

1861st meeting

Thursday, 5 July 1973, at 3.20 p.m.

President: Mr. S. A. FRAZÃO (Brazil)

E/SR.1861

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5310, E/5311, E/5312, E/5313, E/5314, E/5315)

1. M. COREA (Chairman, Committee for Development Planning), speaking at the invitation of the President, introduced the report of the Committee for Development Planning on its ninth session (E/5293), in which the Committee set forth its comments and recommendations on the review and appraisal of the implementation of the International Development Strategy for the Second United Nations Development Decade.

2. The Committee was convinced that one of the outstanding features of the Decade to be taken into account in the review and appraisal exercise would be the influx of new arrivals on the labour markets of the developing countries as a result of the population explosion of the 1950s. That influx was likely to pose a serious problem for the developing countries, which would have to create jobs that were not only sufficient in number but corresponded to the needs and aspirations of the new workers.

3. In its report the CDP stressed that the statistical data available were still sketchy and that no over-all appraisal could be made from them. Moreover, they related to the end of the 1960s rather than to the two years that had elapsed since 1970.

4. Towards the end of the previous decade, the growth rate of the developing countries had been satisfactory, but that should not give grounds for hasty and unduly optimistic conclusions. There were other factors which inspired misgivings, particularly the extent of the gap between the different countries. In fact, although the developing countries as a whole had achieved a growth rate of 6 per cent, the rate had been only 4 per cent in the countries which comprised two thirds of the population of the developing countries including some of the largest and most disadvantaged. Moreover — and that conclusion did not appear in the Committee's report because the figures had not been known at the time of the ninth session — growth had slowed down during the early years of the present decade. It was to be hoped that that trend would be short-lived since it was liable to have catastrophic effects on investment, and hence on production.

5. Furthermore, the average growth rate was apt to mask inequalities of the benefits of distribution within a country, whereas a more equitable distribution of the benefits of development should be one of the major themes of the Decade. The Governments of the developing countries were beginning to realize that economic growth objectives were

not enough and should be supplemented by social objectives, as was demonstrated by their statements of principle and their development plans. The Committee thought, however, that it would be hazardous to neglect economic objectives for purely social objectives. It was necessary to devise a new approach to development reflecting the complementarity of a multiplicity of objectives.

6. The adoption of a new approach to development should be accompanied by changes in the planning methods of the countries concerned, and those changes could not come about unless the Governments displayed sufficient political will to vanquish opposition and overthrow the traditional structures. As the Committee had pointed out in its report, however, any reform of that kind was impossible without international action. In reviewing the efforts made since the beginning of the Decade, the CDP had come to the conclusion that while the Governments of the developing countries got "neither very high nor very low marks" (E/5293, para. 25), the impression given by the efforts of the international community was "much less mixed". It was "predominantly bad" (*ibid.*, para. 26). Despite some positive notes, the cause of development seemed to have lost momentum since 1970. The Committee had drawn attention in its report to the main areas in which international efforts were quite inadequate: commodity trade, trade in manufactures, where further progress was necessary despite the adoption by several countries of the generalized system of preferences, the increasing indebtedness of the developing countries and the transfer of financial resources, etc.

7. The Committee had recommended measures to remedy the situation, notably, the creation of a link between SDR and additional development assistance.

8. Two very importation negotiations were scheduled to take place in the Decade: one on the reform of the international monetary system and the other, under the auspices of GATT, on international trade. The Committee hoped that those negotiations would not relegate development problems to the background but would provide an opportunity for achieving some of the objectives and aspirations of the Strategy.

9. One of the main conclusions reached by the Committee was that the international community should renew and reassert its commitment to development and that the increasing awareness of the interdependence of world problems should give new force to the objectives of the Strategy.

10. In conclusion, he said that the Committee was conscious of the responsibility devolving upon it with regard to the mid-term review of the Decade and was preparing itself for the task.

11. Mr. PRONK (Netherlands) said that he had been impressed by the statements of the President and the Secretary-General (1859th meeting) in which both had stressed the essential role of the Council in the United Nations system of co-operation for development. He endorsed the Secretary-General's call for an attack by the international community on the persistent evils of mass property and unemployment.

