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PRINCIPLES, DIRECTIVES AND GUIDELINES FOR ACTION IN THE FIELD OF DEVELOPMENT

Survey by the Secretary-General

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INTRODUCTION

1. The General Assembly in its resolution 2218 (XXI) requested "the Secretary-General, in consultation with the executive heads of the specialized agencies and the International Atomic Energy Agency, the Secretary-General of the United Nations Conference on Trade and Development, the Executive Director of the United Nations Industrial Development Organization, the regional economic commissions, the United Nations Economic and Social Office in Beirut and the executive heads of the inter-governmental organizations related to the United Nations, as appropriate, to prepare a concise and systematic survey of the various principles, directives and guidelines for action in the field of development, as contained in the resolutions, declarations and similar texts of the United Nations and related agencies and in other relevant sources".

2. The Assembly recognized that the formulation of a consolidated statement of the rights and duties of peoples and nations might sustain and enhance international development efforts and co-operation and could help to enlist wider public support for the strengthening of development policies. It considered that the possibility and advisability of proclaiming a charter of development underlying international co-operation in the interests of economic, social and cultural development deserved further consideration.

3. The Assembly in its resolution 2305 (XXII) requested the Secretary-General "to expedite the preparation of the survey requested of him in Part A of resolution 2218 (XXI) and to submit the survey to the General Assembly at its twenty-third session through the Economic and Social Council at its forty-fifth session".

The following report has been prepared in response to this request.

4. The initial attention of the United Nations to the development needs and problems of developing countries tended to be focused on what were thought to be key conditions and requirements such as capital accumulation, technical know-how, surveys of natural resources and agrarian reform. But it was soon recognized that to achieve a better direction of effort and

resources in promoting economic advancement of developing areas and countries required a continuing, comprehensive and methodical study of every aspect of development.^{1/}

5. This all-encompassing approach found increasing reflection in the principles, directives and guidelines that were formulated by Member States in the resolutions, declarations and similar texts of the United Nations and related agencies. In some of its resolutions the General Assembly attempted to summarize the progress made on these matters. Of particular importance in this regard were its resolution on concerted action for economic development of economically less developed countries^{2/} and the resolution designating the 1960's as the United Nations Development Decade.^{3/} To these might be added resolution 916 (XXXIV) of the Economic and Social Council.

6. Another example of recent efforts to consolidate the progress made in promulgating various principles, directives and guidelines was the consideration given to the possibility of formulating a draft declaration on international economic co-operation. For this purpose the Secretary-General prepared and subsequently revised a compendium of extracts from resolutions of the General Assembly and the Economic and Social Council involving principles of international economic co-operation.^{4/} An Ad Hoc Working Group established by the Council to prepare a formulation on the subjects submitted an incomplete draft comprising seven preambular paragraphs and eight operative paragraphs.^{5/} The General Assembly then invited the Council and through it the Ad Hoc Working Group to expedite the elaboration of a draft declaration and stated that it attached "particular importance to the need for a declaration on

^{1/} General Assembly resolution 521 (VI).

^{2/} General Assembly resolution 1515 (XV).

^{3/} General Assembly resolution 1710 (XVI).

^{4/} E/3714.

^{5/} Official Records of the Economic and Social Council, Thirty-fifth Session, Annexes, agenda item 3, document E/3725.

international economic co-operation as a means of promoting sound, stable and fair economic relations between all States and of stimulating the efforts aimed at economic and social progress of all the peoples of all the world".^{6/}

7. The Council decided, however, that the Ad Hoc Working Group should not meet until after the General Assembly had considered the report of the first session of the United Nations Conference on Trade and Development. The Final Act of the Conference represents yet another important landmark in the continuing effort to formulate a consolidated statement of principles, directives and guidelines in the field of development. The Conference formulated fifteen General Principles and thirteen Special Principles to govern international trade relations and policies conducive to development and made numerous recommendations.^{7/} It did not, however, prove possible to reach unanimity on all the Principles and subsequent efforts to achieve a greater measure of agreement have not so far been successful.

8. On the social considerations relating to development it is appropriate to note the draft Declaration on Social Development that the Commission for Social Development adopted at its nineteenth session for submission to the forty-fourth session of the Council.^{8/} In the documentation prepared for the Working Party on the draft Declaration on Social Development, attention was drawn to the principles relevant to social progress in the preambles to the constitution of the specialized agencies and to other principal instruments concerned with social policy such as: the Declaration on the aims and purposes of the International Labour Organisation adopted at Philadelphia in 1944; the Declaration of the World Food Congress adopted in June 1963; the Declaration on the eradication of illiteracy in the United

^{6/} General Assembly resolution 1942 (XVIII).

^{7/} Proceedings of the United Nations Conference on Trade and Development, vol. 1 (United Nations Publication, Sales No.: 64.II.B.11), annex A. 1. 1. Final Act and Report.

^{8/} Official Records of the Economic and Social Council, Forty-fourth Session, Supplement No. 5 (E/4467/Rev.1), annex I, also issued as document E/CN.5/L.348.

Nations Development Decade, adopted in November 1964 by the General Conference of UNESCO.^{9/}

9. The organization of this vast body of material into the "concise and systematic survey" called for by the General Assembly in its resolution 2218 A (XXI) raised some difficult problems of selection and presentation.

10. One fundamental criterion of selection is that the survey is solely confined to the principles, guidelines and directives that Member Governments of the United Nations and related agencies have themselves formulated in resolutions, declarations and similar texts. No attempt is made to include matters on which Member Governments have not formulated a general consensus. For this reason the survey does not draw upon the considerable body of guidance to be found in the studies and reports prepared by secretariats and expert groups. Nor is it concerned with the functions, work programmes and operational activities of the United Nations and related agencies, the creation of new international institutions or problems of co-ordination between international institutions. Finally, it should be made clear that the words "related agencies" in General Assembly resolution 2218 A (XXI) have been interpreted to mean agencies belonging to the United Nations system of organizations. As the Assembly had in mind the possibility and advisability of proclaiming a charter of development, it was thought useful to arrange the selection under three broad sections: principles of co-operation for development; objectives of development; approaches to development. This is a very similar format to that adopted in the draft Declaration on Social Development. Within this conceptual framework it is to be expected that certain themes will readily fit into more than one section of the survey. The growing emphasis on human resources, for example, is both the over-all objective of development and a vital approach to the development problem. It should be added that the ordering of the material included in this survey does not imply any view as to its relative importance. The survey is presented in a way that it is hoped will be of most practical convenience to the Council.

^{9/} UNESCO General Conference (thirteenth session) resolution 1.27.

PRINCIPLES OF CO-OPERATION FOR DEVELOPMENT

11. The basic and broad objectives of international economic co-operation are set forth in the United Nations Charter. Article 55 of the Charter states that: "with a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, the United Nations shall promote:

(a) Higher standards of living, full employment, and conditions of economic and social progress and development;

(b) Solutions of international economic, social, health and related problems; and international cultural and educational co-operation; and

(c) Universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion."

By Article 56, "all Members pledge themselves to take joint and separate action in co-operation with the Organization for the achievement of the purposes set forth in Article 55".^{10/}

12. The preambles of many resolutions of the General Assembly and Economic and Social Council relating to development matters have cited or closely followed the wording of those two Articles. They underlie the generally accepted conviction that it is a prime duty of the United Nations to accelerate the economic and social advancement of less-developed countries.^{11/} In support of this position the Assembly and Council have frequently expressed and emphasized a number of related principles. One is the belief that the world economy is interdependent, that world prosperity is indivisible and requires the co-operation of all Member States within the framework of the United Nations.^{12/} This belief was early summarized in the phrase: "poverty anywhere constitutes a danger to prosperity everywhere".^{13/} Hence, the urgent necessity to correct economic and social imbalances existing in

^{10/} See also Article 1, paragraph 3, and Article 13, paragraph 1 (b).

^{11/} General Assembly resolution 1515 (XV).

^{12/} General Assembly resolutions 119 (II); 1428 (XIV) and Council resolution 782 (XXX).

^{13/} Philadelphia Declaration, annexed to the Constitution of the International Labour Organisation.

the world.^{14/} The same point emerges in statements that the development of economically less-developed countries is important not only for them, but also for the developed countries and for a more prosperous and stable world economy.^{15/} It follows that the economic and social needs of developing countries require a comprehensive approach to the economic and social problems of the world.^{16/} Furthermore the process of development itself has been increasingly recognized by United Nations organs as being a single process involving both economic and social components which should be regarded as interrelated and interdependent.^{17/}

13. An extension of the belief in the interdependence of the world economy is the recognition that the accelerated economic and social development of less-developed countries is essential to the attainment, maintenance and strengthening of international peace and security and to friendly relations and mutual understanding between nations.^{18/} As early as its third session the Assembly acknowledged that low standards of living "create conditions of instability which are prejudicial to the maintenance of peaceful and friendly relations among nations".^{19/} The link between economic and social progress on the one hand and peaceful and friendly relations between nations on the other also appears quite often in the preambles to resolutions concerned with particular means and methods of development, such as international trade and financing and the exchange of scientific and technical experience. General Principle Four of the Final Act of UNCTAD states in part that economic development and social progress "should, by increasing economic prosperity and well-being, help strengthen peaceful relations and co-operation among nations".^{20/}

^{14/} General Assembly resolution 1428 (XIV).

^{15/} General Assembly resolutions 400 (V); 522 (VI); 923 (X); 1710 (XVI); and Council resolutions 531 A (XVIII); 532 A (XVIII); 583 A (XX); 916 (XXXIV). See also Proceedings of UNCTAD, vol. 1, Final Act and Report, first part, section 1.

^{16/} General Assembly resolution 1428 (XIV).

^{17/} General Assembly resolution 2293 (XXII) and Council resolution 1139 (XLII). See also para. 33 below.

^{18/} General Assembly resolutions 400 (V); 626 (VIII); 923 (X); 1424 (XIV); 1521 (XV); 1710 (XVI); 1785 (XVII); and Council resolutions 583 A (XX); 916 (XXXIV); 917 (XXXIV).

^{19/} General Assembly resolution 198 (III).

^{20/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.1.1.

14. Another conviction is that the economic and social development of the less developed countries depends primarily on their own efforts.^{21/} This forms the basis of the many recommendations addressed to developing countries on the particular policies and actions they should pursue, individually and collectively, to foster and facilitate economic and social progress. Among the possible forms of self-help, economic co-operation and trade expansion among the developing countries are of particular importance, since international co-operation efforts can be requested of the developed countries with greater justification if the developing countries are themselves co-operating with each other. These matters are included in this survey under the section on approaches to development.

