminar on these industries; late 1962, in co-operation with BTAO.

C.2. a Organization of working parties on industrial management—first working party in Latin American region in co-operation with ECLA and BTAO; late 1962.

D.1. b Seminars on industrial estates—a first seminar for the ECAFE region, in co-operation with ECAFE and BTAO; late 1961.

DOCUMENT E/C.5/1*  
Proposals for a longer-term and expanded programme of work in the field of Industrialization  
Memorandum by the Secretary-General  
[Extracts]  
[Original text: English]  
[24 March 1961]  

PART I  
PROPOSALS FOR A LONGER-TERM PROGRAMME  
OF WORK

5. In drawing up the proposals for “a longer-term and expanded programme of work” requested by Economic and Social Council resolution 757 (XXIX), the Secretary-General has taken into account the terms of reference of the Committee for Industrial Development as set forth in Council resolution 751 (XXIX) ... and the debates on this subject at the twenty-ninth session. He has kept in mind resolution 1525 (XV) of the General Assembly ... and the debates in connexion with this resolution in the Second Committee. He has also kept in mind the recommendations contained in the report of the Advisory Committee on the Work Programme on Industrialization.*

* Note by the Secretariat. In order to facilitate the reading of certain sections of the present report, part I and annex I of document E/C.5/1 are reproduced below.

6. From the review undertaken for the preparation of these proposals, it became apparent that the principles set forth in the document on the five-year programme appraisal presented by the Secretary-General continue essentially to provide the general orientation for this work. At the same time, the content of the programme has greatly benefited from the views and recommendations expressed by governments and the advice of the Advisory Committee. Advantage has also been taken of the body of experience accumulated as a result of the Secretariat's activities in substantive support of United Nations technical assistance operations in the field of industry and economic development. One of the aspects of these activities is a continued flow of information from the field, which has been a unique and valuable source of material for the research work of the Secretariat. The results of this research work contributed in turn to strengthening the supporting activities. It is expected that this two-way process of mutual support of research and field activities will continue in the future. Some of the projects in the proposed research programme have been formulated bearing this interrelationship in mind.

* Idem, paragraph 14.
7. As another basic element in the elaboration of the programme, account was taken of the fact that the Committee, under operative paragraph 7 of its terms of reference, was given the task of assisting the Council in maintaining liaison between the activities in the field of industrialization of the regional economic commissions, the specialized agencies and the International Atomic Energy Agency, "with a view to ensuring the utmost efficiency and co-operation in [their] work".

8. In regard to the regional economic commissions, attention has been given in preparing these proposals to the most effective way in which the work in industrialization to be undertaken by the Committee and the regional economic commissions under their respective programme could be carried out so as to be complementary and mutually supporting. Indeed, the problems dealt with by the regional economic commissions have many elements in common and some of these problems are of interregional interest. It was considered that in all these cases an integrated approach would be highly fruitful, the Secretariat at Headquarters acting as a clearing house to promote an interchange of information and experience between regions and undertaking research in co-operation with the interested regional commissions in fields which are of common interest. This procedure, which has been already adopted for some projects under the current programme of work of the Secretariat is also being followed in the proposals. In addition to studies to be undertaken jointly by the Secretariat of the United Nations and the Secretariats of the regional economic commissions, the projects include the convening of regional and interregional working parties on selected topics in order to promote interchange of information and experience among countries.

9. As to the specialized agencies, some aspects of the co-ordination of the work in industrialization of the United Nations and the interested agencies are discussed in the document on "Suggestions for concerted action in the field of industrialization" which is submitted to the Committee in compliance with Council resolution 792 II (XXX).

10. The fields covered by the programme essentially follow the terms of reference of the Committee. They are:

A. Industrial development programming and policies;
B. Industry studies: economic and technological aspects;
C. Training and management;
D. Problems of small-scale industry;
E. Fiscal and financial aspects.

Research is also being carried out in the Secretariat on social and demographic aspects of industrialization. While the latter are not included among the terms of reference of the Committee, it appeared useful to present to the Committee for its information a summary of the proposed work in these fields under various related programmes.

Area A. Industrial development programming and policies

A.1 General aspects

11. Considerable research in development programming, including its purposes and scope, has been undertaken within the United Nations, in particular in the regional economic commissions. It is apparent that this is one of the areas in which the Secretariat at Headquarters is in an advantageous position to stimulate exchange of information and experience among regions and to undertake research on topics of interregional interest.

12. It is proposed, as a continuing project, that the Secretariat at Headquarters undertake to promote exchange of information and experience and engage, in co-operation with the interested regional commissions, in research in the general area of development programming with emphasis on industrial development. This would take the form of regional and interregional seminars and of joint research work, including a continuing review of relevant studies in this field. As a first step, a working party on industrial planning, to be co-sponsored by the Economic Commission for Latin America and organized in co-operation with the Bureau of Technical Assistance Operations, is scheduled for early 1962.

A.2 Techniques of industrial programming

13. Given the variations in political, institutional and economic environments of countries, it appears that the United Nations could usefully contribute by encouraging studies on various techniques of programming and formulation of industrialization policies and on the experience of countries in their use and implementation. The objective is to assist governments in selecting techniques and policies appropriate to their needs as well as to appraise and suggest improvements of the techniques currently in use.

A.2.a Use of models in programming

14. A first study on the use of models in programming has been completed and appeared in the fourth issue of the Bulletin on Industrialization and Productivity.

A.2.b Evaluation of projects in predominantly private enterprise economies

15. Another study in this area, now under preparation, deals with evaluation of industrial projects. An analysis is made of the techniques used in order to ensure that a project (defined as a unit of investment), which is considered for implementation, is consistent with an optimal allocation of resources, assuming given development targets and/or resource limitations. The study contains a discussion of the theoretical aspects of the problem and an analysis of the experience under technical assistance programmes in applying the techniques involved.

A.2.c Evaluation of projects in centrally planned economies

16. A parallel study under way deals with project evaluation in selected centrally planned economies. The study concentrates on three main areas: the criteria used by the planning agencies in the selection of projects; a description of the methods used in applying these criteria or proposed for use, including the values of the relevant coefficients; and the practical experience in applying these methods.

A.2.d A study of industrial growth

17. In this study an attempt is made to analyse the pattern of growth of the industrial sector in various countries with a view to assisting under-developed countries in formulation of policies regarding the pattern of development of the industrial sector. Since there are important differences among countries in the factors accounting for the process of industrialization, historical experience alone may not always be an adequate guide in this field.

18. This study has been undertaken in collaboration with the Research Center in Economic Growth of Stanford University. The study assumes that a variety of factors affect the course of industrial growth and tests the economic and statistical significance of the effect of a certain number of selected factors. An analysis is undertaken to determine the relationship of industrial output, both total and by principal branches, to the level of per capita income, the size of the country, the extent of government intervention in the develop-

---

6 See E/C.5/12.
6 See the following publications: Economic Commission for Asia and the Far East, Programming Techniques for Economic Development (United Nations publication, Sales No.: 60.II.F.3); Economic Commission for Latin America, Analyses and Projections of Economic Growth: An Introduction to the Technique of Programming (United Nations publication, Sales No.: 1955.II.G.2); Economic Commission for Africa, "Problems concerning techniques of development programming in African countries" (E/CN.14/42 and Add.1).

---

See also paragraphs 37 and 38 below.
6 See E/1446, paragraph 7 ("Progress report by the Secretary-General on the work programme on industrialization", Official Records of the Economic and Social Council, Thirty-first Session, Annexes, agenda item 5).
ment of the industrial sector and other factors which may be significant. The results obtained in the study may be used to interpret the experience of countries and to provide a basis for projecting industrial output.

A.2.e Long-term planning in centrally planned economies

19. Considerable experience has been gained in the centrally planned economies in developing various approaches to industrial programming, particularly as regards planning and programming of individual industrial branches. The proposed study covers the techniques for elaboration of medium- and long-term plans, so-called perspective planning, since the latter has many elements in common in these countries, while short-term planning is influenced to a large extent by local conditions and institutional elements which vary from country to country.