12. The new Government of the Netherlands identified itself with the underprivileged and would work for the elimination of inequalities wherever they existed. The redistribution of income, wealth and decision-making power was a valid principle not only at the national level but also for the international community. Although both developing and developed countries had made sincere efforts during the past 20 years to reduce inequalities, the results were unsatisfactory. They would remain so if there was no change in the structural relations between rich and poor nations. In other words, the achievement of real freedom by the developing countries was a precondition for real social and economic progress there. Unfortunately, colonialism still existed, notably in southern Africa. The international community was trying to assist refugees from that area who sought asylum in neighbouring countries. His Government intended to consult members of the Council on ways and means of extending assistance not only to the refugees but also to the people living in the areas freed by national liberation movements. It had also raised the matter at the sixteenth session of the UNDP Governing Council.¹

13. In the economic field, his Government would try to give as effective support as possible to the self-reliance policy of the developing countries: it intended to increase its programme of aid and gradually to abolish the conditions attached to it, to engage as many people as possible from the developing countries in its future projects and, if necessary, to provide financial aid for purchases in the recipient countries.

14. There was an imperative need to change world monetary and economic structures. In the negotiations that were under way, mainly in the Committee of Twenty² in which rich countries were still predominant, a new scheme of priorities should be worked out, which would place the emphasis on the needs of the developing world, as the problems of these countries were more urgent than those of the rich.

15. The international monetary system was closely linked to international trade. The General Assembly, in resolution 3040 (XXVII) on multilateral trade negotiations, had invited the Contracting Parties to GATT to give priority attention to the needs of developing countries and had formulated guidelines with a view, among other things, to providing better access to markets for the products of the developing countries so as to enable them to increase their export earnings. The Netherlands Government hoped that those principles would be reflected in the results of the negotiations.

¹ See DP/SR.384.

² *Ad hoc* Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues.

16. The multilateral corporations were powerful agents in international trade and their impact on the development process was not always positive. As there was a lack of clarity in that respect, his Government looked forward to the results of the studies that were being made on the subject by UNCTAD and the Council and it intended to carry out similar studies at the national level.

17. How did his Government plan to implement the policies in question? Certain steps could be taken unilaterally, while others required the co-operation of other Governments.

18. For instance, his Government had proposed to Parliament to set a new target for public development assistance for 1976, namely 0.7 per cent of the GNP, as fixed in the Strategy. In addition, approximately 0.4 per cent of the GNP would be made available by 1976 for development assistance at the international and national levels, including the financing of measures to readapt Netherlands industries to the requirements of a new international division of labour. By 1976, the Netherlands total contribution to international development would amount to nearly \$1,000 million annually. The Netherlands would also contribute a substantial amount to the United Nations Capital Development Fund in the years to come to assist the least developed among the developing countries, for which the United Nations had recommended that a special effort should be made.

19. With regard to the structural changes needed in international trade and the monetary system, the co-operation of other Governments was necessary. The nine Governments of EEC had transferred some elements of their sovereign powers to the supranational institutions of the Community, especially in the field of external trade and agricultural policy. The Community should take the needs of the developing countries into account in the coming negotiations on commodity agreements and in the negotiations taking place in GATT.

20. At its fifty-fourth session, the Council had decided upon a basic reorientation of its role in a long-term perspective and to elaborate the concept of collective economic security which should ensure for all nations, and in particular for the underprivileged among them, the possibility of developing and prospering in peace. There was a definite link between that concept of collective economic security and the International Development Strategy adopted in 1970. The importance of the Strategy lay in supplying a normative framework for policies and an instrument of evaluation. The practical results of the first three years had been disappointing.

21. The Council, at its present session, should incorporate into the Strategy certain new elements which had gained prominence. Firstly, countries were increasingly conscious that the world's material resources were not unlimited and should be managed carefully. Secondly, the present distribution of economic power, including that held by large multinational companies, was significant in terms of the development process. Thirdly, the existing relations between industry and agriculture showed that a strong agricultural sector was increasingly necessary, both for food

production and to create markets for the industrial products of the less developed countries. Finally, the overriding element to be taken into account was perhaps that of mass poverty and unemployment – the priority problem in so many developing countries.

22. Rather than try to amend the existing text of the Strategy, which would be exceedingly difficult, it would be better to incorporate all those new elements in an annex to that text. By the same token, rather than modify the existing quantitative targets of the Strategy, agreement should be reached on the additional efforts needed to attain the original targets; the elements of that agreement, together with those relating to new qualitative elements, could also be embodied in an annex to the text of the Strategy.