15. It is a no less generally accepted principle that the national efforts of developing countries must be supplemented and strengthened by constructive international action. More particularly, "it is the recognized responsibility of the more highly industrialized countries to make all appropriate efforts to co-operate in accelerating the economic development of the developing and under-developed countries".^{22/} In General Principle Five of the first session of the United Nations Conference on Trade and Development it is stated that "developed countries should assist the developing countries in their efforts to speed up their economic and social progress, should co-operate in measures taken by developing countries for diversifying their economies, and should encourage adjustments in their own economies to this end".^{23/} The recommendations made to developed countries, particularly in the fields of trade, finance and technical co-operation, rest upon their accepted responsibility to co-operate in accelerating the economic and social progress of less-developed countries and are again included in this survey under the section on "Approaches to Development".

16. It has been recognized, moreover, that developing countries have differing characteristics and stages of development and that "the special problems that confront the least developed among the developing countries in their efforts to accelerate their economic and social improvement" require special international

^{21/} General Assembly resolutions 400 (V); 1522 (XV); 1707 (XVI); 1711 (XVI); 2209 (XXI); and Council resolution 923 (XXXIV).

^{22/} General Assembly resolution 1707 (XVI).

^{23/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.1.1. The second session of UNCTAD reaffirmed that "economic development entails mutually reinforcing efforts by developing and developed countries", TD/II/Res.27.

measures "adapted to the particular situations and specific problems of these countries" in order to permit them to benefit from general measures taken on behalf of all developing countries.^{24/} It is agreed, however, that it should not be the objective of any such special measures on behalf of the least developed to create discrimination among the developing countries, but rather to ensure that all developing countries can gain equitable benefits. Among the spheres of action in which such special measures may be particularly appropriate are: commodity policy; manufactures and semi-manufactures; development finance; regional economic integration; invisibles and shipping; trade promotion; and special technical and financial assistance. Closely related to this principle calling for special measures for least-developed countries are the special policies agreed upon at the first and second sessions of UNCTAD on behalf of land-locked developing countries.^{25/}

17. Another guiding principle of international co-operation and assistance for the economic and social advancement of less-developed countries is that it should contribute to safeguarding and strengthening their independence.^{26/} Resolution 916 (XXXIV) of the Economic and Social Council noted "the essentiality of strengthening the economic independence of less-developed countries". A primary objective laid down for the United Nations Expanded Programme of Technical Assistance is to help less-developed countries "to strengthen their national economies, through the development of their industries and agriculture, with a view to promoting their economic and political independence in the spirit of the Charter of the United Nations".^{27/}

^{24/} Report, UNCTAD II, resolution 24 (II). See also UNCTAD, Final Act, annex A.I.1, General Principle Fifteen.

^{25/} UNCTAD, Final Act, annex A.I.2, and Report, UNCTAD II, resolution 11 (II).

^{26/} General Assembly resolution 1515 (XV). See also Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.3.

^{27/} Economic and Social Council resolution 222 A (IX).

18. A logical extension of this principle is the inadmissibility of interference with the sovereign rights and personality of States on the grounds that all peoples have an inalienable right to complete freedom and by virtue of that right can "freely determine their political status and freely pursue their economic, social and cultural development".^{28/} The proscription covers not only armed intervention but also the use or encouragement of "economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights or to secure from it advantages of any kind". General Principle One of the Final Act of the first session of UNCTAD states that, "economic relations between countries, including trade relations, shall be based on respect for the principle of sovereign equality of States, self-determination of peoples, and non-interference in the national affairs of other countries".^{29/} The Assembly and Council have been quite explicit that technical, financial and other forms of assistance, multilateral and bilateral, should involve no unacceptable conditions, political, economic, military or other, for the receiving country.^{30/} This assistance from the Expanded Programme of Technical Assistance and the Special Fund shall "not be a means of foreign economic and political interference in the internal affairs of the country concerned and shall not be accompanied by any consideration of a political nature".^{31/}

19. Non-interference also includes respect for the sovereign right of every State to dispose of its wealth and natural resources in conformity with the rights and

^{28/} General Assembly resolution 2131 (XX).

^{29/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.I.1. One country voted against and two abstained on this Principle. The main point of difference seems to have been the legal question of whether the principle of sovereign equality of States, self-determination of peoples, and non-interference in the internal affairs of other countries should be superior to, co-ordinate with, or even be subordinate to the United Nations Charter and any norm of positive international law.

^{30/} General Assembly resolutions 525 (VI) and 1515 (XV); Council resolution 425 (XIV).

^{31/} General Assembly resolutions 304 (IV) and 1240 (XIII); Council resolution 222 A (IX). See also Council resolution 27 (IV).

duties of States under international law.^{32/} Article 1 of the International Covenant on Economic, Social and Cultural Rights states in part: "All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence."

20. Finally, mention should be made of the obvious point that economic and social progress depends upon, as well as being essential to, peace and order in the international community. This condition is not merely negative in the sense of an absence of actual strife or threats of force, but rather a positive one, based on mutual respect and understanding. As one path to achieving it, the Assembly and Council have in several resolutions called for the elimination of various evils and obstacles to economic and social progress, international co-operation and peace. They have drawn attention, for example, to the potentially beneficial effects of disarmament.^{33/} The Assembly has also recognized that "racial discrimination and apartheid, wherever they are practised, constitute a serious impediment to economic and social development and are obstacles to international co-operation and peace".^{34/} All forms of slavery have been condemned,^{35/} and the abolition of colonialism called for in General Assembly resolution 1514 (XV) on the grounds that "the continued existence of colonialism prevents the development of international co-operation, impedes the social, cultural and economic development of dependent peoples and militates against the United Nations ideal of universal peace".

^{32/} General Assembly resolutions 523 (VI); 626 (VII); 1314 (XIII); 1515 (XV); 1514 (XV); 1803 (XVII); 2158 (XXI) and Council resolution 1139 (XLI). See Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.I.1, General Principle Three.

^{33/} General Assembly resolutions 1516 (XV); 1710 (XVI); 1837 (XVII) and Council resolution 982 (XXXVI).

^{34/} General Assembly resolution 2142 (XXI). See also Preamble of the United Nations Declaration on the Elimination of all Forms of Racial Discrimination, contained in General Assembly resolution 1904 (XVIII), and Declaration concerning the Policy of Apartheid of the Republic of South Africa, unanimously adopted by the International Labour Conference on 8 July 1964.

^{35/} Council resolutions 1126 (XLI) and 1232 (XLII). See also International Covenant on Civil and Political Rights, article 8.

OBJECTIVES OF DEVELOPMENT

21. In accordance with Article 55 of the United Nations Charter the promotion of higher living standards and improved living conditions has been a continuing concern of States Members of the United Nations and related agencies. Numerous resolutions and declarations^{36/} have been adopted with this end in view. In its resolution 731 J (XXVIII), the Economic and Social Council noted "the acceptance of the basic premise that the ultimate objective of social and economic development is the welfare of the individual". The inference, which has sometimes been made explicit, is that development should benefit all the people of the country concerned.^{37/} It follows that "if privilege, extremes of wealth and poverty, and social injustice persist, then the goal of development is lost". Similarly, "if the social and cultural dimensions of development is ignored, economic advance alone can bring no abiding benefit".^{38/} In other words higher living standards and improved living conditions imply social and cultural objectives as well as economic ones. As one formulation expressed it, "the concept of development should include economic and social factors as well as the moral and cultural values on which depend the full development of the human personality and the dignity of man and society".^{39/}

22. The specific goals of development have invariably been subsumed under the concept of "social progress". That economic and social progress are interrelated has frequently been emphasized. Indeed, social progress is seen as "an end in itself as well as a means of furthering economic development".^{40/} The purpose of

^{36/} See for example, International Labour Organisation Convention concerning Basic Aims and Standards of Social Policy (1962).

^{37/} Resolution 206 (IX) of the Economic Commission for Latin America considered that the "ultimate aim of development policy is the continuous improvement of the economic and social well-being of the whole community". See also Proceedings of UNCTAD, vol. 1, Final Act and Report, first part.

^{38/} Ibid.

^{39/} UNESCO Conference; twelfth session, resolution 8.1.

^{40/} General Assembly resolution 1392 (XIV).

development must include "proper regard for its human and social aspects".^{41/} This includes a belief in the importance of respect for human dignity. Thus concerted practical action of the United Nations in the social field should aim at "creating better standards of living for man and at guaranteeing respect for his dignity".^{42/} Resolution 1139 (XLI) of the Economic and Social Council states that "the supreme goal of United Nations action in the social field is to assist in preparing a better future for man, in improving his well-being, and in guaranteeing respect for his dignity".

23. As stated in general terms the ultimate objective of development is an improvement of the conditions of man's existence and guaranteeing respect for his dignity. But such a supreme objective, in fact, subsumes a number of special goals. These have been summarized in Council resolution 1139 (XLI) as follows:

(a) The elimination of hunger and the raising of levels of health and nutrition;^{43/}

(b) The improvement of standards of health and the extension of adequate health services to meet the needs of the whole population;^{44/}

(c) The eradication of illiteracy, the extension and improvement of general and vocational education at all levels, and the improvement of access to educational and cultural facilities for all sectors of the population;^{45/}

^{41/} General Assembly resolution 1515 (XV).

^{42/} General Assembly resolution 2215 (XXI).

^{43/} See also article 25 of the Universal Declaration of Human Rights; art. II of the International Covenant on Economic, Cultural and Social Rights and General Assembly resolution 1496 (XV). Declaration of the World Food Congress; FAO Conference resolution No. 12/65, Amendment to the Preamble of the Constitution. See also FAO Conference resolution No. 5/63 and FAO Conference declaration concerning the International Year for Human Rights, 23 November 1967.

^{44/} See also Council resolution 1226 (XLII), Assembly resolution 1283 (XIII) and article 12 of the International Covenant on Economic, Social and Cultural Rights. Preamble to the World Health Organization Constitution.

^{45/} See also articles 26 and 27 of the Universal Declaration of Human Rights, articles 13 and 15 of the International Covenant on Economic, Social and Cultural Rights; article 9 of the Declaration on Elimination of Discrimination Against Women; General Assembly resolutions 2043 (XX) and 2192 (XXI).