A.2.f Organizational aspects of planning

20. In a number of countries Governments are faced with the problem of establishing planning organizations and in several countries reorganization schemes are being considered. For these reasons a study on organizational aspects of planning is proposed. The study would cover the location of the planning bodies in the government machinery; their relationships with other government agencies; and the internal organization of these bodies as regards the functions of both national and sectoral planning, in particular, programming and planning of industry. The study would also deal with the mechanisms which provide for participation of the private sector in the planning process in mixed economies.

A.2.g Studies in implementation of planning in selected countries

21. Both in planned and mixed economies, considerable discrepancies sometimes develop between targets and achievements which may lead to serious difficulties (e.g. foreign exchange shortages) and result in substantial cutbacks in the original targets or goals. The proposed study would focus on problems of implementation which arise in mixed economies where plans or programmes involve a very large extent the cooperation of the private sector. The study would analyse the methods used by Governments in various countries to establish for major projects links between the planned targets and their implementation. The problem is one of whether an effective link or a "feedback" mechanism could be developed so that discrepancies are detected and adjustments made on a continuous basis (e.g. in the form of the so-called "open end" planning in the organizational arrangements or in the implementation itself).

A.3 Projections for individual industrial sectors

22. For purposes of industrial programming and formulation of industry policies, it is necessary to have information on future prospects in both domestic and international markets for given industrial sectors. Studies involving projections of various industrial products have been undertaken in several regional commissions. For example, the Economic Commission for Europe (ECE) has carried out a study on the long-term consumption prospects for steel and steel products, including forecasts of production and trade; while the focal point of interest was Europe, the study was carried out in a world setting. The Economic Commission for Latin America (ECLA) and the Economic Commission for Asia and the Far East (ECAFE) have carried out or are carrying out studies on steel. As other instances of such work the ECE is now engaged in a study of trends in production and trade in capital goods produced by the mechanical and electrical engineering industries in Europe. The ECAFE has studied the ECE study in that it would put its conclusions in the broader context of the world economy as a whole.

23. It is proposed to follow up this study by integrating its results with those obtained from the ECE project when they become available. As a first step it is proposed to undertake a study of the regional reorganization schemes being considered in these countries. For these reasons a study on the reorganization schemes is proposed. The study would deal with the mechanisms which provide for participation of the private sector in the planning process in mixed economies.

A.4 Regional economic planning

24. Work is under way on the projection of the demand for industrial equipment in under-developed countries. This study parallels a project undertaken by ECE referred to above which analyses the trends in production and trade in capital goods produced by the mechanical and electrical engineering industries in Europe. The study undertaken at Headquarters complements the ECE study in that it would put its conclusions in the broader context of the world economy as a whole.

25. It is proposed to undertake a series of studies in regional economic planning.

A.4.a Survey of methods and experience in regional economic planning

26. The application of the techniques of economic planning at the regional level presents a number of problems which are in many respects different from those in the more advanced countries where the pattern of industry and its location has been largely stabilized. In many of the former countries, regional industrialization represents a first stage in their industrial development; it is at that time that basic decisions have to be taken as to the appropriate types and location of industries.

28. As a continuing project, it is proposed to undertake a series of studies in regional economic planning.

A.4.b Industrial development aspects of urbanization in countries of Africa south of the Sahara

29. The following project is undertaken under a current programme for concerted international action in the field of urbanization which was formulated at an interagency meeting on social and related economic questions held in Geneva in July 1960. The objective of this action was to ensure an integrated approach to the problems of urbanization, taking into account the complex of interacting economic and social factors, such as agricultural, industrial and urban development and changing social institutions and services. This programme aims at assisting Governments in the planning and execution of programmes and projects in areas where the urbanization process is accompanied by special problems of social and economic adjustments. The United Nations participates in this programme together with several specialized agencies.

For details of the study, see E/3446, paragraphs 10 and 11.

See paragraph 52 below.
31. Under this programme, a number of studies in the economic field of particular relevance to the present programme of work have been proposed. The studies would relate to such fields as selection and location of industries in order to counterract urban unemployment; cost of social overheads; relation between urbanization and industrial growth and co-ordination of urban and national programmes of industrialization. A project now under discussion covers a certain number of selected countries in Africa south of the Sahara to be carried out in co-operation with the secretariat of the Economic Commission for Africa (ECA).

Area B. Industry studies; Economic and Technological Aspects

B.1. Industry pre-investment data

32. The use of the techniques mentioned earlier presupposes a body of knowledge on input, cost and investment requirements and other pertinent data for various industries. A considerable store of scattered and unorganized information is available but not in an immediately usable form, particularly as regards the applicability of the data to the needs of newly industrializing countries; the data are largely in the form of unrefined and uncorrelated cost of production and investment figures which are generally derived from industry practice in the developed countries.

33. The need for appropriate input and investment data has been acutely felt by the United Nations and outside groups working on problems of industrialization. In the regional commissions, the second group of ECAFE experts on programming techniques met in January 1961 to examine the use of industrial cost data for development programming. In ECLA, the need for these data has been felt in the work of advisory groups provided by ECLA under the United Nations technical assistance programme and of the newly revised economic development training programme which is to include industrial programming. In view of these requirements, the Secretariat at Headquarters has undertaken, as a continuing project, a study of the cement industry along the lines indicated above. Data are of particular interest to the ECLA region. A similar study of technology, scale of output and local conditions. A similar study of the production of technology and performance of factors of production. In the first stage, a group of industries will be studied, which have been selected on the basis of various criteria such as availability of data, complexity of the industry and relative importance in programming.

34. Thus the Secretariat at Headquarters is currently engaged in a study of the cement industry along the lines indicated above. Data for a number of countries are being collected and analysed in order to establish a schedule of "normal" inputs and bring out the influence of cost and local conditions. A similar study of selected food canning industries is also to be undertaken in the near future.

35. The results of the work undertaken during the first stage are to be discussed by a joint Headquarters/ECLA working group, with the participation of a number of outside consultants, which will meet in late spring 1961 at Headquarters. This group will review the results obtained in the first stage and make suggestions for further work. In the second stage of the project, it is proposed to revise and expand the first studies and widen the range of industries covered, bringing in, in particular, the metal working industries which are of special interest to the ECLA region.

B.1.b Working party on industrial development programming

36. A working party on industrial development programming in the Latin American region is scheduled for early 1962. This working party is being organized jointly with ECLA and in co-operation with the Bureau of Technical Assistance Operations (BTAO). Extra-regional participation of experts concerned with industrial development programming is expected. The date for the meeting is tentatively set for early 1962.

37. The objectives of this meeting are: (i) a review of the purposes, scope and methodological approaches to industrial development programming; (ii) an appraisal of the experience in that field, in particular, of the experience gained in connexion with the work of the ECLA advisory groups and other programming activities under United Nations technical assistance operations; (iii) an assessment of data requirements; the report on pre-investment data which will be submitted to the group will be evaluated from that point of view; (iv) formulation of suggestions for further research.

B.1.c Industrial programming data in the ECAFE region

38. In connexion with the ECAFE meeting on programming techniques mentioned above (paragraph 33), the Secretariat at Headquarters prepared a study on "Investment and current input data in industrial programming: a case study of some industries in the ECAFE region", which was submitted to the meeting. This paper discusses the problems set forth above which arise in elaborating data for programming and discusses some material available from the ECAFE region from that point of view. It concludes with suggestions for further work.

B.1.d A study of equipment/output ratios

39. A study undertaken under the present programme of work dealt with estimates of equipment requirements per unit of output for a certain number of broadly aggregated industrial sectors to be used in connexion with the study on projections of demand for equipment. For the purpose of the project these data were recalculated for broader output sectors which have been aggregated to correspond to the categories adopted in the projections.