23. The problems of the underprivileged countries were not limited to relations between States: inequality existed within every State, and the targets of the Strategy would not be attained until the Governments of all countries had made the necessary efforts to improve the lot of their own underprivileged population groups. That was admittedly a delicate matter, because Governments were understandably reluctant to have their national policies discussed in an international forum. It was naturally their right to decide on the organization and structure of their own economy and their own society, but all nations should be willing to continue the discussion of achievements and shortcomings in the international forums.

24. Mr. BOERMA (Director-General, Food and Agriculture Organization of the United Nations) said that he was increasingly anxious about the world food situation. Two years earlier he had listed some of the obstacles to the progress of the “green revolution”.³ In 1972 he had had to report to the Council that the agricultural production of the developing countries, in particular in the Far East, had in 1971 fallen far short of the annual target set in the International Development Strategy.⁴ In the present year the general world food situation had become even more alarming: according to preliminary estimates, agricultural production in the developing countries in 1972 had declined by 1 per cent as compared with 1971.

25. The question was, what had gone wrong. It would be all too easy to ascribe that setback to the droughts and other calamities which had occurred in the last two years, but it would be wrong to do so. The present disastrous situation in the agricultural sector had its roots deep in the past.

26. During the First Development Decade, the rate of increase in agricultural production in 42 developing countries had been less than their rate of population growth. That phenomenon was all the more serious in that demand for agricultural products was increasing faster than population growth as a result of the rise in family incomes associated with general development and of urbanization. According to FAO's Indicative World Plan for Agricultural Development, an agricultural growth rate of about 4 per

cent per annum was necessary to meet the total expected increase in demand. It was a fact that at present the agricultural sector was growing far too slowly in too many developing countries.

27. In spite of that sombre picture, he thought that agriculture could meet the level of growth set in the International Development Strategy if three conditions were fulfilled. The first of those conditions was better weather. The second was energetic action by the Governments of developing countries to develop their agricultural sector. The measures that were needed were well known: agrarian reform, the extension of irrigated areas, the introduction of new varieties of seed, the increased use of fertilizers and pesticides, increased agricultural credit, improved extension services to farmers, better storage, and incentives for increased production. Those were the classic tools of agricultural development; if they were applied with good judgement over an extended period, they could not fail to bring about a real and sustained increase in agricultural output to the desired level.

Mr. Rabetafika (Madagascar), Vice-President, took the Chair.

28. The third condition was a massive increase in aid from the richer nations. That had been said time and time again, but it had to be repeated: foreign capital, whether multilateral or bilateral, was vital to agricultural development in the developing world. Irrigation, for instance, appeared ever more important and could be relatively capital-intensive. The provision of fertilizers also posed an important question: world shortages had driven prices up to levels sufficiently high to create real hardships for many developing countries. FAO was organizing a consultation on the subject later in the year, but it was already obvious that Governments could encourage investment in increased fertilizer capacity and make available credit for fertilizer purchase.

29. All those conditions must be fulfilled if the Second Development Decade was not to fail; those measures, however, were for the medium term and meanwhile there was an immediate problem of considerable gravity; that of prospective food deficits, on which he wished to give the Council further information.

30. It was known that wheat stocks in exporting countries had fallen to their lowest level for 20 years, during which time the world's population had grown by 50 per cent. Wheat requirements for 1973 could not possibly be covered from that season's production; that meant that stocks would have to be reduced still further, at a time when there was a shortage of rice and a threatened shortage of grain normally used for animal feed. All in all, if crops continued to be poor in North America, the Far East and the Soviet Union, the world faced a serious grain crisis, which could come at any moment. The international community must at all costs build up sufficient and well distributed stocks and that was a process which could take two years or more, depending on the will of Governments to take the necessary action.

