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*Chairman: Mr. Ismael THAJEB (Indonesia).*

*In the absence of the Chairman, Mr. Fernandini (Peru), Vice-Chairman, took the Chair.*

## AGENDA ITEM 33

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

- (c) *Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions (E/3786, E/3798, A/5584, A/C.2/L.742/Rev.1) (continued)*

1. Mr. VIDAL ZAGLIO (Uruguay) said that the Secretary-General's report (E/3786) and the report of the Advisory Committee on Administrative and Budgetary Questions (A/5584) showed that satisfactory progress had been made in furthering the policy of decentralization laid down three years previously by the General Assembly and the Economic and Social Council. He therefore welcomed the draft resolution (A/C.2/L.742/Rev.1) and particularly the attempts to meet the needs of those Member States which were not members of any regional economic commission. The Ukrainian amendment (A/C.2/L.762) seemed unnecessary. The first and third Sudanese amendments (A/C.2/L.763) seemed to be almost identical, while the second had the effect of removing the emphasis placed on the United Nations Office in Beirut.

2. Mr. GHAUS (Afghanistan) recalled that the word "decentralization" had come into use as soon as the first regional economic commission had been established. It really meant an increase in the effectiveness of the United Nations machinery. But in recent years, attempts had been made to decentralize United Nations activities without due regard to the maintenance of an adequate balance between Headquarters and the regional offices. In the interest of co-ordination, efficiency and economy, many United Nations activities should, by their very nature, be centralized at Headquarters.

3. He reiterated the views of his delegation on the subject of decentralization which had been put forward at the thirty-second session of the Council (1156th meeting). As a member of ECAFE, his delegation wanted that commission and all the others to be strengthened, so as to enable them to execute effectively those projects which were of a purely regional character. As the regional economic commissions had to work more or less according to a pattern common to the whole region, which comprised countries with vastly different characteristics, the assistance given, particularly in connexion with country programming, might not prove valuable in practice. For national projects, therefore, the developing countries should have direct contact with Headquarters. In that connexion, the role of the resident representatives should be strengthened. Countries should have a free choice of programmes, which should be drawn up at the country level by the Governments themselves. Decentralization must be a balanced process and undertaken with extreme caution. The shortage of well-trained personnel in the developing countries was quite serious. The difficult problem of finding qualified staff for the regional economic commissions without depriving countries of their trained civil servants must always be kept in mind, because it was understood that the regional commissions should be staffed by nationals of the countries of the region. If a regional commission were burdened with heavy responsibilities and staffed with mediocre personnel, would that mean that a second-rate agency was acceptable only for the sake of decentralization?

4. His delegation accepted the draft resolution because it endorsed the legitimate aspirations of the Arab countries of the Middle East to strengthen the United Nations Office in Beirut. But the inclusion of the word "vigorously" in paragraph 1 might be misleading. Paragraphs 2 and 5 might have been differently worded to bring out the need for direct contact between recipient countries and Headquarters. He agreed with the New Zealand representative that the use of the word "accelerated" in paragraph 8 was unfortunate. He supported the policy of strengthening the United Nations Office in Beirut on the understanding that the sponsors were not trying to introduce any new measures or ideas, as the Jordanian representative had explained (930th meeting). If any further amendments were made in the text, he would have to review his position.

5. Mr. WHYTE (United Kingdom) said that the policy of decentralization set forth in General Assembly resolution 1823 (XVII) and Economic and Social Council resolution 955 (XXXVI) had been consistently supported by his delegation. While accepting the assurances given by the Jordanian representative that the draft resolution was not designed to introduce any new measures or ideas, he wondered whether the text could not be abbreviated. For example, as indicated in operative paragraph 4, the establishment

of a technical assistance co-ordination unit in the United Nations Office in Beirut was already dealt with in Council resolution 955 (XXXVI). It seemed hardly necessary to repeat that recommendation in paragraph 6. Again, in paragraph 5, it seemed superfluous to state that the regional economic commissions and the United Nations Office in Beirut were the principal United Nations bodies in the economic and social field in the various regions. It might be a good idea to invite the director of the United Nations Office in Beirut to attend annual meetings with the executive secretaries of the commissions, but was it really necessary to include such a request in a General Assembly resolution? Paragraph 7 might therefore be deleted.