40. The equipment coefficients thus obtained reflect primarily the United States technology in the early post-war period and other conditions of industrial organization and productivity prevailing in the United States. It is proposed to engage in further research in two directions: first, to undertake inquiries into equipment data in selected industries in certain under-developed countries to determine the extent of deviation from the United States practice; second, to collect additional detail on the composition of equipment requirements for given industrial processes so as to obtain meaningful data for solving the equipment problem on the supply side. This will make it possible to evaluate required equipment production capacities in relation to given industrial output, which should be of particular interest for the more advanced newly industrializing countries which envisage the expansion of national machine building industries. Co-operation of the regional economic commissions, in particular that of ECE, will be sought.

B.1.e Collection of other relevant information

41. Taking into account the requirements of servicing technical assistance operations in the field of industry and the suggestions made by the regional economic commissions as to their own requirements in this field, it is proposed to initiate the following long-term projects: (i) preparation of an annotated list of sources of pre-investment data, in particular for the use of technical assistance experts in countries where library facilities are inadequate; (ii) preparation of a directory of specialized industrial consultants, both

10 See in connexion Economic and Social Council resolution 740 C (XXVIII) mentioned in Annex I.

11 See E/3446, paragraphs 10 and 11.

12 See also project A.3.b above.
of individuals and consulting firms; (iii) preparation of a bibliography of directories of manufacturers of industrial equipment and construction engineering firms.

B.2. Operating characteristics of industries

43. In the past work of the Secretariat at Headquarters under the industrialization programme, a number of studies had been made on operating characteristics of selected industries, in such fields as labour-capital substitution and size of plant. The usefulness of these studies has been widely noted and it is proposed to continue this type of work. It is furthermore clear from the description of the project on pre-investment data that the study of operating characteristics of individual industries and processes is closely related to work in that area.

B.2.a Capital Intensity in materials handling

44. It has been noted on many occasions that an area which is particularly suitable for labour-capital substitution is material handling, where unskilled labour could replace mechanized handling methods without any loss of efficiency or quality of the finished product. It is proposed that a case study of materials handling in selected industries be undertaken along the lines of the previous studies in labour-capital substitution.

B.2.b Adaptation of processes and equipment

45. It has also been pointed out in the previous reports of the Secretariat that a strong case can be made for adaptation of industrial processes and equipment to meet the particular needs and resource availabilities of the newly developing countries. A project dealing with this problem is now under way. An analysis is being made of relevant published information on operating conditions and other data and of examples of the adaptation of processes and equipment which have been carried out so far. It is expected that the conclusion of this analysis will be useful in developing appropriate specifications for industrial processes and equipment which would reflect more realistically the labour capital and raw material endowment in the under-developed countries.

B.2.c Assembly industries

46. Such industries might be based in the earlier stages on imported parts and incorporate a substantial share of domestic value added in the final product. In the longer-run, with the development of national industry up to the required technical standards, the production of imported parts would be gradually taken over by the country itself. The introduction of assembly industries may thus provide a considerable impetus to local industrial development. The proposed study could concentrate on the economic and technical characteristics of suitable assembly industries to be considered by newly industrializing countries.

B.3 Studies of individual industries

B.3.a A working party on industries based on natural gas

47. The major petroleum producing countries of the Middle East, Latin America, North Africa and the Far East dispose of vast quantities of unused natural gas which is a by-product of their crude petroleum output. This by-product represents an equivalent in heat value of about 50 million metric tons of crude petroleum per year, of which a major portion is released as waste. Many of these countries have been making efforts to utilize this gas in their industrialization programmes and have formulated projects for manufacturing petro-chemicals, using the natural gas as a raw material. These projects absorb, however, only a small portion of the gases.

48. It is proposed to convene an interregional working party to study ways and means of developing industries based on natural gas waste. The meeting, to be held in late 1962, would undertake to study available experience and relevant economic and technological factors in establishing these industries.

New developments in industrial technology

49. It was noted above that there is need for a study of processes and equipment particularly suited to the resource endowment of under-developed countries. A number of technological innovations have appeared in recent years in various industries, a more intensive study of which appears to be particularly indicated in this context. As a continuing project, it is proposed to convene regional and interregional meetings on recent developments within selected industries of interest to under-developed countries so as to promote an interchange of information on the processes involved and examine the possible impact of these developments.

B.3.b Iron and steel

50. As a first project, discussions are under way with ECAFE and ECE for convening late in 1962, in co-operation with BTAO, a joint ECAFE-ECE/Headquarters working party on new developments in iron and steel technology. The ECE secretariat has already carried out a survey of the economic consequences of technological trends in the iron and steel industry and is at present engaged in a study of the changing pattern of steel-making in the light of recent technological change.

B.3.c Machine tool building

51. This industry is of considerable interest to the newly developing countries and some of the recent innovations such as automated methods of production, extensive use of interchangeable parts and consequent lowering of the cost of production, appear to be of considerable interest to the industrial countries, which are the major suppliers of machine tools, and to under-developed countries as both users and potential producers.

52. It is proposed to convene an interregional working party on recent developments in the technology of machine tool building in 1963. ECE, ECLA and ECAFE are interested in this problem. The purpose of the proposed meeting is to examine the implications of the recent technological changes in that industry (e.g. the potential savings in skilled labour requirements). As noted earlier, a topic also to be considered by this meeting is a projection of demand for these equipment items.

B.3.d Chemical and allied industries

53. At the invitation of the ECAFE secretariat, the Secretariat at Headquarters proposes to participate in a seminar on the development of basic chemical and allied industries, sponsored by ECAFE, in co-operation with BTAO, which will be held in October 1962 in Bangkok.

B.3.e Preparatory work for an international conference on application of science and technology to the needs of under-developed countries

54. The earlier proposals of the Secretary-General for a work programme in industrialization, which were presented to the Council at its twenty-first session, suggested systematic work in such areas as the development and more efficient use of indigenous resources and the international transfer of technology, including a re-evaluation from economic and technological points of view of industrial processes and equipment which have been largely developed to meet the conditions of highly developed countries. Work on this problem has been proposed in a number of projects in this section.

55. Following a suggestion by his Scientific Advisory Committee, the Secretary-General proposes to convene in 1962, in co-operation with the interested specialized agencies, an international conference on the application of science and technology to the needs of under-developed countries; the proposal is to be submitted to the Council at its thirty-second session. The Secretariat is engaged at the present time in preliminary work relating to the drafting of an agenda and other aspects of the organization of that meeting.

---

8 See E/2832, part II (Official Records of the Economic and Social Council, Twenty-first Session, Annexes, agenda item 5).
Area C. Training and Management

C.1 Training

56. As mentioned in part II, the work of the Secretariat at Headquarters is now centered around substantive support to the United Nations fellowship programme in industry. Discussions are now under way for an inter-agency concerted action programme in the field of training, in particular as regards the newly emerging States. In this connexion, the following project is proposed:

C.1.a Project on assessment of requirements for trained personnel

57. Training of manpower is an integral part of general industrial programming to ensure the balance between the demand for and supply of trained personnel. The purpose of this project is to survey and appraise the methodology in assessing short- and long-term requirements for trained personnel.

58. Preliminary discussions have taken place in the Latin American region where an inter-agency working party on skilled manpower was convened in 1960. It appeared from the discussions at that meeting that many of the questions relating to assessment of requirements such as the methodology of the assessment of needs and classification of skills, are of interregional interest, since these are bound to arise in other regions. It is proposed to begin work on these problems in co-operation with the regional economic commissions with a view to organizing a later date an interregional working party.

C.2 Management

59. As noted in previous publications of the Secretariat, the generally inadequate level of efficiency in industry in most under-developed countries is due, among other things, to such factors as lack of technical and managerial skills, including financial management (e.g. budgeting, cost accounting), insufficient use of equipment and poor organization of production.

60. A number of studies which were carried out in the early stage of the programme of work examined some aspects of the management problem. During recent years, however, the activities of the Secretariat at Headquarters were largely limited to servicing technical assistance operations and because of lack of resources, no further research has been undertaken. Under the expanded programme it is proposed to resume work in this area, in the form of convening regional and interregional working groups on selected topics.