(d) The education of youth through the use of mass media and other educational methods in the spirit of peace, and in order to combat those influences which lead to undesirable social trends and to juvenile delinquency;^{46/}

(e) The raising of levels of employment and income in both rural and urban areas, with particular attention, where appropriate, to employment opportunities for young people;^{47/}

(f) The improvement of housing conditions, and of community services, especially for persons in low-income groups, urban development, and planning for future urban growth;^{48/}

(g) The provision of social welfare and of comprehensive social security services to maintain and improve the standard of living of families, individuals and special groups, including the disabled, with special attention to working mothers, and to the establishment of adequate provision for children, as well as to the strengthening and improvement of the quality of family life.^{49/}

24. The goals and aims thus stated are social goals, and in the process of achieving them respect for the individual's dignity is furthered.^{50/}

^{46/} See also the Preamble and Principles I to VI of the Declaration on the Promotion Among Youth of the Ideals of Peace, Mutual Respect and Understanding Between Peoples; General Assembly resolution 1394 (XIV) and ECOSOC resolution 830 (XXXII).

^{47/} See also article 23 of the Universal Declaration of Human Rights; articles 6 and 7 of the International Covenant on Economic, Social and Cultural Rights; article 10 of the Declaration on the Elimination of Discrimination Against Women; Council resolution 835 (XXXII). International Labour Organisation Convention concerning Employment Policy (1964).

^{48/} See also General Assembly resolutions 1508 (XV) and 1917 (XVIII); Council resolution 1086 C (XXXIX) and World Health Assembly resolution 4.19.

^{49/} See also article 22 of the Universal Declaration of Human Rights; article 9 of the International Covenant on Economic, Social and Cultural Rights; Council resolutions 1086 F (XXXIX) and 1140 (XLI).

^{50/} The principles of human dignity and social justice have been stated in the United Nations Charter and other declarations and covenants. These include the Universal Declaration of Human Rights; the Declaration of the Rights of the Child; the Declaration on the Granting of Independence to Colonial Countries and Peoples; the Declaration on the Elimination of All Forms of Racial Discrimination; the Declaration on the Promotion among Youth of the Ideals of Peace, Mutual Respect and Understanding Among Peoples; the Declaration on the Elimination of Discrimination Against Women; and the International Covenants on Human Rights.

APPROACHES TO DEVELOPMENT

25. The work of the United Nations and related agencies in the field of development has been marked by a growing recognition that the process of development involves a complex of structural changes in the whole environment in which men live. No single approach is sufficient in itself. Changes are required on many fronts at once and the means and methods adopted to foster and facilitate development must be positively related to one another. It is thus not possible to derive from the principles, guidelines and directives promulgated in the United Nations and related agencies any consensus on relative priorities in the approaches to development. The tendency, if anything, has been to accord a high priority to a wide variety of requirements. The order in which different approaches are considered in this Section does not therefore imply any view as to their relative importance or any judgement as to the balance of responsibility for constructive action among the Member States of the United Nations and related agencies. In so far as there is an underlying logic in the order, it proceeds from the broadly inter-sectoral to the more recognizably sectoral approaches to development. The approaches represented are those that have been most frequently reflected in resolutions, declarations and similar texts.

Development planning

26. One striking feature of the progress made in the United Nations and related agencies on the formulation of guidelines for development is the complete acceptance of the conviction that "economic planning adapted to the specific conditions and needs of each developing country is one of the main conditions of its rapid economic and social development".^{51/} Development planning is recognized to be an important tool for organizing efforts in a rational and systematic manner.^{52/} Less developed countries should therefore "establish and implement national, all-inclusive and well-integrated development plans to build

^{51/} Council resolution 979 (XXXVI); General Assembly resolution 1939 (XVII). See also Council resolution 1152 (XLI).

^{52/} Council resolution 1259 (XLIII).

up their societies in accordance with their own national precepts".^{53/} This concept has become the sine qua non of effective action in all the major fields of development with which the United Nations and related agencies have been concerned.

27. Increasing attention has accordingly been given to ways and means of improving planning techniques and processes. Obviously, developing countries need to pay particular attention to their facilities for collecting, collating, analysing and disseminating the statistical and other information required for charting and measuring economic and social progress.^{54/} In this connexion the Economic and Social Council has drawn attention to the importance, for example, of refining the concepts and techniques of measuring social development^{55/} and to the importance of manpower surveys as a safeguard against the waste of scarce resources.^{56/} The value of economic projections to the formulation of long-term plans and policies has also been increasingly acknowledged.^{57/} As in all other fields of development, there is an urgent need for developing countries to provide adequate training for their personnel in development techniques and processes.^{58/} At the regional level especially, considerable emphasis has been given to the desirability of co-ordinating or harmonizing national development plans in order to promote and achieve the advantages of sub-regional and regional economic integration.^{59/}

^{53/} General Assembly resolution 1708 (XVI). See also Council resolution 984 (XXXVI).

^{54/} General Assembly resolution 1710 (XVI). For some specific guidelines in measures to improve statistical data and services, see ECLA resolutions 154 (VIII) and 196 (IX).

^{55/} Council resolution 830 A (XXXII).

^{56/} Council resolution 906 (XXXIV).

^{57/} General Assembly resolution 1517 (XV); Council resolutions 979 (XXXVI) and 1079 (XXXIX). For more specific improvements in the scope, organization and processes of planning see ECLA resolutions 233 (X) and 263 (XII).

^{58/} General Assembly resolution 1939 (XVIII).

^{59/} See e.g. ECLA resolution 263 (XII); ECA resolution 145 (VII); ECAFE resolution 86 (XXIII). See also Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.III.8 and paragraph 48 below.

28. In all these matters, however, it has to be borne in mind that "the implementation of plans must be regarded as an integral part of planning activities".^{60/} Accordingly, attention has been drawn to the advisability of strengthening machinery and activities for plan implementation as well as plan formulation.^{61/} This is one reason why "solid administrative structures and sound public administration are essential prerequisites for the progress of developing countries".^{62/} Developing countries should accordingly devote special attention during various operations, investigations and activities in the field of economic and social development and planning, to aspects connected with public administration, particularly the number, qualifications and training of administrative personnel; and to the importance of action designed to strengthen stable and well-conceived administrative institutions at the central, regional and local levels.^{63/} Nor should developing countries overlook the importance of popular participation in the planning and implementation of development, including the question of incentives in industry and agriculture.^{64/} This consideration forms one element of the general emphasis given in recent years to the need for a more intensive utilization of human resources.^{65/}

Technical co-operation

29. One of the objectives of assistance to less developed countries is to increase their knowledge of and capacity to apply modern techniques.^{66/} This means, inter alia, improving their access to scientific and technical knowledge and increasing their resources of educated and trained manpower.

^{60/} Council resolution 1079 (XXXIX).

^{61/} Council resolution 1259 (XLII). See also FAO Conference resolution No. 11/63.

^{62/} Council resolution 907 (XXXIV). See also Council resolution 681 (XXVI).

^{63/} Council resolution 987 (XXXVI).

^{64/} Council resolution 1143 (XLI). See also ECLA 191 (IX) and ILO, 48th session, resolution III concerning the Concept of Democratic Decision-Making in Programming and Planning for Economic and Social Development.

^{65/} See paragraphs 37 and 38 above.

^{66/} General Assembly resolution 1515 (XV).

30. That science and technology, when suitably adapted and applied to local conditions, can make a substantial contribution to development, is a universally shared conviction.^{67/} There is accordingly a clear need to intensify research, demonstration and other efforts to exploit scientific and technological potentialities of high promise for accelerating economic and social development.^{68/} To this end attention has been drawn to the important role of scientific research institutions and the training of scientific personnel in developing countries.^{69/} Thus, in the context of eliminating hunger, the World Food Congress in 1963 recommended less developed countries to take speedy and decisive action "for the maximum utilization of the stock of scientific and technical knowledge and the promotion of both short-term and long-term adaptive research".^{70/} A special impetus to research and the dissemination of information concerning improved practices and their practical application in various fields could be given by the establishment of national productivity centres.^{71/} In general it is believed that the application of science and technology in the interests of the economic and social progress of less developed countries cannot produce the best results unless it forms part of a coherent programme of development in the economic, industrial, social and cultural fields.^{72/}

31. The international community has also emphasized the importance of further promoting the international exchange of scientific and technical experience.^{73/} This calls for broad international co-operation. In general, less developed countries should be helped to build up as quickly as possible the policies,

^{67/} General Assembly resolution 1944 (XVIII); Council resolutions 980 A (XXXVI) and 1083 (XXXIX).

^{68/} General Assembly resolution 1710 (XVI).

^{69/} Council resolution 980 A (XXXVI), UNESCO, General Conference (14th session), resolution 2.3.

^{70/} Declaration of the World Food Congress 1963. See also FAO Conference resolution No. 26/63.

^{71/} Council resolution 416 E (XIV).

^{72/} General Assembly resolution 2318 (XXII).

^{73/} General Assembly resolution 1429 (XIV): Council resolutions 180 (XIII) and 222 A (IX); UNESCO, General Conference (14th session), resolution 2.1.

institutions and supply of skilled personnel on which their capacity and readiness to assimilate science and technology will inevitably depend.^{74/} Among other things, developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general, to developing countries, including the financing of the procurement of licences and related technology on favourable terms.^{75/}

32. It was in recognition of the importance of expanding the international exchange of scientific and technical experience that programmes of technical assistance were developed. An essential purpose of all such assistance is to enable countries in the process of economic development as soon as possible to carry on their development themselves.^{76/} Among other important guidelines, the following principles were formulated for technical assistance through the United Nations and related agencies:^{77/}

(a) That it shall be given to or through Governments, with their agreement and at their request;

(b) Due attention and respect should be paid to national sovereignty and national legislation of receiving countries;^{78/}

(c) It shall be designed to meet the needs of the receiving country and in a form that country desires, and shall avoid distinctions arising from its political structure or from the race or religion of its population;

(d) The services envisaged should aim to increase the productivity of material and human resources and a wide and equitable distribution of the benefits of such increased productivity so as to contribute to the realization of higher standards of living for the entire population;

^{74/} Council resolution 1083 (XXXIX).

^{75/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.26; see also General Assembly resolutions 1713 (XVI) and 2091 (XX). For some specific guiding principles of technical co-operation see Proceedings of UNCTAD, Final Act and Report: annex A.IV.25. See also Council resolution 1201 (XLII).

^{76/} General Assembly resolution 1255 E (XIII).

^{77/} General Assembly resolution 200 (XXX) and Council resolution 222 A (IX).

^{78/} See also paragraph 18 above.

(e) Requesting Governments are expected to ensure that their own technical natural and financial resources are mobilized, canalized and utilized in the interests of economic development designed to improve the standard of living of all their peoples;

(f) Requesting Governments are expected to give full and prompt consideration to the technical advice received and generally to undertake the sustained efforts required for economic development, including continuing support and progressive assumption of financial responsibility for the administration of projects initiated at their request under international auspices.