6. The Ukrainian amendment seemed to suggest that all four regional economic commissions should be strengthened equally, but the Committee might take the view that the case for strengthening ECAFE, ECLA and ECA, which comprised mostly developing countries, was stronger than that for strengthening ECE, whose members were mostly advanced countries. At all events, the amendment would confirm something that was not the case in the first place.

7. He supported the remarks made by the French representative at the preceding meeting concerning the first Sudanese amendment and would prefer the Secretary-General's report to be submitted to the General Assembly at its twentieth rather than at its nineteenth session.

8. Mr. HOLMES (Ireland) welcomed the draft resolution, but suggested that paragraph 6 might be combined with paragraph 4 by adding the words "and the possible creation of a technical assistance co-ordination unit in it" at the end of paragraph 4. Paragraph 7 might also be deleted.

9. Mrs. GINOR (Israel) recalled that the sponsors had denied any intention of trying to set up a regional economic commission in the Middle East. If that was really so, there was no justification for mentioning the United Nations Office in Beirut. She therefore suggested that all references to it should be deleted, especially as in each case the Beirut Office was placed on the same footing as the other regional economic commissions. She also suggested that paragraph 6 should be replaced by the following text:

"Requests the Economic and Social Council to give further consideration to the question of a United Nations Office in Beirut, bearing in mind the principle of free access to United Nations bodies in the various regions".

10. Mr. AHMED (Sudan) stressed that the Sudanese amendments, far from upsetting the balance of the draft resolution, as the New Zealand representative had claimed, would improve it. Without the additions suggested, the text would be incomplete. Some representatives had questioned the proposal regarding evaluation, in the third amendment. But surely the General Assembly was entitled to know the results of its decisions so as to be able to decide upon further steps. It did not seem too much to ask the Secretary-General to submit his report by the nineteenth session of the General Assembly. The sooner the report was available the better. He could see no objection to including in paragraph 2 the new sub-paragraph (b) proposed in the first amendment: it would mean merely that the General Assembly was endorsing a step already taken. Some representatives had alleged that

further decentralization might encroach upon the sovereignty of States as regards the implementation of national projects. But the same could be said of regional projects. There was no question of the United Nations imposing its will on countries; the aim was to allow Governments to obtain assistance if they wanted it.

(a) Planning for economic development: report of the Secretary-General (A/5533/Rev.1, A/C.2/L.744/Rev.1) (continued)

11. Mr. SMID (Czechoslovakia) introduced the revised text of the draft resolution (A/C.2/L.744/Rev.1) which incorporated the Hungarian and Mexican oral amendments (933rd meeting).

12. Mr. SOLODOVNIKOV (Union of Soviet Socialist Republics) said that increasing attention was being given in the United Nations to economic planning, which had proved its superiority over the chaotic market economy in many countries. For many years, the United Nations had discussed the question of whether economic development could best be ensured by centralized State planning or by the market mechanism which excluded State intervention. The Soviet position was based on the premise that the question had been answered and that the United Nations was now concerned with the practical application of economic planning methods, particularly in the developing countries. The current concern of the United Nations was to work out specific planning methods, determine the scope of planning, set up planning organs and define their functions.

13. The study entitled Planning for Economic Development, (A/5533/Rev.1) was the first serious attempt to give a concise description of planning for economic development as applied in countries with different social systems. Although the study was generally satisfactory, it contained statements with which it was impossible to agree. Although the planning methods of countries with different social systems were analysed, it should be emphasized that the concept of planning differed from country to country. For example, planning in the developed capitalist countries was basically different from that in the socialist countries and, as the study indicated, was characterized by the following features: the formulation of plans was guided by the prospective levels of final demand suggested by aggregate models constructed on the basis of estimates; plans for the State sector were realistic and compulsory, while the targets for the private sector were based on estimates and what was considered desirable; there was no detailed system of economic indicators.