C.2.a Organization of working parties in industrial management

61. As a first project, it is proposed to convene in Latin America sometime in 1962, in co-operation with BTAO, a joint Headquarters/ECLA working party on industrial management, in particular as regards management of industrial enterprises in the public sector. A number of under-developed countries, where a substantial part of the industrial sector is operated under public management, face problems relating to the administration and maintenance of proper operating efficiency in the publicly-run industries. In addition to participation by representatives of the public sector, participation of representatives of private industry will be sought.

Area D. Problems of Small-Scale Industry

62. It is proposed to expand the current research programme in the field of small-scale industry by further research on ways and means to deal with the structural weaknesses of that industry, including provision of servicing and other assistance. The proposed projects deal with such measures as locating small enterprises in industrial tracts and estates; promoting co-operative arrangements and establishing complementary relationships between them and large industries. The projects also deal with measures aimed at developing co-operation in financial, management and technological fields.

D.1 Industrial tracts and estates

63. A report on Establishment of Industrial Estates in Under-developed Countries has dealt with the role of industrial estates in policies of industrialization, with special reference to promotion of small-scale industries. It is proposed to hold a number of regional meetings in order to examine the problems arising in the establishment of industrial estates in the light of regional conditions and needs. These problems are of economic, financial and organizational nature and it is intended to investigate them in depth.

D.1.a Financing of industrial estates

64. It is proposed to undertake a study of the financial aspects of the establishment of non-specialized industrial estates for small industries in urban and rural locations. The proposed study would deal with financial problems relating to acquisition and improvement of sites; construction of factories and other buildings, provision of utilities, roads and other basic facilities; sales, lease and hire-purchase policies applying to sites and premises; and investment in plant and equipment and working capital.

D.1.b Seminars on industrial estates

65. A joint Headquarters/ECAFE seminar for the ECAFE region will be held in Madras (India) in late 1961 in co-operation with BTAO; ILO is expected to participate in the seminar. The items to be discussed at the seminar are: (i) objectives and policies in establishing industrial estates; (ii) planning the establishment of industrial estates (economic and physical planning); (iii) organization, management and financing of industrial estates; (iv) arrangements for co-operation between, and assistance to, small industries established on industrial estates; (v) industrial estates and development schemes of broader scope.

D.2 Case studies on co-operative and complementary arrangements

66. Case studies are proposed in order to examine the nature and role of such arrangements in mitigating the major structural weaknesses of the individual small enterprises by providing economies of scale and strengthening the competitive position of small-scale industry. Attention will be paid to the experience gained in certain countries, in particular Japan and India.

67. Three case studies are envisaged, to cover, respectively: (i) co-operative forms of association for processing, procurement, financing, marketing and shipping; (ii) complementary forms of organization which involve joint production programmes among small firms established in common or in separate locations, such as processing of each other’s products or manufacturing and assembling parts and components; (iii) subcontracting arrangements between small enterprises and large concerns; under such arrangements small enterprises manufacture parts and components for, or convert or finish the production of, large industries.

D.3 Survey of existing institutions for over-all assistance to small-scale industry

68. It is proposed to undertake a survey of the work performed by institutions which provide across the board assistance to small business and of legislative measures taken in different countries to promote the small industry sector.

D.4 Studies of selected aspects of assistance

D.4.a Provision of finance

69. Studies on the financing of small industrial establishments have already been published by the United Nations. It is proposed to examine the subject in greater depth by collecting and evaluating experience in various countries. The project covers such subjects as the establishment and operation of specialized institutions for financing small-scale industry through short-term and long-term credit; Government financing in the form of loans or participation in equity capital; Government credit guarantees and insurance and purchasing schemes; hire-purchase plans; supervised credit; fiscal and financial incentives.
D.4.b Marketing and export promotion

70. The project consists of case studies in selected countries, including a description of methods used by national institutions established for that purpose and a review of the relevant experience under technical assistance operations.

Area E. Fiscal and financial problems

71. There are two aspects to the problem of financing industries in underdeveloped countries. The first is concerned with ensuring that sufficient resources are available from the national output to be used for investment; in the less developed countries domestic capital formation may be generally expected to fall short of the level required for economic growth and industrial development and will have to be supplemented by foreign financing. The second aspect is the process whereby resources are channelled to industry to permit its expansion. These two aspects merge when international assistance, whether private, bilateral or multilateral, is given directly to specific industries either in the form of finance or in the form of equipment.

72. The contribution of foreign, private and public capital to economic and industrial development will be studied in the reports on the subject to be prepared by the Secretariat in conformity with Council resolution 780 (XX). The first report on this problem will be submitted to the Council at its thirty-second session. The Secretariat’s future programme of work in this field will be affected by General Assembly resolution 1521 (XV), establishing a committee to consider measures preparatory to the establishment of a United Nations capital development fund, and resolution 1516 (XV) on the economic consequences of disarmament.

73. The proposals under the present programme of work on industrialization deal with the second aspect of this problem.

E.i.a Measures to promote the export of industrial equipment to under-developed countries

74. It is proposed to undertake a study dealing with governmental assistance to facilitate export and delivery of industrial equipment to under-developed countries. This project would make a survey of various measures undertaken in equipment-exporting countries and appraise the results of these measures. In some cases, assistance has been given directly to specific industries while in other cases it has been channelled through domestic financial and development agencies. In the private enterprise economies, such measures may have taken the form of subsidies, export guarantees and reinsurance facilities offered by Government or semi-governmental agencies, as well as direct assistance through grants or credits for the purchase of specific equipment. In the centrally planned economies, these measures have included various arrangements facilitating exports of equipment accompanied by other measures of assistance, such as provision of experts.

Social and demographic aspects

75. The following studies, which relate to social and demographic aspects of industrialization and which are to be undertaken by the Secretariat under various programmes, are presented for the information of the Committee.

Urbanization

76. The concerted action programme on urbanization undertaken with the specialized agencies has been described above. With regard to the social aspects of this problem, proposals for work are to be submitted to the Social Commission at its thirteenth session in April 1961.

18 See also E/3446, paragraphs 17 and 18.
19 The Committee has under consideration resolution 1524 (XV) of the General Assembly which contains a recommendation on financing of economic development through long-term loans and in other advantageous ways and ensuring an increasing share in world trade for their products.

77. A study of the role of industrial social service and its place in an integrated national social service programme will be initiated in the period 1961—63, with the co-operation of the International Labour Organisation.

Community development

78. A study of the contribution of community development and self-help measures to economic and industrial development in Africa is to be undertaken in 1961—1963. This inquiry will draw upon the experience obtained in conducting a similar study in the ECAFE region.

Housing, building and planning

79. A discussion of developments with regard to the long-range programme of international action in the field of low-cost housing and community facilities and proposals for future work will be before the Social Commission at its thirteenth session.

Demographic aspects

80. During the next three-year period, it is planned to undertake a general survey of rural-urban migration in relation to urban and rural population growth in under-developed countries and to study the effects of urbanization and industrialization on the growth and structure of the economically active population. These studies will draw upon the experience gained in conducting a number of pilot projects in this field which have been described in the progress report.

Annex I

The development of the programme of work: review of past decisions of the Economic and Social Council and of the General Assembly

A. Establishment of a programme of work

1. It is not intended to present in this annex a detailed historical account of the activities of the Council and the General Assembly on industrialization. . . . The purpose of this review is to present the highlights of these activities.

2. At its nineteenth session, the Economic and Social Council had before it a report by the Secretary-General entitled Processes and problems of industrialization in under-developed countries. The following consideration of this and related documents, the Council adopted resolution 560 (XIX), which requested the Secretary-General:

"... to prepare and submit to the Council at its twenty-first session a survey of the work currently being undertaken under the aegis of the United Nations, including the specialized agencies, in matters relating to industrial development and the improvement of industrial productivity;"

"... in the light of this survey, the study on Processes and Problems of Industrialization in Under-Developed Countries and the related discussion at the [nineteenth] session of the Council, to prepare and submit to the Council at its twenty-first session a programme of work planned with particular reference to the question of accelerating industrialization and raising productivity in under-developed countries and of utilizing available forms of international assistance as fully and efficiently as possible for this end taking into account at the same time the important implications of international trade on that question;"

"... to indicate which parts of this programme might appropriately be undertaken by the regional economic commissions, taking full advantage of their resources and aptitudes."

