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President : Mr. T. BOUATTOURA (Algeria)

Present :

Representatives of the following States: Algeria, Cameroon, Canada, Chile, Czechoslovakia, Dahomey, Ecuador, France, Gabon, Greece, India, Iran, Iraq, Luxembourg, Morocco, Pakistan, Peru, Philippines, Romania, Sierra Leone, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Israel, Italy, Japan, Mexico, Tunisia.

Observers for the following non-member States: Federal Republic of Germany, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, International Telecommunication Union, World Meteorological Organization.

Report of the Council Committee on Non-Governmental Organizations on applications for hearings (E/L.1120)

1. The PRESIDENT drew attention to the report of the Council Committee on Non-Governmental Organizations (E/L.1120) containing recommendations concerning hearings to be granted to non-governmental organizations in Category A. In the absence of comments, he considered the recommendations approved.

It was so agreed.

AGENDA ITEMS 2, 3, 4, 5, 7, 8, 10 AND 17

World economic trends (E/4053 and addenda, E/4152 and Corr.1, E/4187 and addenda, E/4221, E/4224 and Add. 1; E/ECE/613; E/CN.12/752 and Add. 1 and 2, E/CN.12/754; E/CN.14/345)

General review of the development, co-ordination and concentration of the economic, social and human rights programmes and activities of the United Nations, the specialized agencies and the International Atomic Energy Agency as a whole (E/4182 and Add.1, E/4183, E/4185/Rev.1 and Rev.1/Add.1, E/4188 and Add.1, E/4190, E/4191 and Corr.1 and 2, E/4193, E/4195 and Add.1, E/4197 and Add.1 and 2, E/4198 and Add.1, E/4199 and Add.1, E/4202, E/4205, E/4209, E/4215 and Corr.1)

Review and reappraisal of the Council's role and functions (E/4216)

United Nations Development Decade (E/4196 and Add.3)

Economic planning and projections (E/4046/Rev.1, E/4207 and Add.1; E/ECE/493/Add.1)

Financing of economic development

(a) International flow of capital and assistance (E/4170, E/4171 and Corr.1)

(b) Promotion of the international flow of private capital (E/4189 and Corr.1 and 2)

Industrial development activities (E/4192 and Add. 1, E/4203, E/4229 and Add. 1, E/4230)

Social development

(a) Report of the Social Commission (E/4206 and Add.1; E/CN.5/401)

(b) Report on the World Social Situation (E/CN.5/402 and Add.1 and 2; E/L.1125)

(c) Report on a programme of research and training in connexion with regional development projects (E/4228; E/CN.5/403)

GENERAL DEBATE (*continued*)

2. Mr. MORSE (Director-General, International Labour Office) said that a balance sheet covering the Council's twenty years of activity would primarily show that the Council had established the necessary institutional framework for the performance of the tasks devolving upon the United Nations in the economic and social fields, that it had dealt with the problems that had arisen in particular sectors of economic and social affairs and had striven to ensure the smooth running of a complex of

organizations. Co-operation among different agencies had become a deep-seated habit—even a reflex—with both the members of the governing bodies of the agencies and those responsible for the day-to-day implementation of the decisions the governing bodies took. While the United Nations family was now a living reality, the potential of the machinery created had admittedly not yet been fully utilized, and it would take much determination and imagination to achieve that end.

3. He proposed to concentrate on a single item of unfinished business, namely industrialization, because of the interest the Council had shown in it for several years and also because of the essential role the ILO had to play in that area.

4. The recent, fiftieth, International Labour Conference had unanimously acknowledged the need for industrialization as a means of furthering the diversification of national economies, the creation and accumulation of capital and the raising of the general level of employment. Industrialization was the essential driving force behind economic development, without which there could be no social development. It raised very serious problems for all countries, not excluding the most highly industrialized, but particularly for the developing countries. While the technological and financial problems involved in accelerated industrialization should not be underestimated, it must be recognized that the most far-reaching and intractable problem was the human problem—the reactions of the individual, the family and the social group to the establishment of an industrial society where for centuries there had been only a rural subsistence economy. To deal with those problems, the size and skills of the industrial labour force must be planned; for there was a fundamental relationship between the implementation of economic development plans and the existence or absence of a skilled labour force. Industrial labour requirements must therefore be forecast first. The required manpower must then be trained and the life and harmonious advancement of the industrial population organized through suitable social institutions, to ensure the whole population's full support for the national industrialization effort.