14. In the opinion of the Soviet delegation, however, the method of drawing up plans was not the only difference between the capitalist and socialist systems. Plans varied according to the type of problems and economic conditions in each country, but they shared one common feature: they must be fulfilled. Otherwise they remained academic exercises. As the study indicated, in the private enterprise or mixed economies, the problem could be viewed as one of implementation rather than of formulation of plans, and implementation generally rested on broad guide-lines and policy measures which were often rather loosely co-ordinated with plan objectives. The one area of economic activity where the link between planned targets and measures for their implementation had been direct and close was the public sector. In his opinion, that was

the essential difference in method and, consequently, in the concept of planning. The countries in which the State sector was the only one, or where it dominated the economy, were carrying out planning for economic development in the true sense of the term. In the developed capitalist countries, where the anarchy of the private market prevailed, such a direct relationship was impossible. Thus, the necessary condition for a genuine planned economy was a meaningful State sector which guided the country's economic activities.

15. One major criticism that could be addressed to the authors of the study was that they had not given a clear and precise definition of the term "planning" at the beginning. It would then have been obvious that the capitalist countries were not carrying out planning but that, at best, there was a certain measure of planned regulation and intervention on the part of the State in the private economy. The only direct planning—rudimentary as it was—was in the State sector. His delegation had already stated its views in detail on that matter at the third session of the Committee for Industrial Development.

16. The necessary conditions for ensuring the most effective planning should be created at both the national and the international levels. At the national level, countries undertaking economic planning should make provision in their policies for strengthening and intensifying the role of the State sector and limiting the chaotic effects of the private sector. At the international level, States providing economic assistance to the developing countries, as well as international organizations such as the United Nations and the Special Fund, should provide economic, financial and technical assistance in such a way that the State sector was strengthened and formed the basis for economic development in accordance with set principles. International economic and financial organizations should co-ordinate their policies and activities with the economic development plans of the developing countries.

17. International trade and financial transactions with the developing countries must be based on long-term agreements which took account of their national development plans. Greater publicity should be given to the experience of the USSR and other socialist countries in that field. Unfortunately, the study of the group of experts made no mention of it. The Soviet delegation hoped that the Secretariat would remedy that situation in its future reports on planning. It was highly important that principles should be laid down enjoining foreign private investors to respect national economic plans and the role of the State in national economies.

18. Another shortcoming of the study was that the authors indiscriminately drew on Western economic theories. Thus, paragraph 50 said that the problem of choosing between projects within sectors was that the market prices of the factors of production did not accurately reflect their relative scarcities. However, Soviet literature and a number of Western economists had rightly criticized that concept as an attempt to replace the labour theory of value by the untenable theory of marginal utility. All economic theories and concepts were equally entitled to be mentioned in United Nations documents. The section of the study dealing with the planning experience of the socialist countries gave an abridged description of the nature, methods and organization of planning in those coun-

tries. However, since it was the first United Nations document to describe national economic planning in the socialist countries, it was to be commended.

19. The section on the system of economic planning in the socialist countries contained so many generalizations that the reader was not given an accurate picture. The authors had apparently become so involved in definitions that they had complicated the simplest ideas; for example, the section on the formulation of plans mentioned only three obvious characteristics of planning: its over-all nature, its directive character, and the combination of long-term and current plans. The study ignored such prominent features as State ownership of the means of production; the unified political and economic structure; centralization and supervision of plans and balanced development of their component parts; and scientific planning methods. Nor did the study give a clear description of the balance method or the method of technical and economic estimates. However, the authors had included an annex to the document in which Professor Bor, a Soviet expert, gave a fuller description of the way in which planning was carried out in the Soviet Union.