3. The Secretary-General submitted to the Council, at its twenty-first session, two reports in implementation of the above resolution. The first report contained a survey of current work on industrialization and productivity by the United Nations, including the regional commissions, and by the specialized agencies, and discussed the scope of these activities by broad categories of subjects. An

---

80 See E/3446, paragraph 21.
81 Ibid., paragraphs 22 and 23.
82 E/2670 (United Nations publication, Sales No.: 55.II.B.1); prepared pursuant to ECOSOC resolution 461 (XV).
appraisal was made of the relative emphasis laid on the various areas of work and, whenever possible, of the reasons for such priorities. The activities of the various international bodies engaged in the work on industrialization were described in regard to their respective areas of competence and special interest. Some major findings and conclusions were presented.

4. In the second document, the Secretary-General submitted his "Proposals for a work programme in industrialization and productivity". In the preparation of this report, account was taken of the findings of the survey; of the related debates in the Council and the General Assembly; the available experience; and the current problems, particularly as they emerged from an analysis of the relevant activities carried out under the United Nations technical assistance programmes. In the course of the preparation of these proposals, it appeared after an assessment had been made of the needs and requirements of the countries engaged in the process of industrialization, that the magnitude of the task vastly exceeded the resources available to the Secretariat. Account had also to be taken of the fact that Secretariat resources were already committed under programmes either of continuing work arising from the pre-existing requirements of the Council and its subsidiary bodies, or of ad hoc projects designed to assist governments in certain immediate problems of economic policy. Under the circumstances, the carrying out within a period of time of an extensive programme of work in the field of industrialization would have required an expansion of resources which it was not realistic to anticipate. Consequently, rather than submit a programme of specific projects, it appeared preferable to map out in a general way a certain number of areas in which work would be required; in each area a few projects were presented by way of illustrations.

5. In drawing up this programme of work, the Secretary-General was guided by the following criteria:

(a) While attention was given to problems of planning, programming and developing the industrial sector as a whole, the programme would concentrate on the area lying between the assessment and allocation of resources and macro-programming of sector targets, on the one hand, and the designing of productive plant and facilities, on the other. In this area, the studies would involve a micro-economic approach based upon actual industry practice.

(b) Individual industries were to be studied mainly with a view to developing a methodology for further research. The relevant projects would be in the nature of case or prototype studies, the analysis of the economic and engineering data of the selected industry leading to the formulation of recommendations of general applicability.

(c) In general, the proposed work would seek to meet immediate needs arising in connexion with national or regional efforts to accelerate industrial development. In particular, the programme would be oriented towards supporting the activities in industry of the United Nations technical assistance programmes.

(d) Attention was to be given to problems of small-scale industry which plays an important part in many under-developed countries.

6. After examining the reports submitted by the Secretary-General, the Council in resolution 597 A (XXI) endorsed "in principle the proposals for work outlined in [document] E/2832 as a general framework for appropriate activities of the United Nations to be initiated in this field in the immediate future." It suggested that the Secretary-General "initiate work, within available resources, bearing in mind the wishes of less developed countries, the useful work done by the regional economic commissions and the necessity of avoiding duplication with the specialized agencies." It recommended that due consideration be given in implementing the programme to the debates in the Council, including suggestions made by members for activities to be undertaken, and requested the Secretary-General to report to the twenty-second session of the Council on the financial implications of the programme of activities being evolved.

7. In compliance with the above resolution, a number of projects were selected by the Secretary-General for earlier implementation and submitted to the Council at its twenty-second session. In making this selection, priority was given to projects likely to be of immediate practical interest and to projects which would make use of the fund of relevant information and experience available in the Secretariat, in particular in connexion with operations of the United Nations technical assistance programmes.

8. These projects were approved by the Council for immediate implementation. Further instructions regarding implementation were given by the Council at its twenty-third and twenty-fifth sessions when, in accordance with its earlier decision, it proceeded with annual reviews of the programme.*

B. Review of the programme by the Advisory Committee and under the five-year appraisal

9. At the twenty-fifth session, the Council invited the Secretary-General by resolution 674 A (XXV) to establish a committee of experts for the purpose of further reviewing the programme of work and making recommendations to the Secretary-General on its further development and implementation. Consequently the Secretary-General, in consultation with Governments, appointed ten experts with particular experience in economic and industrial development to an Advisory Committee on the Work Programme on Industrialization.

10. The Committee met at United Nations Headquarters from 4 to 14 February 1959 and submitted its recommendations in a report to the Secretary-General. As stated by the Committee in this report: "As a whole, the recommended programme derives from the existing one and is based on proposals of the Secretariat as amended and added by the Committee. In addition to proposing the Committee attempted to put some issues into both a broader perspective and a sharper focus."11

11. In the report, the Committee expressed the view that the research which had so far been carried out had been useful for the less developed countries, both as regards its nature and orientation. It made a number of recommendations concerning the future orientation of the programme; these recommendations were to the effect that studies on industrialization should provide governments of under-developed countries with a basis for practical action to promote general economic development; that an even closer relationship be established between projects under the programme on the one hand and the activities of the United Nations technical assistance programme and the newly-established Special Fund on the other; that the research work of the Secretariat, which had so far concentrated on the micro-economic aspects of industry, give more emphasis to studies of a macro-economic nature; and that systematic work relating to general development policies and techniques of programming economic development would greatly enhance the over-all effectiveness of the research activities.

12. At its twenty-seventh session the Council took note of the report of the Advisory Committee and requested the Secretary-General to prepare proposals for future work with a view to further discussion by the Council of priorities in the programme, particularly in connexion with the report to be submitted to the Council by the Secretary-General on a general appraisal of the United Nations programmes in the economic, social and related fields and which was to be discussed at its twenty-eighth session.

13. The Secretary-General's views on the further development of the programme of work on industrialization, based upon the recommendations of the Advisory Committee and taking into account the debates at the twenty-seventh session, were contained in the document "Programme Appraisal, 1959-1964" submitted to the Council at its twenty-eighth session. The latter document was noted by the Council in resolution 743 D (XXVIII).

14. The rationale and main lines of the Secretary-General's proposals in the above document have been stated as follows:

"The general orientation of the programme is such that studies on industrialization aim at providing information on which action

* See the following progress reports submitted by the Secretary-General: Official Records of the Economic and Social Council, Twenty-third Session, Annexes, agenda item 5, document E/2895, and ibid., Twenty-fifth Session, Annexes, agenda item 5, document E/3078.

1 See Official Records of the Economic and Social Council, Twenty-third Session, Annexes, agenda item 5, document E/3213, paragraphs 19.

2 E/3260, paragraphs 72 to 76, and E/3260/Add.1, chapter VIII, paragraphs 1 to 31.
by authorities in charge of industrial development would be based: in particular, these studies should contribute to promoting industrial development in under-developed countries both in the public and the private sectors. A close link is to be maintained between research projects under the programme and the activities in the field of industry under the United Nations technical assistance programme and those of the Special Fund; and there is also to be close co-operation with the work in industry of the secretariats of the regional economic commissions.

"In the development of the research programme, a greater emphasis than heretofore is to be given to: (a) studies in formulating plans and policies regarding the industrial and related sectors, including techniques of forecasting demand; (b) studies of external economies and of relationships between the development of the industrial sector and other sectors of the economy (e.g. agriculture), including the directly supporting sectors, such as power, transportation and other economic overhead facilities; (c) studies of the macro-economic aspects of the process of industrialization, such as capital formation and investment, the foreign trade and balance of payments aspects.

"The programme also includes studies involving micro-economic analysis of functional problems in industry, based on actual industry practice, such as have been already undertaken by the Secretariat on problems of capital intensity and size of plant with a view to developing a methodology for further research into these problems.