Social considerations

33. As already indicated social progress is both an objective and a means to development.^{79/} It is necessary, in other words, to recognize "the interrelated character of economic and social factors and the basic requirement that economic development and social development should go together ...".^{80/} Economic and social factors "cannot be disassociated without threatening the balance which should be maintained between economic development and social progress".^{81/} This interdependence of economic development and social development has been repeatedly emphasized in the United Nations and related agencies. Attention has been drawn to the desirability of framing integrated programmes that take into account various economic and social conditions and factors and their mutual relationship.^{82/} In short, a primary approach to development is "the planning of social development in conjunction with economic development, with a view to attaining balanced and integrated economic and social development".^{83/}

34. Since development is a process of over-all change and growth it requires a comprehensive approach to all aspects of promoting the well-being of members of

^{79/} See paragraph 21 above.

^{80/} Council resolution 1139 (XLI) and General Assembly resolution 2293 (XXII).

^{81/} Council resolution 841 (XXXII).

^{82/} General Assembly resolutions 642 (VII) and 1916 (XVIII).

^{83/} Council resolution 1139 (XLI). See also Council resolutions 903 B (XXXIV); 1086 M (XXXIX); 1152 (XLI); and General Assembly resolutions 1674 (XVI); 1708 (XVI); 1939 (XVIII).

society. This includes an acceptance, and often a deliberate initiation, of changes in social structure. The General Assembly has drawn attention to the "significance of adequate structural social and economic changes".^{84/} In its resolution 1916 (XVIII) it expressed the conviction that economic and social progress cannot be achieved "without such alteration of certain social structures as may be necessary".

35. A logical corollary of this viewpoint is the recognition of the need for social reforms, including agrarian reform, fiscal reforms and the advancement of socially disadvantaged groups. Sectoral variations on the theme of social reform as a condition and means of economic progress occur in a number of United Nations resolutions^{85/} and were summed up in Council resolution 1139 (XLI) which called for the promotion of "social reforms basic to the achievement of high levels of living and economic and social progress, in particular agrarian reforms, equitable distribution of the national income,^{86/} and the social advancement of certain racial or ethnic groups or individuals requiring social protection". The International Labour Organisation has stated as one of the objectives of social policy the equitable distribution of the burdens and fruits of production and progress, so that each may profit in just measure from the work of all, so that nobody shall be exploited and so that harmonious social development shall accompany and promote economic development.^{87/}

36. Social reforms are also necessary in order to harness all the resources of the nation, including the creative energies of the people^{88/} and to make them aware of the need for economic development, progress and social justice.^{89/} All

^{84/} General Assembly resolution 2035 (XX).

^{85/} See General Assembly resolutions 1258 (XIII); 1426 (XIV); 1932 (XVIII); 2036 (XX); 2035 (XX); Council resolutions 1078 (XXXIX); 1086 G (XXXIX); 1213 (XLII).

^{86/} On the desirability of a more just and equitable distribution of income see also Council resolution 1086 D, 1086 G, 1086 L (XXXIV); and ECLA resolution 229 (X).

^{87/} Philadelphia Declaration, annexed to the Constitution of the ILO and Convention No. 117 concerning Basic Aims and Standards of Social Policy (1962). Governments will be familiar with the large number of conventions and recommendations the ILO has adopted to ensure that workers should have a fair share of the fruits of progress and enjoy the social protection they need.

^{88/} General Assembly resolution 2035 (XX).

^{89/} General Assembly resolution 1916 (XVIII).

possible steps should be taken effectively to interest and associate the population in the framing and execution of measures of social progress.^{90/} Developing countries have accordingly been urged "to create a spirit of self-reliance, to encourage all sectors of the population to shoulder their responsibilities and to foster the attitude necessary for the implementation of policies with a view to furthering to the maximum national participation in the task of development".^{91/}

37. The need to intensify measures for the full utilization of human resources has received renewed emphasis in recent years.^{92/} Among the ways of achieving this the General Assembly believes that community action, incorporating as it does the principle of self-help and mutual assistance, "constitutes one of the most direct, rapid and efficient methods of channelling the unco-ordinated efforts of members of the community into projects of benefit to it and to the nation as a whole". Furthermore, the effects of community action promote not only economic development but also "social solidarity, national integration and cultural development".^{93/} Community action is especially valuable for carrying out land reform, for example, since in addition to contributing directly to the formation of an economic and social infra-structure, it facilitates the spread of agricultural knowledge and techniques and the establishment of co-operatives.^{94/} In the field of low-cost housing and community facilities and services the Economic and Social Council has recommended Governments to facilitate a more intensive use of the "efforts of individuals and groups (co-operatives, trade unions and other organizations) including self-help, mutual aid co-operatives and similar methods".^{95/} The important role of such organized efforts in promoting change and making it acceptable to the population as a whole is also recognized in many ILO conventions and recommendations. As part of the same

^{90/} ILO Convention No. 117 concerning Basic Aims and Standards of Social Policy (1962).

^{91/} UNESCO General Conference (14th session), resolution 9.1 and 9.2. See also UNESCO, Executive Board (77th session), resolution 6.2.

^{92/} General Assembly resolutions 2083 (XX); 2211 (XXI); Council resolutions 1090 A (XXXIX); 1139 (XLI); 1274 (XLIII).

^{93/} General Assembly resolution 1915 (XVIII). The value of community development is also stressed in Council resolutions 627 (XXII) and 731 J (XXVIII).

^{94/} General Assembly resolution 1915 (XVIII).

^{95/} Council resolution 731 B (XXVII).

effort to mobilize human resources, Governments have been recommended to "pursue all appropriate economic and social measures to achieve and maintain full employment, including as a step in this direction, measures to reduce unemployment and underemployment and to improve the position of the unemployed and underemployed".^{96/}

98. A closely related theme is the particular attention Governments should give to the development of human resources through adequate programmes for nutrition, health, education and vocational training, sound public administration and low-cost housing, community facilities and services.^{97/} Reference has already been made to the need to raise nutritional levels.^{98/} The other major approaches to investment in human resources may be stated as follows:

(a) The "creation of a network of minimum basic health services must be regarded as an essential pre-investment operation without which agricultural and industrial development would be hazardous, slow and uneconomic";^{99/}

(b) Literacy is another condition of development; it is a "means for the acquisition of those fundamental skills through which education can develop and grow as a continuing and self-renewing process. It provides both the motive and the medium for self-development, attainment of new skills and ideas and adaptability to a rapidly changing environment";^{100/}

(c) More specifically the development of human resources requires the training of national cadres, including administrative, professional and technical personnel and specialists. In all fields and aspects of development

^{96/} Council resolution 835 (XXXI). See also Employment Policy Convention and Employment Policy Recommendation adopted by International Labour Organisation in June 1964.

^{97/} Council resolution 916 (XXXIV).

^{98/} See paragraph 57 below.

^{99/} World Health Assembly resolutions 15.57; 17.20; 20.53; 16.40.

^{100/} UNESCO thirteenth session, Conference resolution 1.271. See also General Assembly resolution 2043 (XX).

the United Nations and related agencies have been continuously and acutely conscious of the need for larger resources of trained personnel;^{101/}

(d) Concerned with the effects of bad housing and over-rapid urbanization on living standards, the General Assembly and the Economic and Social Council have recommended Governments to institute or accelerate programmes for the extension of low-cost housing, community facilities and services;^{102/}

(e) In the planning and administration of economic and social development programmes and in setting priorities for allocating resources, special regard should be paid to the needs of children and young persons, thereby preparing them for their future participation in their country's development. Future economic and social advancement is crucially dependent on the development of young human resources.^{103/}

39. Finally, it is essential for the economic and social programmes of less developed countries to take demographic factors into account.^{104/} In that respect, the rapid growth of population in many of these countries in relation to the growth of their national incomes calls for the most urgent action.^{105/} Demographic problems require however the consideration of economic, social, cultural, psychological and health factors in their proper perspective.^{106/} The Economic and Social Council has accordingly called for the establishment of "action

^{101/} See for example General Assembly resolutions 1515 (XV); 1710 (XVI); 1824 (XVII); 2090 (XXI); Council 1090 A (XXXIX); see also ECLA 277 (XII); ECA 173 (VII) and for some guidelines on functional literacy programmes, ECAFE 71 (XXII).

^{102/} General Assembly resolutions 1393 (XIV) and 1917 (XVIII); Council 731 B (XXVII). For detailed guidelines in this field, see Council 976 B (XXXVI); 976 F (XXXVI) and General Assembly resolution 2036 (XX).

^{103/} General Assembly resolutions 1773 (XVII); 1919 (XVIII); 2057 (XX); Council resolutions 1023 (XXXVII) and 1086 G (XXXIX). See also ILO, fiftieth session, resolution VI concerning Special Youth Training and Employment Programmes.

^{104/} Council resolution 721 B (XXVII).

^{105/} Council resolution 1089 (XXXIX).

^{106/} World Health Assembly resolution 18.49.

programmes in the field of population consistent with the economic, social, religious and cultural circumstances of the respective countries".^{107/} In this respect the General Assembly has recognized "the sovereignty of nations in formulating and promoting their own population policies with due regard to the principle that the size of the family should be the free choice of each individual family".^{108/}

Development financing

40. The ability of less developed countries to derive appreciable resources from their own national savings is an essential condition of their development.^{109/} Among the methods of achieving this the Economic and Social Council has stressed the importance of "effective tax systems which will serve to mobilize needed Government resources in line with the requirements and objectives of development planning".^{110/} The mobilization of domestic resources is in fact central to the purpose of many guidelines on approaches to development. The second session of UNCTAD, while appreciating the efforts already made by the developing countries to mobilize and make effective use of their resources" considered that "further efforts in this regard are essential for accelerating economic development in the developing countries".^{111/}

41. It is universally agreed, however, that national efforts need to be supplemented and strengthened by an increasing provision of foreign private and

^{107/} Council resolution 1139 (XLI). In its resolution 54 (XX), ECAFE invited the Governments of its region to "take account of the urgent need to adopt a positive population policy related to their individual needs".

^{108/} General Assembly resolution 2211 (XXI). See also World Health Assembly resolution 18.49.

^{109/} General Assembly resolutions 400 (V); 1218 (XII); 1938 (XVIII) and Council resolutions 294 (XI); 916 (XXXIV). In its resolution 226 (X) the ECLA considered that the financing of investment should derive primarily from the internal efforts of Latin American countries themselves.