20. In conclusion, he said that the Soviet delegation would support the draft resolution and hoped that the Secretariat would take its comments into consideration in preparing future documents on economic planning.

21. Mr. SIHMA (India) said that the study submitted by the group of experts on planning for economic development, while not perfect, was commendable and valuable. As the Secretary-General said in the preface, there was inevitably a great diversity in individual approaches to planning, but such differences were only to be expected.

22. In 1951, India had embarked on economic planning; it was in the midst of its third plan and was engaged in the preparation of its fourth five-year plan. Its experience was well known, since it had published many books and statistics on the subject. A conference of Asian economic planners had been held at New Delhi in 1961. Planning had given a perspective and dynamism to the economy. India favoured a pragmatic approach to planning and, while the State sector was predominant in investment, the private sector was also very important. India had received assistance from many countries and the State had guaranteed assistance given to the private sector. His delegation attached particular importance to the holding of seminars on economic planning. Such seminars might possibly be held in a different country each year. The experience of countries such as France and Japan might usefully be studied. He hoped that the draft resolution would be adopted unanimously.

23. Mr. JANTUAH (Ghana) proposed that paragraphs 3 and 6 of the draft resolution should be combined.

24. Mr. GUINNESS (United Kingdom) said that his country was a sponsor of the draft resolution and a newcomer to economic planning. He proposed that in paragraph 7 the word "that" should be replaced by the words "to include in" and that the words "should include also" should be deleted.

25. Mr. LAATTO (Finland) said that, while the problems connected with the exportation of primary products and consumer goods from the developing countries were undoubtedly urgent, measures aimed at accelerating the rate of growth should start with a clear understanding of the way in which the over-all

economic structure should develop in the developing countries. If economic growth was the main goal, then the most important decisions were those which dealt with capital formation. The question thus arose as to how and along what lines the rate of investment and the share of investment of goods in the total production of developing countries could be raised as rapidly as possible. In connexion with the draft resolution, particular emphasis should be placed on those aspects.

26. Projection and planning activities should aim at securing a long-term continuing increase in growth, even beyond the United Nations Development Decade. In the long run, plans based on a rigid growth target of 5 per cent and on a calculation of the extent to which the exportation of primary commodities and consumer goods should be increased in order to attain that target were unsatisfactory. Given the low rates of growth in external demand, the unfavourable terms of trade and the low income elasticity of demand affecting traditional consumer goods and primary commodities, specialization in those broad categories would probably not produce the expanding flow of capital goods necessary to fulfil domestic investment plans. He doubted whether specialization along those lines could lead to a new international division of labour.

27. A problem of fundamental importance in bringing the developing countries to the economic "take-off" stage arose from the fact that they did not have the same possibilities as the developed countries once possessed for intensifying their growth by means of increased exports and consumption of primary commodities and consumer goods. That made economic planning in the developing countries extremely difficult. As the study by the group of experts indicated, the national plans of the developing countries needed to be supported by a series of enlightened policies and measures at the international and national levels. In that connexion, his delegation was gratified to note the Secretariat's continuing efforts to improve the tools of analysis for evaluating the growth process of a world-scale economic model. The evaluation of the effect of industrialization on the prospective supply of capital goods must be the principal criterion for policy decisions in all countries.

28. While his delegation agreed that domestic savings in the developing countries must form the main source of the increase in capital formation, it was obvious that their efforts would not be enough by themselves to ensure a substantially higher rate of capital formation without at the same time imposing extreme restraints on personal consumption. The target set for the industrialized countries as their contribution to international assistance—namely, at least 1 per cent of their national income—should be considered primarily from the point of view that such assistance would make it possible for the developing countries to increase their investments without severely curtailing the growth of personal consumption or without an extremely slow rate of "natural" growth.

29. The draft resolution emphasized the value of exchanging information on planning experience among regional economic commissions and other United Nations bodies, as well as among individual States. The growth of demand in the developing countries would have an increasingly important part to play in their development, and it was therefore necessary to further economic co-operation among those countries and expand the markets for their products. The co-ordination of economic planning would enable progress

to be made in that direction. His delegation would therefore vote for the draft resolution.