5. In view of its long experience in the development of human resources, living and working conditions and the promotion of social institutions, its universally accepted approach to social policy as a basic ingredient of the industrialization process, and its close constitutional and operational links with the trade union and employers' organizations, the ILO was uniquely equipped to play an indispensable role in any international programme of action for industrialization. In that connexion, he would refer to the necessary relations between all members of the United Nations family sharing the ILO's interest in industrial development and the new United Nations Organization for Industrial Development (UNOID), whose establishment the ILO Governing Body and the International Labour Conference had welcomed, and to which his Organisation was willing to give its full support. However, successful co-operation would depend on certain conditions. The first was the avoidance of duplication of activities and the concomitant waste of effort and resources. He would draw the attention of the Council

and the General Assembly to the type of duplication that was "constitutional", i.e. written into the constitutions of different organizations. He was thinking, for instance, of the provision on training contained in the UNOID draft resolution (E/4192, para. 11) to be submitted to the General Assembly at its next session, which he hoped could be reworded in order to preclude any subsequent confusion or misunderstanding. Another condition for successful co-operation in the field of industrialization was recognition of the fact that the setting-up of a new organization to operate within the existing United Nations system would entail certain adjustments that could only be, gradually and methodically, achieved by all-round goodwill. It was therefore to be hoped that in reporting on industrialization to the General Assembly the Council would stress the importance of all those aspects of the problem on which agreement was sought.

6. Mr. CHISTYAKOV (Union of Soviet Socialist Republics) mentioned as the most outstanding events of the preceding year the end of hostilities between India and Pakistan, the passing of a resolution by the General Assembly condemning interference in the internal affairs of other countries (resolution 2131 (XX)), and the setting-up of an organization for industrial development (resolution 2089 (XX)).

7. There were, however, some problems referred to in the Secretary-General's statement (1421st meeting) that impeded the normal development of international co-operation. His delegation particularly wished to mention one which stultified United Nations efforts and neutralized the work of the Council—namely, the war in Viet-Nam, whose baleful shadow darkened the entire international scene. The bombing of the Hanoi and Haiphong areas by United States aircraft was particularly dangerous.

8. The attitude of the Soviet Union towards the Viet-Nam question was well known. It was enough to recall the USSR Government's statement of 1 July 1966 to the effect that to ensure a healthy international situation an end must be put to United States aggression, all American and other armed forces must be withdrawn from South Viet-Nam, and the problem must be settled on the basis of the principles set out by the Government of the Democratic Republic of Viet-Nam and the South Viet-Nam National Liberation Front.

9. He went on to stress the danger inherent in United States efforts to establish new political blocs in Asia and Oceania, ostensibly for economic and cultural co-operation, but really for quite different aims boding ill for world peace.

10. With regard to the economic situation of the capitalist countries in 1965 and early 1966, the gross national product had been increased in the developed ones by considerable capital investment, although in most the rate of increase had slackened. Growing inflation and the increase in national debt and private indebtedness showed clearly that the capitalist economies were becoming more and more unstable. Moreover, the armaments race was redoubling in intensity and was absorbing a considerable part of the national incomes of the capitalist countries, whose economies were in fact being militarized in favour of monopolies trying to use the

armaments boom for their own ends. Every economist knew perfectly well that an increase in military expenditure was only a temporary stimulus to the economy. In the United States, where military expenditure had reached a record figure of \$60,000 million, the effects of the policy had not taken long to emerge, and there had been a considerable slackening in the country's economy during the spring.

11. During 1965 international trade had expanded far more in the main capitalist countries than in the developing countries; but even in the former it had slackened off in comparison with 1964.

12. The documents before the Council on the subject showed the economic situation in the developing countries to be still generally unsatisfactory which was mainly due to the after-effects of colonialism. The best solution for those developing countries that were seeking the most effective means of overcoming their economic backwardness would be to establish long-term plans for economic growth and to strengthen the State sector in their economies, while also taking appropriate steps to nip neo-colonialism in the bud. Some developing countries were trying to solve their problems by calling on foreign capital. Although external sources of finance could of course play an important part in the development of those countries, it should be noted that the capital concerned was generally supplied on very unfavourable terms. According to figures published by IBRD there had been a drain of \$6,000 million from the developing countries in profits, dividends and interest in 1964. In other words, the imperialist powers and their monopolies were taking more out of the developing countries than they were putting in by way of investment. There was a General Assembly resolution (1710 (XVI)) on the subject that the Council should take steps to see fully implemented.