"The responsibilities of the Secretariat in the field of industrialization also include substantive servicing of technical assistance operations, including the fellowship programme; these activities are expected to expand substantially in the next years."

C. Establishment of the Committee for Industrial Development

15. At its fourteenth session, the General Assembly adopted resolution 1431 (XIV) in which it recommended that the Economic and Social Council "at its twenty-ninth session, give consideration to the prompt establishment of a commission for industrial development, without prejudicing the activities of the regional economic commissions in this connexion, and taking into account the views expressed during the discussion on this question at the [fourteenth] session of the General Assembly." At its twenty-ninth session, the Council established the Committee for Industrial Development under resolution 751 (XXIX), which also provided for the terms of reference of the Committee. In resolution 1525 (XV) the General Assembly, at its fifteenth session, took note of the action by the Council and recommended a certain number of additional functions in the terms of reference of the Committee.

a In further elaboration of the programme, the Council at its twenty-eight session requested the Secretary-General in resolution 740 C (XXVIII) to "... undertake, initially on a selective and experimental basis... the collection, analysis and dissemination of experience obtained in multilateral, regional, bilateral and national technical assistance in the field of industrialization...". In a subsequent exchange of views on the implementation of this resolution which took place during the thirtieth session of the Council, it was emphasized that this resolution requested the Secretariat to engage in collection and analysis of technical and economic data which would be of use in pre-investment studies, and that such material need not be confined to the sources indicated in the resolution but could be derived from other sources as well.
ANNEXES

ANNEX I

List of Delegations

Members of the Committee

AFGHANISTAN
Representative:
Mr. Abdul Samad Ghaus, Attaché, Permanent Mission

BRAZIL
Representative:
Mr. Miguel Ozório de Almeida, Minister Plenipotentiary, Ministry of External Relations
Adviser:
Mr. Marcio Rego Monteiro, Second Secretary of Embassy, Permanent Mission

BULGARIA
Representative:
H.E. Mr. Yordan Tchobanov, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations
Alternate Representative:
Mr. Serafim Serafimov, First Secretary, Permanent Mission

DENMARK
Representative:
Mrs. Nonny Wright, Counsellor of Embassy, Permanent Mission
Adviser:
Mr. Anker Hansen, Scientific Adviser

EL SALVADOR
Representative:
H.E. Dr. Miguel Rafael Urquía, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations
Alternate Representative:
Dr. Francisco Antonio Carrillo, Minister Plenipotentiary, Alternate Representative to the United Nations

ETHIOPIA
Representative:
Ato Kifle Wodajo, Officer-in-charge of the Economic Department, Ministry of Foreign Affairs
Alternate Representative:
Ato Girma Abebe, Second Secretary of Embassy, Permanent Mission

FRANCE
Representative:
Mr. Jean Ripert, Head of Planning Service, Investment and Productivity Board
Alternate Representative:
Mr. Maurice Viaud, Minister Plenipotentiary, Permanent Mission

Technical Advisers:
Mr. Georges Plescoff, Inspector of Finance, Director of Deposit and Consignment Office
Mr. Alain Dancaud, Second Secretary of Embassy, Permanent Mission
Mr. Roger Malicot, Commercial Attaché, New York

FEDERAL REPUBLIC OF GERMANY
Representative:
Professor Otto Donner, German Executive Director of the International Bank for Reconstruction and Development
Alternate Representatives:
Mr. Ewald Kalkhorst, Counsellor, Federal Ministry of Economics, Dr. Guido Brunner, Second Secretary, Office of the Permanent Observer to the United Nations

INDIA
Representative:
H.E. Mr. B. K. Nehru, Ambassador Extraordinary and Plenipotentiary, Commissioner-General for Economic Affairs, Washington
Alternate Representative:
Mr. C. S. Krishna Moorthi, Economic Counsellor, Embassy, Washington
Adviser:
Mr. Shiam Sunder Nath, First Secretary, Permanent Mission

ITALY
Representative:
Mr. Mario Franzi, Counsellor, Economic and Social Council Affairs, Permanent Mission
Alternate Representative:
Mr. Mario Sarcinelli, Adviser, Economic Affairs, Permanent Mission

IVORY COAST
Representative:
H.E. Mr. Konan Bedie, Ambassador Extraordinary and Plenipotentiary to the United States of America
Alternate Representatives:
Mr. Félix Kouao Ahoussi, Attaché, Permanent Mission, Mr. Mohammed T. Diawara, Technical Adviser, Ministry of Finance, Economic Affairs and Planning

JAPAN
Representative:
Mr. Masayoshi Kakitsubo, Minister, Deputy Permanent Representative to the United Nations
Alternate Representative:
Mr. Saburo Okita, Director, Planning Bureau, Economic Planning Agency

Advisers:
Mr. Shunichi Kuroswa, Director, Resources Bureau, Science and Technics Agency,
Mr. Masao Ito, First Secretary, Permanent Mission,
Mr. Shozo Kadota, Third Secretary, Permanent Mission

JORDAN
Representative:
Dr. Muhammad H. El-Farra, Deputy, Permanent Representative to the United Nations

MADAGASCAR
Representative:
H.E. Mr. Louis Rakotomalala, Ambassador, Permanent Representative to the United Nations

Alternate Representative:
Mr. Rémi Andriamaharo, First Secretary of Embassy, Permanent Mission

Adviser:
Mr. John Bernard, Secretary

MEXICO
Representative:
Mr. José Campillo, President of the Chamber of Mining of Mexico

Alternate Representative:
Mr. Francisco Apodaca y Osuña, Secretary-General of the National Council of Foreign Trade

NEW ZEALAND
Representative:
Mr. W. A. E. Green, First Secretary, Permanent Mission

Alternate Representative:
Mr. W. B. Harland, Second Secretary, Permanent Mission

PAKISTAN
Representative:
H.E. Mr. Said Hasan, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations

Alternate Representative:
Mr. Yusuf J. Ahmad, Second Secretary, Permanent Mission

PERU
Representative:
Dr. Jorge Pablo Fernandini, Counsellor, Permanent Mission

PHILIPPINES
Representative:
H.E. Mr. Joaquin Miguel Elizalde, Ambassador, Economic Adviser, Permanent Mission

Alternate Representative:
Mr. Hortencio J. Brillantes, Minister, Permanent Mission

Adviser:
Mr. Faustino C. Remolador, Attaché, Permanent Mission

POLAND
Representative:
Professor Tadeusz Lychowski, Economic Minister, Embassy, Washington

Adviser:
Mr. Wlodzimierz Natorf, Second Secretary, Permanent Mission

SPAIN
Representative:
Mr. Gabriel Mañueco, Secretary of Embassy, Permanent Mission

Alternate Representative:
Mr. Fermín de la Sierra, Secretary-General of the National Commission of Productivity

SUDAN
Representative:
Mr. Mohamed Abdel Maged Ahmed, Minister Plenipotentiary, Embassy, Washington

Alternate Representative:
Mr. El Nur Ali Suleiman, Counsellor, Permanent Mission

TUNISIA
Representative:
Mr. Chedly Ayari, First Secretary, Permanent Mission

UNION OF SOVIET SOCIALIST REPUBLICS
Representative:
Mr. V. A. Sergeev, Member of the State Committee for External Economic Relations of the Council of Ministers

Alternate Representative:
Mr. E. N. Makeev, Adviser, Permanent Mission

Adviser:
Mr. L. N. Astafyev, Third Secretary, Permanent Mission

UNITED ARAB REPUBLIC
Representative:
Dr. Abou Bakr Hussein Abdel Ghaffar

Alternate Representative:
Mr. Adel El-Garhi, Economic Attaché, Permanent Mission

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
Representative:
Mr. H. T. Weeks, C.M.G., Deputy Chairman, Truscon Ltd., Director, Finance Corporation for Industry Ltd., Member of Economic Planning Board

Alternate Representatives:
Mr. M. W. Errock, First Secretary, Permanent Mission
Mr. William Bentley, First Secretary, Permanent Mission
Mr. W. C. C. Rose, C.B.E., Embassy, Washington