30. Mr. CRISTUREANU (Romania) said that planning for economic development had been the subject of many discussions in various United Nations bodies. He quoted General Assembly resolution 1708 (XVI) in that connexion. The world economic surveys and several statements in the Committee showed that there was an urgent need for national plans, since the gap between the developing and the advanced countries was continually increasing. As the study by the group of experts indicated, the developing countries had seen in the preparation and implementation of such plans the most effective means for the achievement of economic progress and the improvement of their standards of living. Similar statements were to be found in the report of the third session of the Committee for Industrial Development (E/3781).

31. The discussions had shown that planning would produce the best results when certain principles were taken into account in their preparation. The formulation of plans must be carried out by a single State organ; there must be the closest co-operation between it, the Ministries and institutions concerned and the local, provincial, cantonal and communal bodies; a proper balance must be maintained between the various economic branches, production and consumption, administrative units, imports and exports, and expenditure and income. The economic situation of backward districts must be raised to a proper level of development and there must be balanced co-ordination between current and long-term plans. Proper planning would bring about full employment, develop national resources and ensure a steady improvement in the level of living.

32. By developing its resources on the basis of scientific planning, Romania had achieved the balanced development of all branches of its economy. There was a fair distribution of the forces of production among the different regions of the country, in order to ensure their harmonious development. Romania's experience showed the important role of the State sector in planning. Annual plans were formulated with the widest participation of highly qualified personnel. Enterprises were informed of the plan targets before the beginning of each year, so that they could take the necessary measures to ensure a sustained increase in production from the very beginning of the year. The characteristics, capacities and requirements of the different districts were taken into account. The annual plans confirmed and improved the forecasts in the long-term plan and took into account new economic factors. As more experience was acquired, methods and types of planning were improved. A detailed evaluation of the relationship between the different branches of the economy made it possible to establish an optimum plan. On the basis of the theory of correlation, forecasts were prepared for production, consumption, social product and national income and the elasticity coefficient of demand for goods. Romania's foreign trade had increased with the growth of its over-all production.

33. Romania, which wanted to make its planning experience available to the developing countries, was a sponsor of the draft resolution and hoped that the text would be adopted unanimously.

34. Mr. SOUSSANE (Morocco) said that the developing countries were concerned with the rational development of all sectors of their economies through the

mobilization of their total resources and with the need to adapt their economies to new situations and requirements. The best way to achieve those aims was to prepare detailed development plans according equal importance to all aspects of development. The nature of the plans and their results varied from country to country, depending upon whether there was a sufficient supply of qualified planners. Through the experience which they had acquired and through bilateral and multilateral arrangements, the developing countries had been able to fill some of the gaps in their knowledge, but their requirements were still considerable.

35. His delegation hoped that the draft resolution, of which it was a sponsor, would be adopted unanimously. It welcomed the request for an intensification of United Nations assistance to the regional planning institutes. Such assistance was extremely important to the developing countries, particularly those seeking some form of economic integration, such as the Maghreb countries. In that connexion, regional planning was essential. Such planning was the sole responsibility of the countries concerned and should therefore be in keeping with their joint policies. However, countries would benefit from the experience already acquired by other regional groupings and from technical assistance provided by the United Nations. By strengthening the regional planning institutes, the United Nations would be providing an effective instrument for progress in general and for the advancement of the regions concerned.

36. Mr. AYARI (Tunisia) noted the inclusion of the United Kingdom delegation among the sponsors of the draft resolution. The variety of countries sponsoring the text was a result of United Nations efforts over the past years to establish planning as a concept and method of action.