13. As one of the developing countries' basic problems was how to expand industrial production, the regional symposia on industrial development held in Asia, Africa and Latin America, and the international one planned were to be welcomed. The USSR delegation would point out that economic planning was, like faster training of national cadres, a prerequisite for the successful industrialization of the developing countries, which of course also presupposed the development of agriculture through radical and democratic land reform and the introduction of modern farming methods. Unfortunately, despite the World Conference held on the subject (Rome, 1966), land reform still did not occupy a sufficiently important place in the activities of the United Nations and the specialized agencies.

14. The foreign trade situation of the developing countries remained unsatisfactory, largely owing to the attitude of the capitalist countries, which were practising a policy of discrimination and applying all kinds of restrictive measures. It was disturbing to note how the principles and recommendations adopted by the United Nations Conference on Trade and Development were disregarded by the Western Powers. The Soviet Union was really applying the principles and recommendations of the Conference. The trading position of the developing

countries had deteriorated markedly in 1965; their revenue from exports had dropped, and their import possibilities declined accordingly.

15. In its economic co-operation with the developing countries, the Soviet Union was trying to facilitate the solution of crucial problems, such as those raised by the establishment of large industries in those countries, the training of technical and scientific cadres and the strengthening of the countries' position on the international market. Through the output capacity created with the direct assistance of the Soviet Union, the developing countries could produce 6 million tons of steel, 8.5 million tons of petroleum and 5.1 million kilowatts of electricity per year. It should be noted that the Soviet Union's aid to industries in the developing countries was given without regard to any possible competition from those industries with USSR exports.

16. Going on to review prospects for the development of the USSR economy over the next five years, he said that the previous year had seen the very successful completion of the 7-year plan. In 1965 the national income had exceeded that of 1958 by 53 per cent. The volume of industrial production had increased by 84 per cent, against a projected increase of 80 per cent. Working hours had been reduced, and workers' real income had increased. On the other hand, agricultural development had encountered certain difficulties, so that the Twenty-third Congress of the Communist Party of the Soviet Union had decided that agriculture should be allocated funds equal to the total invested in it over the previous twenty years. National income had increased by 38 per cent—41 per cent during the past five years, and investments in the national economy for the next five-year period would amount to 310,000 million roubles, i.e. 50 per cent more than for the preceding five years. Average wages and salaries had increased by 19 per cent between 1961 and 1965.

17. His delegation considered that improved well-being should be the main aim of all governments, whatever their political or social structure, and the Council should at the present session pay greater attention to the State's responsibility in that matter.

18. The new Soviet 5-year plan opened up fresh prospects for the development of economic relations between the USSR and other countries. Under the plan there should be stronger foreign trade relations and economic, scientific and technical co-operation with the developing countries of Asia, Africa and Latin America. He would add that the volume of trade between the USSR and the capitalist countries had increased by 50 per cent during the past five years.

19. The emergence of newly independent countries and the scientific and technical revolution occurring in the modern world made intensified international economic co-operation absolutely necessary. In that connexion, he fully supported the French representative's observations (1423rd meeting) on unused chances of developing economic, scientific, technical and cultural relations between countries with different economic and social systems. Such possibilities had been brought out during the recent

visit of the President of the French Republic to the Soviet Union. The French representative had also stressed the inadmissibility of interference in the internal affairs of other countries and of using economic and technical assistance for purposes incompatible with the independence and sovereignty of recipient countries. The Soviet Union rigorously respected the basic principle of non-interference.

20. Urging the need to abolish artificial barriers to international trade, he concluded that the many obstacles to the implementation of the numerous resolutions and recommendations adopted by United Nations bodies might be more readily overcome if all governments displayed goodwill on the subject and if the economic organs of the United Nations made a determined effort to achieve success in their assigned tasks.

21. Mr. GOLDBERG (United States of America) regretted that the USSR representative had seen fit to inflict on the Council an irrelevant diatribe against the United States concerning events in Viet-Nam, as the Council was not the appropriate body in which to discuss essentially political questions and the USSR representative's remarks were therefore entirely out of order. He himself regretted having to take the Council's time to exercise his right of reply, but was compelled to do so in order to reject the unwarranted and unfounded aspersions made against the United States. Such charges came with ill grace from the USSR Government which had opposed the United States effort in January 1966 to raise the question of Viet-Nam in the competent United Nations body, namely the Security Council. The USSR delegation's sole reason for raising the matter in the Economic and Social Council must be propaganda. He wished to make clear that the United States Government was prepared to discuss the matter before any appropriate body; the draft resolution it had submitted to the Security Council had proposed the reconvening of the Geneva Conference, to reaffirm and revitalize the 1954 and 1962 Agreements. Those who proclaimed their peaceful intentions should prove them by deeds, not just words. As co-Chairman of the Geneva Conference, the USSR Government should join the United States Government in reconvening that Conference. He himself would be glad to take part that very day at the Palais des Nations in a conference competent to discuss the issue of Viet-Nam; his Government was always prepared to negotiate before any competent body where such negotiations might prove productive.