UNITED STATES OF AMERICA
Representative:
Mr. Teodoro Moscoso, Administrator, Economic Development Administration in Puerto Rico

Alternate Representative:
Mr. Robert L. Berenson, Consultant to the Director, International Co-operation Administration, Washington

Advisers:
Mr. Milton A. Berger
Mr. Seymour M. Finger, Senior Adviser, Economic and Social Affairs, Permanent Mission,
Mr. Sidney Schumukler,
Mr. James Silberman

URUGUAY
Representative:
Mr. Aurelio Pastori, Member of the Provisional Committee of the Latin American Association of Free Trade
Representative:
Dr. Ignacio Silva Sucre, Minister, Permanent Mission

YUGOSLAVIA
Representative:
Dr. Branko Horvat, Head Research Division, Federal Planning Board
Advisers:
Dr. Branko Karapandža, Counsellor, Permanent Mission
Mr. Branko Radivojević, Third Secretary, Permanent Mission

Members of the United Nations represented by Observers

ARGENTINA
Observer:
Dr. Héctor Bernardo, Economic Counsellor, Permanent Mission

CANADA
Observer:
Miss Gay Sellers, Third Secretary, Permanent Mission

CZECHOSLOVAKIA
Observers:
Dr. Zdeněk Černík, Envoy Extraordinary and Minister Plenipotentiary, Deputy Permanent Representative to the United Nations,
Dr. Evžen Žápotocký, Second Secretary, Permanent Mission,
Mr. Jiří Jambor, Third Secretary, Permanent Mission

INDONESIA
Observer:
Mr. J. B. P. Maramis, Counsellor of Embassy, Permanent Mission

ISRAEL
Observer:
Miss Hava Hareli, Counsellor, Permanent Mission

ROMANIA
Observer:
Mr. Emeric Dimbu, Second Secretary, Permanent Mission

SWEDEN
Observer:
Mr. Bertil Bolin, Secretary of the Swedish Confederation of Trade Unions

Specialized agencies

INTERNATIONAL LABOUR OFFICE
Mr. N. N. Franklin, Economic Adviser,
Mr. Henri Reymond, Director, Liaison Office with the United Nations

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
Mr. J. L. Orr, Director, Liaison Office with the United Nations,
Mr. C. W. McLean, Regional Economist, Regional Office for North America

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION
Mr. Arthur Gagliotti, Deputy Director, Liaison Office with the United Nations

WORLD HEALTH ORGANIZATION
Dr. R. L. Coigney, Director, Liaison Office with the United Nations

International Atomic Energy Agency
Mr. Andrey I. Galagan, Representative of the Director-General, Liaison Office with the United Nations,
Mr. Alwyn V. Freeman, Deputy Representative of the Director-General, Liaison Office with the United Nations

Non-Governmental Organizations

CATEGORY A
International Chamber of Commerce: Mrs. Roberta M. Lusardi
International Confederation of Free Trade Unions: Mr. William Kemsley, Mr. Marvin A. Schlaff
World Federation of Trade Unions: Mr. Philip M. Connelly

CATEGORY B
Chamber of Commerce of the United States: Mr. Earl F. Cruickshank

ANNEX II

Terms of reference of the Committee for Industrial Development

751 (XXIX). Establishment of a Committee for Industrial Development

The Economic and Social Council,

Having considered General Assembly resolution 1431 (XIV) of 5 December 1959,

Convinced of the need to accelerate the process of industrialization of under-developed countries, by the expansion of the means of providing advice, information and assistance through the United Nations in the planning and execution of their industrial development, and to keep the General Assembly informed of the pace of their industrial growth,

Bearing in mind the value of developing new approaches to industrial development, by bringing together the heads of national economic development agencies or other qualified experts from less industrialized and from highly industrialized countries to discuss problems of common concern on the basis of their respective views and experiences,

Establishes a standing Committee for Industrial Development with the following terms of reference:

1. The Committee for Industrial Development shall advise the Economic and Social Council in the matters related to the acceleration by less industrialized countries of their industrial development, and to this end it will:
   (a) Examine for the Council the work programme on industrialization and make recommendations concerning its further development;
   (b) Initiate, propose and encourage studies and seminars dealing primarily with:
      (i) The most effective application of modern industrial methods of production and management techniques to the establishment and operation of industries in the under-developed countries;
      (ii) Economic programming techniques as applicable to industrialization;
      (iii) Financial, fiscal and administrative policies conducive to the acceleration of industrial development;
      (iv) Effective techniques of distribution and marketing of industrial products, taking into account the progressive industrialization of under-developed countries;
(c) Undertake, propose or encourage the collection, evaluation and dissemination of information derived from the studies under sub-paragraph (b) above and of other information relevant to industrialization;

(d) Perform such other relevant functions as the Council may assign to it from time to time.

2. The Committee may establish or propose ad hoc bodies to facilitate its tasks.

3. The Committee shall exercise its functions without prejudice to the activities of the regional economic commissions.

4. The Committee shall consist of all members of the Economic and Social Council together with an additional six members to be elected for three-year terms by the Council from amongst States Members of the United Nations or members of the specialized agencies or the International Atomic Energy Agency with due consideration to the principle of geographical distribution and to the adequate representation of under-developed countries in view of the fact that their industrial development is the main objective of the Committee. The Committee is authorized to sit, with the approval of the Council, while the Council is not in session. In the event that any of the six additional members becomes a member of the Council, the Council shall elect another State to the membership of the Committee for the remainder of the term of office of that member.

5. Any State Member of the United Nations or member of the specialized agencies or of the International Atomic Energy Agency not represented on the Committee may bring to the attention of the Committee any problem relating to its industrial development and take part, in a consultative capacity, in the deliberations on the subject.

6. The States members of the Committee should endeavour to designate representatives who hold key functions in the planning or execution of national economic development or other experts qualified to discuss the problems of industrial development.

7. The Committee shall assist the Economic and Social Council to maintain the necessary liaison between the activities in the field of industrialization of the regional economic commissions, the specialized agencies, the International Atomic Energy Agency and other bodies working in the same field, with a view to ensuring the utmost efficiency and co-operation in their work.

8. The Committee shall report and make its recommendations to the Economic and Social Council.

9. The agenda of the Committee shall be established in accordance with paragraph 1 above.

1105th plenary meeting, 12 April 1960.

1525 (XV). Activities of the United Nations in the field of industrial development

The General Assembly,

Recalling its resolution 1431 (XIV) of 5 December 1959, which recommended that the Economic and Social Council give considera-

tion to the prompt establishment of a commission for industrial development,

Noting Economic and Social Council resolution 751 (XXIX) of 12 April 1960 on the establishment of the Committee for Industrial Development,

Taking into consideration the substantial interest of the economically less developed countries in developing their own industries as one of the main ways of diversifying their economic structures and developing their national economies generally,

Being convinced that the activities of the United Nations in the field of industrial development should be widened and accelerated,

1. Recommends that the Committee for Industrial Development should consider in drawing up its programme of work, in conjunction with the functions set forth in Economic and Social Council resolution 751 (XXIX), the following:

(a) To review the methods and techniques of programming general industrial development which have been evolved by different countries and regions, and to contribute to international co-operation in this field;

(b) To work out general conclusions on the basis of the experience of industrial development in all countries with a view to promoting the exchange of experience in the field of industrial development between countries of different regions and having differing economic systems;

(c) To encourage the preparation of long-term economic projections in the field of industrial development, taking into account social aspects of industrialization in the economically less developed countries as well as its influence on international economic relations and trade;

(d) To follow developments in the field of the financing of new industries in the economically less developed countries and to make appropriate recommendations thereon;

2. Recommends that the Economic and Social Council at its resumed thirtieth session enlarge the membership of the Committee for Industrial Development to thirty members in order to ensure a more balanced representation of Member States in that Committee, in accordance with the principles enunciated in paragraph 4 of the Committee's terms of reference as set forth in Economic and Social Council resolution 751 (XXIX) and taking into account, in particular, the countries of Africa;

3. Appeals to the Governments of the States members of the Committee for Industrial Development to designate their representatives to the Committee in the near future and in accordance with the principle set forth in paragraph 6 of its terms of reference;

4. Decides to include in the General Assembly's provisional agenda, beginning with the sixteenth session, an item entitled "Industrial development and activities of the organs of the United Nations in the field of industrialization".