37. For the developing countries, especially those only just starting to plan, planning could not consist only of the collection of data and the establishment of quantitative targets. For them, planning was at the outset an act of collective faith and discipline accepted by the entire population with the aim of establishing a joint goal. The study of the expert group emphasized that an understanding of the nature of the plans by the population of the country was essential to the success of planning. The social aspect of planning should not be sacrificed to the purely scientific aspect, and the United Nations should devote increasing attention to the dissemination of information on planning. United Nations assistance to the developing countries in their planning should concentrate on the necessary preparation. The developing countries often lacked an inventory of their resources and manpower. They could learn much from the experience of the Soviet Union in planning. In particular, national accounts in the Soviet Union were based on a system of indicators known as the balance of the national economy. The evaluation of material resources and manpower was as important as actual financial accounting, and financial plans were used as a means of verifying the overall consistency of the national economic plan. In addition, the United Nations should devote more attention to the Soviet Union's experience in sectoral planning, which should be studied by the developing countries. The importance of sectoral planning was often neglected in favour of more general aggregate targets.

38. With regard to planning at the international level, the United Nations was attempting to define the gap be-

tween the developed and the developing countries and to fix an annual growth target for the under-developed countries. That approach had serious drawbacks. Countries were experiencing econometric and statistical difficulties even at the national level and it was still more difficult to make projections valid for all the developing countries, which were at different stages of development. International planning and the establishment of an international growth target should remain, for the time being, a matter for research, and the United Nations should concentrate on helping individual countries in the formulation of their national plans.

39. His delegation hoped that the draft resolution would be unanimously adopted but thought that the inclusion of the study of the expert group in the documentation of the third session of the Preparatory Committee of the United Nations Conference on Trade and Development should be intended only for the information of that Committee and should not be the subject of substantive debate there.

40. Mr. VIDAL ZAGLIO (Uruguay) said that the sponsorship of the draft resolution by countries at varying stages of development and with different economic and political systems augured well. His delegation attached considerable importance to the work of the Economic Projections and Programming Centre and of the regional planning institutes. It supported all the provisions of the draft resolution, particularly the request for the submission of the study of the expert group to the Preparatory Committee.

41. Mr. SMID (Czechoslovakia) announced that the amendment to paragraph 7 suggested by the United Kingdom delegation was acceptable to the sponsors of the draft resolution.

*The draft resolution (A/C.2/L.744/Rev.1), as amended, was adopted unanimously.*

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

42. Mr. ALI (Pakistan) said that the revised text of the draft resolution (A/C.2/L.740/Rev.1) attempted to accommodate the views expressed by other delegations. The last preambular paragraph of the original text had been deleted and a phrase added to operative paragraph 1. Paragraph 2 had been substantially changed to meet the views expressed by the representatives of developed countries. A reference to natural resources had been included in paragraph 3 in deference to the views of the delegations of Ghana and Nigeria, and paragraph 4 had been changed.

43. Mr. JANTUAH (Ghana) said that his delegation was not entirely satisfied with the new wording of operative paragraph 3 and could accept the text only if it was reworded to read: "...having due regard both to the close relationship between industrial development and natural resources and to the advisability of the close co-operation...".

44. Mr. KANO (Nigeria) agreed with the Ghanaian delegation's views.

45. Mr. AYARI (Tunisia) expressed appreciation for the co-operation displayed by the sponsors of the draft resolution. Differences of opinion still existed

about the timing of organizational changes in the United Nations machinery for industrial development. No decision should be taken until United Nations bodies were in a position to study the matter carefully. The words "an urgent need to carry out changes", in operative paragraph 2, were inconsistent with paragraph 3; the word "urgent" should be deleted. In addition, the words "a new organization" should be replaced by the words "an adequate organization", the expression used in the Tunisian amendment (A/C.2/L.773). That wording would be more logical and

consistent with paragraph 3, which did not prejudge the type of organization to be established. His delegation had reservations regarding the association, in paragraph 3, of natural resources with industrial development. The question of natural resources was an extremely complex one with legal, political and social, as well as industrial, implications and could not be considered by a technical body.

The meeting rose at 6.5 p.m.