^{110/} Economic and Social Council resolution 1271 (XLIII). In this respect, in its resolution 226 (IX), the Economic Commission for Latin America noted that existing patterns of income distribution in most Latin American countries constitute a potential source of internal savings which can be utilized on a large scale and at the same time channelled more effectively. For some detailed suggestions on institutional facilities and techniques for mobilizing domestic capital see Council resolution 294 (XI) and General Assembly resolution 1427 (XIV).

^{111/} TD/II/Res.28.

public capital. The significance of this provision has been repeatedly acknowledged in the United Nations and related agencies.^{112/} At its fifteenth session the General Assembly expressed the hope that "the flow of international assistance and capital should be increased substantially so as to reach as soon as possible approximately 1 per cent of the combined national incomes of the economically advanced countries".^{113/} This goal is "not intended to represent a ceiling or a suitable method for comparing the appropriate quantitative or qualitative development assistance efforts as between different economically advanced countries".^{114/} The first session of UNCTAD recommended that each economically advanced country should, at a minimum, endeavour to reach the 1 per cent target, which was defined in terms of certain net capital flows.^{115/} The second session of the Conference reaffirmed the target, but redefined it in terms of gross national product at market prices.^{116/}

42. An early recommendation of the Economic and Social Council indicated various ways by which less developed countries could increase their capacity to absorb foreign capital, such as the institution of mass education, vocational training, agricultural extension services, the training of scientists and administrators, meaningful measures of land reform and reform of agricultural credit systems, and measures to increase social mobility.^{117/} Much of the attention given to capital

^{112/} See e.g. General Assembly resolutions 724 (VIII); 1219 (XII); 1524 (XV); 2170 (XXI).

^{113/} General Assembly resolution 1522 (XV). The voting on this wording in the Second Committee was 28 to 14, with 36 abstentions, but the whole of the resolution in which it was incorporated was carried in plenary session by 87 votes to none.

^{114/} Council resolution 1088 A (XXXIX). See also UNCTAD Final Act, Third Part, annex A.IV.2.

^{115/} Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.IV.2.

^{116/} TD/II/Res.27.

^{117/} Council resolution 368 (XIII).

flows, however, has been concentrated on ways to facilitate and stimulate them and the principles that should guide them. In this respect, private capital flows may be distinguished from public capital flows.

43. From the establishment of the World Bank onwards, the international community has endorsed the view that private foreign investment has an important contribution to make to development.^{118/} Private capital contributes to the economic diversification of less developed countries and transfers technical and managerial know-how to them.^{119/} Among the measures suggested to encourage foreign private investment are the provision of information on investment opportunities, conditions and regulations and the conclusion of appropriate tax treaties to resolve the issue of double taxation, to provide incentives and to safeguard investors against discriminatory treatment.^{120/} The aim of the guidelines laid down is to strike a balance between the interests of investors and the countries receiving the investment. The terms and operations of such investment should be acceptable to all the parties concerned.^{121/} As regards natural resources development, for instance, less developed countries should be ensured "an equitable share of earnings from the extraction and marketing of their natural resources by foreign capital in accordance with the generally accepted reasonable earnings on invested capital".^{122/} It is accepted that foreign investment must be based on respect for the sovereignty of the host country.^{123/} In addition, foreign private investors are recommended to co-operate with local institutions and capital, rely as far as possible on existing resources in developing countries, work within the framework and objectives of

^{118/} See Articles of Agreement of the International Bank for Reconstruction and Development and International Finance Corporation; General Assembly resolutions 824 (IX); 2087 (XX); 1032 (XI); Council resolution 294 (XI). See also Council resolution 1270 (XLI) and Proceedings of UNCTAD, vol.1, Final Act and Report, resolution 33 (II).

^{119/} General Assembly resolution 2087 (XX); Council resolution 1286 (XLI); Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.12.

^{120/} For detailed guidelines see General Assembly resolution 824 (IX) and Council resolutions 368 (XIII) and 1273 (XLI).

^{121/} Council resolution 1286 (XLI).

^{122/} General Assembly resolution 1710 (XV).

^{123/} General Assembly resolution 2087 (XX); Council resolution 368 (XIII); Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.12.

development, and recognize the desirability of reinvestment of profits in the developing countries concerned as far as possible and the availability of know-how, training and employment to the nationals of host countries.^{124/} In a recent resolution, the General Assembly recognized "the right of all countries, and in particular of the developing countries, to secure and increase their share in the administration of enterprises which are fully or partly operated by foreign capital and to have a greater share in the advantages and profits derived therefrom on an equitable basis, with due regard to the development needs and objectives of the peoples concerned and to mutually acceptable contractual practices", and called upon the countries from which such capital originates "to refrain from any action which would hinder the exercise of that right".^{125/}

44. In considering ways and means of financing development the General Assembly soon realized that the volume of private capital flow could not meet the financial needs of less developed countries; an increased flow of public funds was also needed.^{126/} The conditions, terms and forms of this assistance have received an immense amount of attention and in the process a number of guiding principles have been formulated:

(a) It should be of a kind and in accordance with the wishes of the recipients and should involve no unacceptable conditions for them - political, military or other;^{127/}

(b) It should be provided on terms which take into account the special requirements and conditions of developing countries so as to benefit them.^{128/} This implies, inter alia, terms and conditions that do not impose unduly heavy

^{124/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.12.

^{125/} General Assembly resolution 2158 (XXI).

^{126/} General Assembly resolution 400 (V).

^{127/} General Assembly resolutions 1515 (XV) and 2170 (XXI). See also paragraph 18 above.

^{128/} Council resolution 916 (XXXIV).

burdens on developing countries and thereby jeopardize their prospects for further growth;^{129/}

(c) It should take into account the need for continuity, the importance of well-formulated and workable plans and programmes,^{130/} adequate measures by the developing countries for their implementation, the characteristics, requirements and present development levels of countries being assisted, the role of national development institutions and the possible need for financing local costs of projects or programmes;^{131/}

(d) It should have enough flexibility to increase financial assistance to developing countries when, as a result of circumstances beyond their control, there is a decline in external resources available to them below the expected levels required to sustain their programmed rates of investment and growth of national income;^{132/}

(e) It should promote regional economic co-operation of developing countries and be co-ordinated with their integration efforts, including, where appropriate, the field of regional industrial development and regional trade and payments arrangements relating to intraregional and international trade;^{133/}

^{129/} Council resolutions 294 (XI); 1089 (XXXIX); Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.1. Note also article I of the International Development Association. For specific references to the need for easier lending terms see General Assembly resolutions 1524 (XV); 2170 (XXI); Council resolution 1088 A (XXXIX) and UNCTAD Final Act, Third Part, annex A.I.1. The second session of UNCTAD, while recognizing differences in the ability of individual countries to service external debt, considered that "most developing countries will need to receive development assistance on soft terms for a long-term ahead, whether the judgement is based on their national income per head or their external financial position and prospects". TD/II/Res.29.

^{130/} One of the guiding principles laid down for the Special Fund states: "Due consideration shall be given to arrangements made for the integration of projects into national development projects and for effective co-ordination of the project with other multilateral and bilateral programmes". General Assembly resolution 1240 (XIII).

^{131/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.1.

^{132/} Ibid.

^{133/} Ibid.

(f) It should avoid, except for balance-of-payments reasons, reliance on the practices of restricting economic aid to particular sources of supply, or exclusively to particular projects; when aid involves the supply of goods and services they should be made available at competitive world prices; ^{134/}

(g) It should be made available both for programmes and projects and should include local costs where necessary; ^{135/}

(h) It should encourage the channelling of external resources wherever possible and appropriate through multilateral institutions - including regional development institutions. ^{136/}

45. Reference has already been made to the potentially beneficial effect of disarmament. ^{137/} In that connexion the General Assembly at its eighth session, adopted the following declaration:

"We, the Governments of the States Members of the United Nations in order to promote higher standards of living and conditions of economic and social progress and development, stand ready to ask our peoples, when sufficient progress has been made in internationally supervised world-wide disarmament, to devote a portion of the savings achieved through such disarmament to an international fund within the framework of the United Nations, to assist development and reconstruction in under-developed countries." ^{138/}

^{134/} General Assembly resolution 1524 (XV). See also Council resolution 294 (XI) and Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.1. For a more specific reference to tied lending see General Assembly resolution 2170 (XXI).

^{135/} TD/II/Res.29.

^{136/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.1. See also General Assembly resolution 1522 (XV).

^{137/} See paragraph 20 above.

^{138/} General Assembly resolution 724 A (VIII). The declaration was adopted by 41 votes to none, with 13 abstentions. See also Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.I.1.

International trade

46. The belief that international trade is a most important factor making for economic and social progress throughout the world, an improvement in neighbourly relations between States, the strengthening of peace, mutual confidence and understanding among nations has been frequently expressed by the States Members of the United Nations and related agencies.^{139/} One of the purposes of the International Monetary Fund, for example, is "to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy".^{140/} Resolution 963 (XXXVI) of the ECOSOC summed up the belief in the statement that "the development of equitable and mutually advantageous trade can provide higher standards of living, full employment and rapid economic progress in all countries of the world and can help to create an atmosphere of mutual confidence and understanding among nations, and strengthen peaceful and neighbourly relations between States".

47. In the field of development the importance of international trade has received more specific acknowledgement. Expanding international trade would enable less developed countries increasingly to finance their economic development from their foreign exchange earnings,^{141/} to diversify their economies,^{142/} and thus to

^{139/} One or more of the elements of this conviction appear in General Assembly resolutions 1322 (XIII); 1519 (XV); 1785 (XVII); 2085 (XX) and Council resolutions 579 A (XX); 614 A (XXII); 778 (XXX); 846 (XXXII). See also Proceedings of UNCTAD, vol. 1, Final Act and Report, First Part and Articles of Agreement of the International Development Association.

^{140/} Article I (ii) of Articles of Agreement of the International Monetary Fund.

^{141/} General Assembly resolutions 1324 (XIII); 1422 (XIV); 1515 (XV); 1710 (XVI); and Council resolutions 846 (XXXII); 1089 (XXXIX). See also General Agreement on Tariffs and Trade, part IV, article XXXVI, paras. 1 (b) and 2 and the Declaration on Promotion of the Trade of Less Developed Countries adopted by the Contracting Parties of GATT, 7 December 1961.