22. As it had very recently pointed out in a letter to the President of the Security Council, the United States Government had no wish to change or destroy the people of Viet-Nam nor to do them any harm, nor to seek a permanent military base in South Viet-Nam. Its only aim was to help the people of South Viet-Nam to prevent the success of the aggression from the North and to permit it the opportunity guaranteed under the United Nations Charter to shape its own destiny, free of coercion, by choosing its own political and economic institutions.

23. As to the bombing in Viet-Nam, mentioned by the USSR representative, his Government was striving to put

an end to the war—not only to the bombing, but also to infiltration, killing and terrorism and every form of violence; that was the precise aim of its efforts within the United Nations. Moreover, the objectives bombed were specifically connected with the aggression from the North to the South, aggression which the Geneva Agreements themselves condemned and said should not take place.

24. The United States desired a peaceful solution in Viet-Nam. It desired a solution based on the principles of the United Nations Charter—the right of every people to determine its own destiny free from coercion through fair election machinery. That was his country's sole aim in Viet-Nam, and it hoped that the USSR Government would co-operate in the search for such a peaceful solution, in accordance with the United Nations Charter.

25. Mr. CHISTYAKOV (Union of Soviet Socialist Republics), disagreeing with the United States representative's picture of the situation, questioned the assertion that the matter was irrelevant to economic and social problems, considering that President Kennedy himself had declared how vital it was to free as many resources as possible for the use of all mankind, and asked what contribution the war in Viet-Nam was making to that goal. He thought it perfectly legitimate to raise the matter under the topic of economic co-operation. He wondered what credence was to be placed in the United States Government's statement that it was prepared to negotiate when recent events proved that its only intention was to escalate the war. He still thought that the Viet-Nam problem could not be dissociated from the Council's business.

26. Mr. SINGH (India) welcomed the increased membership of the Council as giving the countries of Asia, Africa and Latin America fairer representation. He hoped that the present session would produce more action and less repetition of platitudes.

27. As the USSR representative had said, peace was necessary for economic development. Five years before, the world community had pledged itself to intensify its efforts to expedite economic growth and social progress in the present decade; but even the modest objective set at that time would now appear to be unachievable. So the present session was highly important, as the object must be to ensure that the United Nations Development Decade should not turn out to be one of disenchantment.

28. The Secretary-General had rightly pointed out the importance of keeping up the momentum in industrial countries, both for those countries themselves and for the rest of the world; for their prosperity certainly provided the means of combating poverty and hunger in the rest of the world. India appreciated the generosity of its foreign friends, who had so often provided it with financial and technical resources; but he hoped that they would understand the concern of the less fortunate nations and realize that any slackening in the rate of development would be fatal.

29. In his interim report on the Development Decade (E/4196 and Add. 3) the Secretary-General had pointed out that the targets set by the General Assembly had not yet been reached and that in some areas poverty, hunger

and disease had even increased in the early years of the Decade. While the industrialized countries had attained a high level of prosperity, the growth of national income had slowed down in the developing countries.

30. As the French representative had said, economic aid to the developing countries must promote their development, and not the political aims of the donor countries.

31. The first report of the Committee for Development Planning (E/4207) indicated shortage of foreign currency as one of the factors which had most retarded economic progress in the developing countries. The introduction to the *World Economic Survey, 1965* (E/4187 and addenda) confirmed that conclusion. The target of 5 per cent set for the annual rate of growth was modest; for at that rate a country like India would still have a per capita income of less than \$100 a year at the end of the Decade. Yet if that target was to be reached the present rate of investment would have to be doubled, whereas foreign aid had decreased rather than increased, as was pointed out in the Secretary-General's report on the *International Flow of Long-Term Capital and Official Donations, 1961-1965* (E/4170). That was a very serious problem for the developing countries, all of which, he was sure, supported the recommendation by the Committee for Development Planning that "all countries and international agencies act urgently to implement the decisions taken by the General Assembly, the Economic and Social Council and the United Nations Conference on Trade and Development..." (E/4207, para. 10).