31. It was because he believed that the world could not afford to go on running such risks that he had advanced his

³ *Official Records of the Economic and Social Council, Fifty-first Session, 1775th meeting, para. 3.*

⁴ *Ibid., Fifty-third Session, 1820th meeting, para. 42.*

proposals for the implementation of the concept of minimum world food security, which were mainly concerned with national stock policies. He outlined his proposals, which had been welcomed by the Council in resolution 1760 (LIV) and which would be submitted to the FAO Conference at its seventeenth session. The FAO Council had considered that crucial and urgent matter and had stated that responsibility for ensuring an adequate supply of basic foodstuffs fell on the entire international community. Some members of the FAO Council had invited the Director-General to take bolder and more ambitious action, but it was important to be realistic in such matters, for in the final analysis it was for Governments to accept and implement any scheme. During its discussions, the FAO Council had identified certain questions which, if not settled, would adversely affect developing as well as developed countries. His objective was therefore to prepare an operational plan which would not only be effective but acceptable to all countries.

32. Even if that plan was approved, however, there would not be enough supplies available for at least a year to build up the desired stocks. There could easily be shortages in some parts of the world if the next harvest, too, were poor. In the light of that situation, he had taken two steps: firstly, he had entered into consultations at ministerial level with the Governments of the leading grain-exporting countries to ascertain their latest assessment of the adequacy of current supplies to cover demand in 1973-1974 and to discuss the need for contingency planning in case of a world deficit; secondly, he had drawn the attention of the FAO Council to the need for such a contingency plan in case the situation worsened, and the Council was fully aware of the seriousness of the problem.

33. Of course the present situation was not as critical as it had been in the years immediately after the end of the Second World War, but it required special steps on the part of the leading grain-exporting countries to protect the most vulnerable countries; it would be intolerable that the world should be subjected to a system of rationing by price in which the biggest share would automatically go to the rich nations. The exporting countries might make a joint commitment to continue their food aid programmes at least at the same level as in recent years for as long as the threat of a shortage lasted. They could also undertake to earmark sufficient supplies from the new crops to meet the import needs of developing countries, at least for human consumption. Finally, the negotiation of a stronger international grains agreement would seem necessary in order to stabilize prices and supplies and to avoid the re-emergence of chronic surpluses. Such measures would serve the interests of both developed and developing nations.

34. The question of international agricultural adjustment was closely linked to the problems of which he had spoken. Adjustment was not limited to a more equitable sharing of

markets for agricultural products but covered the whole range of long-term production and trade policies in both developed and developing countries. National food production and stocking policies must increasingly aim at securing a better use of resources and the harmonization of the patterns of world agriculture. Similarly a successful outcome of monetary talks and of the forthcoming negotiations in GATT would be a vital prerequisite for achieving valid measures of agricultural adjustment.

35. The urgent problem created by the catastrophic drought in the Sahelian zone of Africa was a matter of deep concern both to the Council and to FAO. The following arrangements had been made for co-ordinating international assistance. The six affected countries had themselves set up the basic co-ordination mechanism, in the form of a permanent Inter-State Committee with headquarters in Upper Volta. So far as United Nations action was concerned, FAO had been entrusted, for the current emergency phase, with the task of acting as the focal point for aid provided by the United Nations system. The FAO regional representative for Africa was serving as regional co-ordinator in consultation with the Permanent Inter-State Committee. At the national level, UNDP resident representatives were serving as focal points for emergency aid. The Secretary-General was dealing with the medium- and long-term rehabilitation and development phase and FAO was of course willing to play its full part in his action. In the emergency aid operations, more than 470,000 tons of food had been sent, including 55,000 tons supplied from WFP. In reply to his appeal of last May, he had received more than 8 million in pledged contributions and he had been able to provide large quantities of seed for the next harvest. The most urgent problem at present was that of moving food from the ocean ports to inland areas before the rainy season. So far the rain had not halted road transport except in certain parts of Chad. Food supplies were being airlifted to remote areas of Niger and a similar airlift to Mali would be started shortly. Chad was the country most threatened at present, and FAO, with the help of WFP and certain donor Governments, was taking special steps to help it.

36. The problems of the Sahelian zone presented a microcosm of the current world agricultural situation: the fear of famine and of economic disaster, and the social and political disruption which followed in their wake, went side by side with hope and a great wave of international solidarity called forth at the last minute. He wondered what would happen if in the near future another area was struck by famine. It might well be that no aid would be sent for the simple reason that there were no uncommitted food supplies left. It depended on the will and generosity of Governments to ensure that such a terrible thing would never come to pass.

The meeting rose at 4.55 p.m.