^{142/} General Assembly resolution 1515 (XV) and Council resolution 846 (XXXII). See also GATT Part IV, article XXXVI, para. 5.

increase their production, employment and living standards.^{143/} Hence, the necessity to increase their share of world trade.^{144/} This, in turn, requires that "international policies in the field of trade and development, should result in a modified international division of labour, which is more rational and equitable and is accompanied by the necessary adjustments in world production and trade".^{145/}

48. The ways and means of reaching this result have claimed a great deal of attention in the United Nations and related agencies and in the process, criteria have been evolved out of which what might fairly be called a code of international trade may ultimately emerge. The main weight of discussion and disagreement tends now to centre less upon guiding principles than upon the practical actions required to give effect to them. For convenience the principal guide-lines may be considered in relation to the problems of improving the export earnings of developing countries in the markets of developed countries, trade expansion and economic integration among developing countries, and trade among countries having different economic and social systems.

49. With regard to the first heading, it is generally agreed that less developed countries must reduce their excessive dependence on primary products and make every effort to diversify their export trade and markets.^{146/} The first session of the United Nations Conference on Trade and Development, for example, recommended that development plans and policies should give particular attention to and make appropriate provision for the establishment and development of industries with an

^{143/} Council resolution 531 C (XVIII).

^{144/} In its resolution 37 (XVIII), the Economic Commission for Asia and the Far East attached importance to a "just and equitable share in world trade". GATT, part IV, article XXXVI, para. 3 states: "There is a need for positive efforts designed to ensure that less developed contracting parties secure a share in the growth in international trade commensurate with the needs of their economic development". The Preamble to the Final Act of UNCTAD states that, "the accelerated economic development of the developing countries depends largely on a substantial increase in their share in international trade".

^{145/} Proceedings of UNCTAD, vol.1, Final Act and Report, first part and annex A.I.1.

^{146/} Economic and Social Council resolutions 614 B (XXII); 709 B (XXVII). See also GATT part IV, article XXXVI, para. 5 and the Declaration on the Promotion of Trade of Less-Developed Countries (1961); and Proceedings of UNCTAD, vol.1, Final Act and Report, annexes A.III.3, A.III.4 and A.III.5.

export potential. Various measures for strengthening the competitive position of such industries were suggested.^{147/} The necessity for active trade promotion has been recognized, and the second session of UNCTAD affirmed "the importance, to the progress of the developing countries, of adequately trained manpower in the fields of export promotion (techniques of marketing and packaging, methods of financing, publicity, etc.) and invisibles, including shipping, insurance and tourism".^{148/}

50. Efforts of export diversification and trade promotion will be of little avail, however, without improved access to the markets of developed countries, the need for which has been clearly stated.^{149/} As a general principle, developed countries have been asked to take into account the possible effects of their own trade and production policies on the development of less developed countries.^{150/} More specifically, developed countries should urgently seek and apply ways of eliminating restrictive practices and measures which have unfavourable repercussions on the export trade of developing countries,^{151/} and give particular attention to an early reduction or elimination of barriers to exports from these countries.^{152/} At the second session of UNCTAD, achievement of "unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized non-reciprocal and non-discriminatory preferences" for exports of manufactures and semi-manufactures of developing countries to the developed countries marked a major change in traditional commercial policies. Although further intensive work is

^{147/} Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.III.3.

^{148/} Report, UNCTAD II, resolution 1 (II).

^{149/} General Assembly resolution 1520 (XV) and Council resolution 916 (XXXIV). See also GATT, part IV, article XXXVI, para. 5 and GATT Declaration on Promotion of the Trade of Less Developed Countries (1961).

^{150/} General Assembly resolutions 1422 (XIV); 1027 (XI); 1520 (XV); 1707 (XVI); and Council resolutions 614 B (XII); 579 A (XX); 726 (XXVIII). See also FAO Conference resolutions No. 10/59 and No. 2/63 and GATT, part IV, article XXXVII, paras. 3 (c) and 5.

^{151/} General Assembly resolutions 1422 (XIV) and 1515 (XV).

^{152/} Council resolution 916 (XXXIV). See also GATT, part IV, article XXXVII, para. 1 (a) and Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.I.1.

required to elaborate such a system and although some key issues remain to be settled, the Conference agreed "that the objectives of the generalized, non-reciprocal, non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least advanced among the developing countries should be:

- (a) To increase their export earnings;
- (b) To promote their industrialization; and
- (c) To accelerate their rates of economic growth".^{153/}

51. In addition to the newly-agreed policy on generalized preferences for manufactured and semi-manufactured goods, a number of other major principles and guide-lines, also intended to facilitate access to the markets of developed countries, have been established. They may be summarized as follows:

(a) To refrain from introducing or increasing tariff or non-tariff barriers or any discriminatory measures against products currently or potentially of particular interest to less developed countries;^{154/}

(b) To accord high priority to the reduction and elimination of tariff and non-tariff barriers on exports of particular interest to less developed countries, including customs duties which differentiate unreasonably between products in their primary and processed form;^{155/}

(c) To refrain from imposing new fiscal measures and in any adjustment of fiscal policy, to accord high priority to the reduction and elimination of fiscal measures specifically applied to primary products wholly or mainly produced in developing countries;^{156/}

(d) To avoid excessive agricultural protection^{157/} and seek to limit the use of subsidies for the production and export of primary products which may restrict

^{153/} Report, Proceedings of UNCTAD II, resolution 21 (II).

^{154/} GATT article XXXVII and Proceedings of UNCTAD, vol.1, Final Act and Report, annexes A.II.1 and A.III.4. See these sources also for principles governing exceptions to this and similar recommendations.

^{155/} GATT article XXXVII and Proceedings of UNCTAD, vol.1, Final Act and Report, annexes A.II.1 and A.III.4. See also General Assembly resolution 1707 (XVI).

^{156/} GATT article XXXVII; Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.II.1 and A.III.4. See these sources also for principles governing exceptions to this and similar recommendations.

^{157/} General Assembly resolution 1707 (XVI) and Council resolution 846 (XXXII). See also Proceedings of UNCTAD, vol.1, Final Act and Report, annexes A.II.1 and A.I.1.

the market opportunities of developing countries;^{158/} "to carry out, to the extent practicable, measures providing more favourable conditions of access to their markets for primary products exporting countries, particularly bearing in mind the interests of developing countries, and permitting primary products exporting countries to participate in the growth of the markets of industrial nations";^{159/}

(e) To avoid dumping and the unrestricted disposal of accumulated stocks. Agricultural surplus disposal policies should accord with the FAO Principles of Surplus Disposal.^{160/}

(f) To give active consideration to the adoption of other measures, such as steps to promote domestic structural changes, to encourage the consumption of particular products or to introduce measures of trade promotion, designed to provide greater scope for the development of imports from less developed countries.^{161/} Developed centrally-planned economy countries should, inter alia, take duly into consideration the trade needs of less developed countries when fixing quantitative targets in their long-term development plans and concluding long-term agreements and contracts.^{162/}

(g) It is agreed that "preferential arrangements between developed countries and developing countries which involve discrimination against other developing countries, and which are essential for the maintenance and growth of the export earnings and for the economic advancement of the less developed countries at present benefiting therefrom, should be abolished pari passu with the effective

^{158/} GATT Declaration on Promotion of Trade of Less-Developed Countries (1961) and Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.II.1.

^{159/} Report, UNCTAD II, resolution 9 (II).

^{160/} GATT Declaration on Promotion of Trade of Less-Developed Countries (1961); UNCTAD Final Act, third part, annex A.II.1; FAO Council resolution No. 11/59 and Conference resolution No. 14/53. See also UNCTAD Final Act, third part, annex A.I.1, Special Principles Eight and Nine.

^{161/} GATT, article XXXVII, para. 3 (b). See also Proceedings of UNCTAD, vol.1, Final Act and Report, annexes A.III.2, A.III.4, A.III.6, A.III.7.

^{162/} Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.II.1. On long-term trade agreements, see annex A.VI.3. See also Report, UNCTAD, resolution 15 (II).

application of international measures providing at least equivalent advantages for the said countries".^{163/}

(h) It is accepted that developed countries should not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less developed countries.^{164/}

(i) "Developed countries participating in regional economic groupings should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries, and in particular from developing countries, either individually or collectively."^{165/}

52. Closely related to the need to improve access to world markets for the exports of less developed countries is the problem of eliminating excessive fluctuations in the primary commodity trade and therefore in the export receipts of these countries. There has been considerable support for international action to remedy this situation. It is recognized that international co-operation "in seeking fair and equitable solutions to commodity price problems is calculated to promote international economic relations and particularly the development of under-developed countries".^{166/} A policy of assistance to these countries will be more effective if the excessive instability of commodity markets is remedied.^{167/} There is accordingly a need for policies and measures that would stabilize prices at an "equitable and remunerative level".^{168/} It would be desirable to work out

^{163/} Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.II.1. General Principle Eight in annex A.I.1 includes a more direct recommendation on preferences, but 11 countries voted against and 23 abstained in the vote on this Principle.

^{164/} GATT article XXXVI; Proceedings of UNCTAD, vol.1, Final Act and Report, annexes A.II.1 and A.III.4.

^{165/} Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.I.1. General Principle Nine. Ten countries abstained in the roll-call vote on this Principle. See also FAO Conference resolution No. 4/61.

^{166/} Council resolution 656 (XXIV).

^{167/} General Assembly resolution 1422 (XIV).

^{168/} General Assembly resolution 1710 (XVI) and Council resolution 1089 (XXXIX). See also GATT articles XXXVI, para. 4 and XXXVIII, para. 2 (a) and Proceedings of UNCTAD, vol.1, Final Act and Report, annex A.II.1.

such measures on a "reciprocally beneficial and non-discriminatory basis, including, where appropriate, short, medium and long-term trade agreements, international commodity agreements and the establishment of international study groups".^{169/} General support has been expressed for a commodity-by-commodity approach,^{170/} but there has also been interest in measures for offsetting fluctuations by compensatory financing.^{171/} Thus, the Economic and Social Council in its resolution 916 (XXXIV) calls upon Governments to give particular attention to "sound compensatory arrangements designed to mitigate excessive fluctuations in export receipts of primary producing countries and to compensate for the harmful effects thereof". Related to the question of compensatory financial arrangements is the proposal for supplementary financial measures, advanced at the first UNCTAD Conference, and which "should aim to deal with problems arising from adverse movement in export proceeds which prove to be of a nature or duration which cannot adequately be dealt with by short-term balance of payments support. Its purpose should be to provide longer term assistance to developing countries which would help them to avoid disruption of their development programmes".^{172/} The second Conference reaffirmed this objective, specifying that "any measures devised to meet this need, should, on the basis of appropriate criteria, which should, to the extent possible, be objective, provide reasonable assurance of help to protect a

^{169/} General Assembly resolutions 1421 (XIV) and 1422 (XIV).