32. The recent studies by the World Bank showed that not only the developing countries' needs but also their ability to absorb foreign aid had considerably increased. At the recent (third) session of the Trade and Development Board the Indian delegation had pointed out that to build a dynamic system of international co-operation would entail appraising not only the developing countries' ability to absorb long-term capital but also the industrial countries' resources. More account should also be taken of the terms on which development aid was granted. The relative amount of aid granted apart from that allocated to specific projects should be increased. The importance of that type of aid had been stressed in the *World Economic Survey* and in the report of the Committee for Development Planning. It was vital for developing countries, as it enabled them to purchase the materials and equipment they needed.

33. The Secretary-General had once again drawn the Council's attention to the rapid increase in the foreign debt of the developing countries and to the parallel increase in the cost of servicing the debt, which was a heavy drain on the foreign currency reserves built up mainly from their exports. The burden of foreign debt on the developing countries was aggravated by the fact that aid given was often tied to compulsory purchases in the donor countries, whereas the repayments of the beneficiary countries were not tied to purchases in those countries. It would some day be necessary—and the sooner the better—to face up to the question of the repayment of loans to developing countries and to consider the possibility of tying repayment to purchases in

the beneficiary countries, in order to stimulate their exports. The socialist countries had shown the way by accepting repayment in kind of their aid to developing countries.

34. The importance of aid in the form of gifts or easy-terms loans as recommended by the Conference on Trade and Development in its Final Act¹ (recommendation A.IV.4) and by the Development Assistance Committee of OECD (cf. E/4224/Add. 1), could not be over-estimated.

35. Within the limits of its resources, India granted economic and technical aid to other developing countries, through bilateral and multilateral agreements.

36. A group of experts had been asked by the Secretary-General to study the international flow of long-term capital and official donations. It had drawn up a very useful interim report (E/4171 and Corr. 1), containing valuable proposals for improving the annual data submitted on capital flows. It was to be hoped that those proposals would be acted upon without delay.

37. The Council apparently now had enough information and data on the granting, and on the use made of aid for economic development, and the time would seem to be ripe for the international community to draft a code or an international convention on the transfer of resources for the regulation of the flow of aid to developing countries. The Council might base its discussions on the following principles: every developed country should, before the end of the Development Decade, be able to guarantee the developing countries funds equivalent to not less than 1 per cent of its national income; the proportion of easy-term loans should by the end of the Development Decade be increased to 80 per cent of the total loans granted; the proportion of aid not tied to specific projects should be increased to suit the needs of the developing countries; funds provided for development should be increased in accordance with objective criteria and should be subject only to economic considerations; loans for equipment projects or aid not tied to specified projects should not necessarily entail purchases in the donor countries. Lastly, the United Nations should undertake a detailed and objective study of the potential momentum of economic growth in the developed countries.

38. In a brief outline of the economic and social progress made in his country and of difficulties encountered, he said that over the last fifteen years the average annual rates of growth in production had been 3 per cent in agriculture and some 8 per cent in industry. However, owing to India's shortage of foreign currency, the rate of growth in industrial production had been only 7 per cent in 1964-65, as compared with 8.5 per cent in the preceding year. Despite the low standard of living in India, the Government had been able to raise internally \$4 for every dollar received from abroad or borrowed from friendly countries—a proof of the Indian people's will to make every necessary sacrifice in order to safeguard its independence and to raise its standard of living.

¹ United Nation publications, Sales No.: 64.II.B.11.

39. Since the need had long been felt for a United Nations agency to co-ordinate industrial development activities, India had welcomed the decision taken by the General Assembly at its last (twentieth) session to establish a United Nations Organization for Industrial Development. It was to be hoped the new Organization would soon begin to function, and the Indian Government was happy to propose New Delhi as its headquarters. India would also be glad to play host to the International Symposium on Industrial Development scheduled for 1967.

40. Concerning the reappraisal of the Council's co-ordinating role, his delegation would point out that under the United Nations Charter the Council was empowered to co-ordinate the activities of the agencies of the United Nations family. But with the emergence of new organizations that task had become more and more

complex and demanded more effort from the Council. Perhaps consideration would have to be given to the creation of a new body to take on that responsibility.

41. The Indian delegation unreservedly approved the Secretary-General's statements to the Council concerning the Advisory Committee on the Application of Science and Technology to Development and the new Committee for Development Planning, which two bodies could be of great value to the Council. The Indian delegation also generally approved the recommendations in the report by the Social Commission (E/4206) concerning the reappraisal of the Commission's role.

42. India, as one of the countries concerned about birth control, was taking appropriate measures and was ready to co-operate on the subject with other interested countries.

The meeting rose at 1 p.m.