948th plenary meeting, 15 December 1960.

ANNEX III

List of documents before the Committee at its first session

A

E/3446 and Corr.1 Progress report by the Secretary-General on the work programme on industrialization (Official Records of the Economic and Social Council, Thirty-first Session, Annexes, agenda item 5)

E/C.5/1 Proposals for a longer-term and expanded programme of work in the field of industrialization: memorandum by the Secretary-General

E/C.5/2 Suggestions for concerted action in the field of industrialization: memorandum by the Secretary-General

E/C.5/3 and Add.1 Development of the petroleum industry in the less developed countries: note by the Secretary-General

E/C.5/4 Financing of economic development of less developed countries through long-term loans and in other advantageous ways and ensuring an increasing share in world trade for their products: note by the Secretary-General

E/C.5/5 Provisional agenda for the first session

E/C.5/6 Statement by Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs

E/C.5/7 Elements in the work programme of the ILO relating to industrialization
The following papers were also made available to the Committee for information purposes:

- *Bulletin on Industrialization and Productivity* No. 4 (United Nations publication, Sales No.: 60.II.B.2)
- *Establishment of Industrial Estates in Under-developed Countries* (United Nations publication, Sales No.: 60.II.B.4)
- *Guide for preparing first-draft pre-investment data summaries* (Joint Headquarters/CCLA industrial development programming project, New York, 31 October 1960)
- *A study of equipment/output ratios* (prepared in the same conditions as the preceding paper)
- *Evaluation of projects in predominantly private enterprise economies* (preliminary draft prepared by the United Nations Division of Industrial Development to appear in the *Bulletin on Industrialization and Productivity* No. 5)

### ANNEX IV

#### Statement of financial implications submitted by the Secretary-General

1. The draft work programme relating to research projects, seminars, working parties and related meetings, submitted to the Committee during the session: 

   - *Approach to industrialization* (paper by the Brazilian Delegation, submitted to the Working Group of the Committee as Conference Paper No. 1, 3 April 1961)
   - *Statement concerning the implications in terms of staff requirements of the proposals for longer-term and expanded work in industrialization* (working paper prepared by the Secretariat for the Working Group, E/C.5/W.P.1, 3 April 1961)
   - *Note on training* (prepared by the Secretariat for the Working Group, Conference room paper No. 2, 4 April 1961)
   - *Note on management* (Prepared by the Secretariat for the Working Group, Conference room paper No. 3, 4 April 1961)

2. The listing of the projects below follows the organization of the report (paras. 67 to 138). With some exceptions, financial implications are given only for projects the implementation of which could not be absorbed within existing resources.

3. Principal responsibility within the Secretariat at Headquarters for carrying out work in the field of industrialization lies with the Division of Industrial Development in the Department of Economic and Social Affairs. Other units in the Department are involved in some aspects of this work, following the established practice to make full use of the resources and competence in the various units of the Organization. As indicated in the documents submitted by the Secretariat, the responsibilities under the programme of work include both research and studies and substantive support of the operational activities of the United Nations in the field of industrial development under the technical assistance programmes and the Special Fund.

   - *Establishment of an industrial development centre within the United Nations Secretariat* (paras. 75 and 76 of the report)

4. It is proposed that the centre be established within the Division of Industrial Development so that it could draw upon the experience and competence available in that unit since its work to a considerable extent would be related to the functions of the centre. The operation of the centre would require, however, additional resources to enable it to discharge the comprehensive functions under the proposed terms of reference. It is proposed to proceed by stages. It is estimated that in the initial stage additional staff would be required, comprising three professional posts (1 senior officer, 1 first officer and 1 associate officer) and four posts in the general service category, including two clerks. This staff would be needed during the last four months of 1961 and on a continuing basis thereafter. On the basis of the experience gained in the initial stage of operation of the centre, a report would be presented to the Committee at its second session on the further development of the work of the centre.

5. The salaries and related costs in respect of the staff above are estimated as follows (it is anticipated that the 1961 costs could be absorbed within existing resources):

<table>
<thead>
<tr>
<th>1961</th>
<th>1962</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (gross)</td>
<td>$12,300</td>
</tr>
<tr>
<td>Common staff costs</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

6. The establishment of the group would not result in any additional costs to the United Nations, since it is anticipated that the group would meet at Headquarters and would consist of government representatives whose travel and other expenses would be met by the Governments concerned.

7. A questionnaire would be prepared by the Secretariat and circulated to member States to elicit information on various aspects of industrial development.

8. The preparation of the questionnaire would require the services of three consultants at Headquarters for a period of one week in 1961. Travel and subsistence costs in respect of each consultant are estimated at $1,500 and remuneration at $250 (five days at $50 per day); the total cost for three consultants is estimated at $4,800 to be met from existing resources.

9. Assuming that the replies from governments to the questionnaire would amount to a total of about 1,500 pages and that they would be issued in 1962, the reproduction costs are estimated at $9,000 and translation costs into English, French and Spanish at $30,000.
Preparation of teaching materials (para. 134 of the report)

10. The Committee recommends that the United Nations Secretariat should undertake to prepare, in co-operation with UNESCO, IBRD and other interested agencies, teaching materials on economic development, with emphasis on industrialization. It is assumed that consultations on this matter would be held at an interagency meeting in 1961 and that each participating organization would cover the travel and subsistence costs of its representative. It is believed that the costs for the United Nations could be absorbed within existing resources. It is also anticipated that the inter-agency meeting on this subject would most probably result in the convening of a group of two experts from each agency for two weeks. This group would meet early in 1962 at a site to be decided upon and draft an operational plan which would be submitted to the Committee at its next session. On the assumption that each agency would finance the costs of the two experts appointed by it, the cost to the United Nations in respect of its two experts would amount to $4,000 ($1,200 for travel, $500 for fees for ten working days at $50 per day and $300 for subsistence for 15 days in respect of each expert). The operational plan, including a statement of any financial implications arising from its recommendations, would be presented to the Committee at its second session.

Research work projects and preparation of documentation for working parties, seminars and other meetings (paras. 86, 122 and 138 of the report)

11. Under arrangements of work in the Division of Industrial Development, the staff is engaged interchangeably in research, operational activities and field assignments. In order to carry out the expanded programme of work relating to research studies it would be necessary to engage additional staff amounting to the equivalent of six professional posts (1 senior officer, 2 first officers, 2 second officers and 1 associate officer) and three secretarial-clerical staff, beginning in 1962. The annual salary costs (gross) are estimated at $75,000 and the common staff costs at $11,700.

12. The increased workload already being experienced in connexion with the responsibilities of the Division in servicing activities under the technical assistance programmes and the Special Fund (see paras. 81 to 90 of document E/C.5/1) will necessitate the addition to the existing staff of the equivalent of three man years in the professional category in 1962. The Secretary-General proposes to include a financial provision toward these needs in his initial budget estimates for 1962.

Staff travel requirements

13. It is expected that the work programme, as recommended by the Committee particularly in the implementation of projects on case studies, will entail additional travel by staff at a cost of about $4,000 per year, beginning in 1962.

Summary

14. Should the proposed work programme be approved by the Economic and Social Council, the Secretary-General would endeavour to absorb the costs arising in 1961 within existing appropriations and would request the General Assembly at its sixteenth session to make appropriate revisions in the initial budget estimates for 1962 to cover the additional costs relating to new work. Costs of a recurring nature would be provided for in initial budget estimates for subsequent years.

15. The Committee will note that some of the projects relating to the convening of working parties and seminars, which are to be implemented jointly with regional economic commissions, are financed or are expected to be financed under the regular technical assistance programmes.