^{170/} General Assembly resolution 1324 (XIII).

^{171/} General Assembly resolutions 1423 (XIV) and 1515 (XV). In introducing its policy on compensatory financing of export fluctuations, the International Monetary Fund stated that "the financing of deficits arising out of export short-falls, notably those of primary exporting member countries, has always been regarded as a legitimate reason for the use of Fund resources, which have been drawn on frequently for this purpose. The Fund believes that such financing helps these members to continue their efforts to adopt adequate measures toward the solution of their financial problems and to avoid the use of trade and exchange restrictions to deal with balance-of-payments problems, and that this enables these members to pursue their programmes of economic development with greater effectiveness", (Executive Board Decision No. 1477-(63/8), 27 February 1963. Selected Decisions of the Executive Directors and Selected Documents, Third Issue, January 1965).

^{172/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.18.

country's development plan or programme against the effects of export shortfalls, to the extent that they cannot be met by short-term balance of payments support".^{173/}

53. The objectives, principles and scope of international commodity arrangements have been spelled out in recommendation A.II.1 of the Final Act of the first session of the United Nations Conference on Trade and Development. This recommendation was adopted without dissent. In the long run, however, it is accepted that the solution lies in structural changes of supply and demand in line with the objective of a modified international division of labour.^{174/} In considering the expansion and diversification of the exports of developing countries, account has been taken not only of trade in tangible goods, such as manufactures and basic commodities, but also of the field of invisible trade, where the shipping and tourism industries, in particular, can make a significant contribution to export earnings and economic growth.^{175/} Similarly, the development of national insurance and reinsurance institutions can reduce the strain on the balance of payments of the developing countries.^{176/}

54. Another broad area of commercial policy that is considered crucial concerns those measures that can be taken to intensify trade within the developing world, including the creation of economic-integration groupings. Many recommendations on this matter have been formulated by United Nations regional economic commissions to their regional member States,^{177/} and by the first session of UNCTAD.^{178/} Most recently, the second UNCTAD Conference adopted without dissent a concerted

^{173/} Report, UNCTAD II, resolution 30 (II). The Conference adopted this decision by 70 votes to none, with 8 abstentions.

^{174/} See paragraph 47 below.

^{175/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annexes A.IV.22 (Shipping) and A.IV.24 (Tourism); Report, UNCTAD II, resolutions 3 (II) and 12 (II) (Shipping) and 8 (II) (Tourism).

^{176/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.IV.23, Report, UNCTAD II, resolution 12 (II)

^{177/} See, for example, ECAFE resolutions 31 (XVI), 66 (XXII), 86 (XXIII); ECLA resolutions 227 (X), 234 (X) and ECA resolutions 31 (III), 140 (VI) and 145 (VII).

^{178/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annexes A.I.1, General Principle Ten and Special Principle Thirteen; A.II.5 and A.III.8.

declaration^{179/} reaffirming "that trade expansion, economic co-operation and integration among developing countries is an important element of an international development strategy and would make an essential contribution towards their economic development". The Conference recognized "that expansion of the mutual trade of developing countries and the creation of multinational markets among them would in many cases stimulate the establishment of new industries and the more economic use of existing productive capacity and would favour diversification and specialization of the production and exports of developing countries, both agricultural and industrial, by enlarging both the range of exportable goods and the market opportunities for them. This would in turn contribute to enhancing the efficiency of production and the competitive position of developing countries' exports". However, it has also been recognized that developing countries encounter special difficulties in achieving this intensification of trade among themselves. Therefore, the availability of appropriate external finance and technical assistance from developed countries and international institutions would enable developing countries to overcome these difficulties more easily and would permit more rapid progress. The concerted declaration contains, in separate sections, a "statement of intent" by the developing countries and "declarations of support" by the developed market-economy countries and by the socialist countries of Eastern Europe. The developed market-economy countries declared themselves ready, after examination and consultation within the appropriate international framework, to support particular trading arrangements among developing countries. This support could include their acceptance of derogations from existing international trading obligations, including appropriate waivers of their rights to most-favoured-nation treatment. It could also involve allocation of their financial and technical assistance. The nature of the support promised by the socialist countries would follow "the appropriate principles by which the socialist countries are guided in that respect". Adoption of such a concerted declaration shows that the international community is agreed that trade expansion and integration among developing countries can only progress if there is convergent action by all groups of countries.

^{179/} Report, UNCTAD II, resolution 23 (II).

55. Mention should also be made of the guidelines that have been developed with respect to trade between countries having different economic and social systems. Several recommendations in this field were adopted, over some dissenting and abstaining votes, at the first session of UNCTAD. ^{180/} At the second session it was possible to achieve unanimous agreement on a rather comprehensive resolution, ^{181/} which after "recognizing the desirability of expanding East-West trade on the one hand, and trade between developing countries and socialist countries on the other", addressed a series of recommendations to the groups of countries concerned. Thus, countries participating in East-West trade were called upon to continue their common efforts to expand this trade and seek to remove economic, administrative and trade policy obstacles. They were also urged to "ensure, through positive measures, that the expansion of trade between them does not unfavourably affect the trading possibilities of the developing countries". The recommendations specifically addressed to socialist countries mentioned, inter alia, measures to promote the diversification of the structure and of the geographical basis of their trade with developing countries; conclusion of long-term agreements for purchase of primary commodities; preferential abolition or reduction of tariffs on manufactures and semi-manufactures from developing countries and preferential conditions in their procurement policies; multilateralization of payments arrangements with developing countries; and a number of other provisions. Developing countries, for their part, were asked to encourage direct trade relations with socialist countries, to grant the latter conditions for trade not inferior to those granted normally to the developed market economy countries, and to facilitate implementation of the measures to be taken by the socialist countries.

Food and agriculture

56. The urgent necessity to accelerate agricultural progress in less-developed countries has received a great deal of emphasis in recent years. One main reason is the persistence of widespread hunger and malnutrition which "morally and

^{180/} Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.I.1, General Principle Two; annexes A.III.2, A.VI.3 and A.VI.4.

^{181/} Report, UNCTAD II, resolution 15 (II).

socially is incompatible with the dignity of human beings and the equality of opportunity to which they are entitled and is a threat to social and international peace".^{182/} Furthermore, it has long been recognized that population growth is especially serious in regions where conditions of hunger already exist.^{183/}

57. Less developed countries must accordingly intensify their efforts to speed up their agricultural growth rates and particularly the production of basic and nutritious foods for their domestic markets.^{184/} Their national development planning should include where necessary the most effective formulation, co-ordination and implementation of programmes to assure an adequate supply and human consumption of protein foods.^{185/} There is, in short, a need for realistic food and nutrition policies according to the nutritional requirements of the population.^{186/} These should include, *inter alia*, nutrition education along with general education.^{187/} On the other hand it is also felt that literacy campaigns in less developed countries "are likely to be more successful if at the same time the food deficiencies frequently existing among their peoples are remedied, particularly among school age populations".^{188/}

58. Food aid is valuable both as a form of capital investment and in remedying short-term food shortages;^{189/} but it should avoid possible harmful effects on the agricultural sector in recipient countries, observe the FAO Principles of Surplus Disposal^{190/} and benefit food exporting, as well as food deficient, developing countries.^{191/} International assistance in the establishment or enlargement of

^{182/} Declaration of the World Food Congress 1963, reaffirmed in FAO Conference resolution No. 5/63.

^{183/} General Assembly resolution 525 (VI).

^{184/} FAO Conference resolution No. 2/63.

^{185/} General Assembly resolution 2319 (XXII). For suggested priorities regarding edible protein food production see Council resolution 1257 (XLIII).

^{186/} FAO Conference resolution No. 5/67. See also World Health Assembly resolution 15.56.

^{187/} FAO Conference resolution No. 2/63.

^{188/} General Assembly resolution 1933 (XVIII). See also UNESCO, General Conference (14th session) resolutions 1.44 and 2.34.

^{189/} General Assembly resolution 2155 (XXI). FAO Conference resolution No. 7/67.

^{190/} See para. 51 above.

^{191/} UNCTAD Final Act, Third Part, annex A.III.6.

national food reserves in food-deficit countries is another effective transitional means of relieving famines and other emergencies and of accelerating economic development.^{192/}

59. The ultimate solution to the problem of hunger lies, however, in an effective acceleration of economic development that would permit less developed countries to increase their own food production or enable them to purchase more food through normal channels of international trade.^{193/}

60. The serious backwardness of agriculture or a lack of balance between agricultural development and other sectors of the economy has an adverse effect on over-all economic development.^{194/} Thus the Economic Commission for Latin America has acknowledged that the sluggish development of agriculture in most of the Latin American countries, especially in relation to population growth, has been a factor retarding their economic and social development and a major cause of the poverty affecting a large part of the rural population and of the low nutrition levels prevailing in broad sectors of Latin America's population.^{195/} Insufficient expansion of the agricultural sector also lies behind the chronic unemployment of rural population in most developing countries.^{196/}

61. Considerable importance has therefore been attached to "careful and integrated national planning for the development of the agricultural and other sectors of the economy, taking into account in particular, the potential stimulus to agriculture of industries linked with farms, forests and fisheries for supplies of raw materials or for sales outlets".^{197/} In preparing infra-structural investment plans, developing countries should also consider the great potential impact on

^{192/} General Assembly resolutions 827 (IX), 1496 (XV); Council resolution 685 (XXVI). See also UNCTAD II, resolution 9 (II).

^{193/} General Assembly resolution 1496 (XV).

^{194/} Council resolution 830 (XXXII); ECLA resolution 183 (IX); FAO Conference resolution 2/63.

^{195/} ECLA resolution 281 (XII).

^{196/} Proceedings of UNCTAD II, resolution 9 (II).

^{197/} FAO Conference resolutions Nos. 2/63, 12/63 and 28/63. See also UNCTAD II, resolution 9 (II).

agriculture of transport, power and commercial networks.^{198/} Marketing, storage and distribution facilities must be improved and modernized in balance with production.^{199/} Less developed countries should also re-examine their national development plans with a view to intensifying the use of food production resources and creating conditions in which additional inputs can be most effectively applied to agriculture while sustaining stability in domestic farm prices.^{200/} More intensified efforts are required in the application of modern technology^{201/} and in work designed to prevent crop and food losses.^{202/} In this connexion the Economic and Social Council has considered it imperative for less developed countries to establish their own fertilizer industries.^{203/} A major obstacle, however, is the lack of capital available to these countries to augment their own resources for importing the necessary machinery and equipment. This lends added emphasis to the need for international, as well as national, financing of agricultural development.^{204/} In particular it is urgently desirable to take all appropriate measures to increase the flow of food production resources from developed to less developed countries.^{205/}

62. New techniques presuppose a willingness to abandon traditional attitudes and accept new concepts of agricultural production and farm management. There is consequently an urgent need in many developing countries for practical agricultural education and training programmes with particular emphasis on the training of technicians in the wide range of skills needed to implement development projects and to train farmers, their wives and youth in new methods and improved techniques.^{206/} The Declaration of the World Food Congress in 1963 urged developing

^{198/} FAO Conference resolution No. 2/63.

^{199/} UNCTAD II, resolution 9 (II).

^{200/} FAO Conference resolution No. 6/67.

^{201/} General Assembly resolution 2301 (XXII). See also paragraph 30 above.

^{202/} For guidelines on measures to reduce these losses see FAO Conference Report, (14th session), paras. 234-235.

^{203/} Council resolution 1179 (XLI).

^{204/} FAO Conference resolution No. 9/51. UNCTAD II, resolution 9 (II).

^{205/} FAO Conference resolution No. 6/67.

^{206/} FAO Conference resolutions Nos. 13/63 and 24/63.

countries to take decisive and speedy action for the massive and purposive education of the rural population so that they will be capable of applying modern techniques and systems.^{207/}

63. But, technical measures alone are not sufficient. For many years now it has been recognized that over-all development also depends on the transformation of agrarian structures and more specifically, upon satisfactory solutions of problems of land use, ownership and tenure.^{208/} Indeed, obsolete systems of land tenure and cultivation have been described as "one of the great obstacles to economic, social and cultural development".^{209/} Land reform thus occupies a central position in the strategy of development.^{210/} Less developed countries have been repeatedly urged to initiate appropriate and effective measures for this purpose.^{211/} These should be taken in the interests of landless, small peasants and agricultural hired labourers and include timely and adequate financing, including state credit, government assistance and facilities for the marketing and distribution of agricultural products, rural extension work, co-operatives and peasant organizations.^{212/} One important principle to bear in mind is that the effective development of land reform depends "in large measure upon the enjoyment of economic, social and political equality, including the right to share equitably, the benefits of public facilities".^{213/}

Industrial development

64. It is universally agreed that industrialization is an essential condition of accelerated economic and social progress in less developed countries. Speedier

^{207/} See also UNCTAD II, resolution 9 (II).

^{208/} General Assembly resolutions 524 (VI), 1526 (XV), 1426 (XIV), 1828 (XVII), and Council resolutions 649 B (XXIII), 1078 (XXXIX).

^{209/} General Assembly resolution 1932 (XVIII).

^{210/} Council resolution 1213 (XLII).

^{211/} See e.g. General Assembly resolutions 524 (VI), 625 B (VII), 826 (IX), 1932 (XVIII) and Council resolutions 370 (XIII), 1078 (XXXIX), 1213 (XLII).

^{212/} Council resolution 1078 (XXXIX). For detailed guidelines and principles on agrarian reform see also General Assembly resolutions 524 (VI), 826 (IX) and Council resolution 370 (XIII).

^{213/} General Assembly resolution 826 (IX).

industrialization is required in order to ensure that their rate of economic growth will steadily overtake the rate at which their population is rising.^{214/} The "instability in the foreign exchange earnings of the less developed countries, due to fluctuations in world commodity prices and in general activity in the more advanced countries, makes it particularly important to encourage industrialization as an essential part of development programmes or plans".^{215/} Industrialization would promote economic diversification and assure a more balanced economic and social structure and a higher rate of economic development.^{216/} The argument was summed up in resolution 1940 (XVIII) of the General Assembly which recognized that "a dynamic industrial sector is of strategic importance in diversifying the economies of developing countries generally, in raising the per capita income of their populations and in assuring a more balanced economic and social structure".^{217/}

65. With regard to the pattern of industrialization, developing countries should bear in mind that the Economic and Social Council has called attention to "the importance of according appropriate priority to the development of export-oriented industries... taking into consideration concurrent opportunities for import substitution that might be achieved as one of the objectives of the diversification of their industrialization with a view to improving their balance of payments".^{218/} That is to say, in addition to import-saving industries which can provide foreign exchange savings, industries with an export-potential, such as metal transforming and engineering, can provide them with new sources of foreign exchange revenue, less subject to price fluctuations than their typical exports of primary products.^{219/} It follows, as is generally acknowledged, that the process of industrialization is closely dependent on the expansion of the foreign trade of these countries.^{220/} This implies in turn that the acceleration of industrial

^{214/} General Assembly resolution 1431 (XIV).

^{215/} Council resolution 709 A (XXVII) and General Assembly resolution 1431 (XIV).

^{216/} General Assembly resolution 1431 (XIV). See also General Assembly resolutions 1515 (XV); 1524 (XV); 1525 (XV); 1712 (XVI) and Council resolution 916 (XXXIV).

^{217/} See also General Assembly resolution 2152 (XXI) and ECAFE resolution 68 (XXII).

^{218/} Council resolution 1178 (XLI).

^{219/} Ibid. See also Council resolution 1081 C (XXXIX).

^{220/} General Assembly resolution 1821 (XVII).

development in developing countries "depends largely on the broadest international co-operation".^{221/} In particular these countries need the greatest possible international assistance and co-operation in the solutions of the technical, financial, economic, commercial and social problems connected with industrial development.^{222/} For this purpose developing countries should execute detailed technical and economic feasibility studies and elaborate "specific bankable projects".^{223/}

66. In a relatively early resolution the Economic and Social Council referred to "industrialization integrated with other forms of development".^{224/} In that connexion mention has already been made of the significance, to which the FAO Conference especially has called attention, of industrial activities that directly met the needs of agriculture for various inputs, marketing and processing facilities.^{225/} Similarly, attention has been drawn to the exploitation and efficient use of natural resources, industrial raw materials, by-products and new products in developing countries, with a view to increasing their industrial productivity and contribution to the diversification of their economies.^{226/}

67. Finally, considerable emphasis has been given, particularly at the regional level, to the urgent need for accelerated industrial development through multinational, subregional and regional co-operation.^{227/} In a recent resolution the Economic Commission for Africa, for example, expresses its awareness that economies of scale for certain large projects cannot be realized in most African countries because of the limited size of national markets, and records their

^{221/} General Assembly resolutions 2152 (XXI) and 2299 (XXII).

^{222/} General Assembly resolution 1940 (XVIII). For some specific suggestions on how developed countries could assist and facilitate industrial development in developing countries see Proceedings of UNCTAD, vol. 1, Final Act and Report, annexes A.III.2, A.III.6 and A.III.7.

^{223/} UNIDO, Industrial Development Board, resolution 1 (I).

^{224/} Council resolution 560, (XIX).

^{225/} See paragraph 60 above.

^{226/} General Assembly resolution 2152 (XXI).

^{227/} See Proceedings of UNCTAD, vol. 1, Final Act and Report, annex A.III.8; UNIDO Industrial Development Board resolution 1 (I) and paragraph 27 above.

determination to achieve faster industrial development through harmonization of industrialization programmes and the execution of multinational projects. It added that "the current practice of each country separately advertising its own limited investment opportunities in industry is generally ineffective and costly and leaves Governments open to exploitation".^{228/}

Energy and natural resources

68. The natural resources of developing countries constitute a basis for their economic advancement generally and their industrial progress in particular.^{229/} Since these resources are limited and in many cases exhaustible, their proper exploitation determines the conditions of the economic development of these countries both at present and in the future.^{230/} Considerable importance has therefore been attached to the inalienable right of all countries to exercise permanent sovereignty over their natural wealth and resources in the interests of their national development.^{231/} As already indicated, the General Assembly has been concerned to reconcile respect for this principle with the needs of developing countries for foreign capital and other forms of assistance in the exploitation of their natural resources.^{232/} To safeguard the exercise of permanent sovereignty over natural resources it is essential that their exploitation and marketing should be aimed at securing the highest possible rate of growth of developing countries. This objective, the General Assembly believed, "can better be achieved if the developing countries are in a position to undertake themselves the exploitation and marketing of their natural resources so that they may exercise their freedom of choice in the various fields related to the utilization of natural resources under the most favourable conditions".^{233/}

^{228/} ECA resolution 153 (VIII).

^{229/} General Assembly resolution 2158 (XXI).

^{230/} Ibid.

^{231/} See General Assembly resolutions 1314 (XIII); 1803 (XVII); 2158 (XXI) and paragraph 19 above.

^{232/} See paragraphs 17 and 43 above. For some specific guiding principles see also General Assembly resolution 1803 (XVII).

^{233/} General Assembly resolution 2158 (XXI). See also UNESCO, General Conference, (fourteenth session) resolution 2.23.

69. Where the knowledge of natural resources is fragmentary and insufficient, as in Latin America for example, developing countries should redouble their efforts on a permanent and continuing basis to complete an inventory and evaluation of them and to extend scientific and technical research in this field.^{234/} This includes a full knowledge of their water resources. The Economic and Social Council has called attention to the urgent problems raised by the heavy demands placed on water supplies as a result of increased population pressure and the growing needs of industry and agriculture.^{235/} The optimum use of water usually requires the combination of irrigation with power development, flood control, navigation, municipal, industrial and other beneficial uses. Range and watershed management, pollution control, development of fisheries, improved agricultural practices and industrial development all go hand in hand with the development of water resources.^{236/} There is, therefore, a need for "co-ordinated and well-balanced national and international programmes" in this field.^{237/}

70. In less developed countries there is also an acute scarcity of energy in a form which can be readily utilized. Yet population growth, economic development and rising living standards mean that energy resources must be constantly increased.^{238/} It is, therefore, important to harness new forms of energy, especially in those developing countries that lack conventional energy sources for their development.^{239/} In this connexion, the Economic and Social Council has recognized the interest of developing countries in being kept fully informed of possible applications of atomic energy, especially in the fields of power, industry and agriculture.^{240/} At the same time, all sources of energy, conventional and non-conventional, should not be considered in isolation from one another in relation to economic development.^{241/}

^{234/} ECIA resolutions 239 (X) and 245 (XI).

^{235/} Council resolutions 533 (XVIII) and 599 (XXI). See also UNESCO, General Conference (fourteenth session) resolution 2.24.

^{236/} Council resolution 417 (XIV).

^{237/} Council resolution 1033 D (XXXVII).

^{238/} Council resolution 598 (XXI).

^{239/} Council resolutions 779 (XXX) and 885 (XXXIV).

^{240/} Council resolution 653 (XXIV).

^{241/} Ibid.