



## ECONOMIC AND SOCIAL COUNCIL

Forty-first session

OFFICIAL RECORDS

1430th meeting

Tuesday, 12 July 1966  
at 10.45 a.m.

PALAIS DES NATIONS, GENEVA

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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, Panama, 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: China, Israel, Italy, Japan, Kuwait, Mexico, Tunisia, United Arab Republic.

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.

The representative of the International Atomic Energy Agency.

## 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, E/4233 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, E/4240)

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*)

1. Mr. ENCINAS DEL PANDO (Peru), referring in the first place to the external sector, which played a decisive role in the economic development of the developing countries, said he would consider four factors of particular importance: capital, technology, trade and organization.

2. Capital was important mainly because the developing countries did not have enough of it to generate independent economic growth. That was the cause of repeated imbalances. The boom in economic activity and investment was hampered by the accompanying deficits in the trade balance due to the level of export prices and to tariff barriers; so that the "critical momentum" of effort, which alone would enable positive results to be achieved, was not being attained. Since the critical momentum was continually increasing, the under-developed countries found themselves trapped in a development drive which was always inadequate and from which they could only break out through a considerable inflow of resources, and particularly of foreign capital. That was one of the goals

of the Development Decade, which aimed at raising the annual growth rate of the developing countries to 5 per cent through aid from the developed countries representing 1 per cent of their national income. But, as the Secretary-General had pointed out at the 1421st meeting, the results achieved so far were discouraging, and the drop which had been recorded was further aggravated by various factors: the increase in gross and *per caput* income in the developed countries, which showed how unwilling those countries were to make an adequate contribution to economic development; the rising expectations of the peoples in the developing countries; the aggravation of social problems due to the rapid population increase and the low rate of economic growth; and, lastly, the deterioration in most of the developing countries' terms of trade. The improvement of international machinery thanks to the establishment of new bodies like UNCTAD and UNOID, and the continuing efforts of the United Nations, could be no substitute for action by the countries which were big producers of goods and services; for those countries dominated the world markets, and it was on them that the duty lay to intervene so that the goals of the Development Decade could be achieved. For a study of that problem of the flow of external capital, reference should be made to the report by a group of experts (E/4171 and Corr.1). The inadequacy of the capital flow had created an extremely serious situation in the developing countries, where there had been no increase in investment and production rates from 1960 to 1965. The increase in domestic savings had been cancelled out by foreign debt service and capital outflow in the form of the repatriation of interest and profits, which had amounted in 1964 to more than half the net inflow of loans and donations. The irregularity of the flow of foreign capital might thus have the effect of cancelling out the benefit derived from national efforts such as those represented by increased savings.

3. Technology was also called upon to play a part of the greatest importance in the development of the developing countries. The United Nations had been one of the first to recognize the bearing of that factor on production and development alike; the Peruvian Government was full of praise for the generosity and judiciousness of the international aid, both bilateral and multilateral, which had been furnished in the field of technology, and in that context it welcomed the establishment of the United Nations Development Programme. The relevant specific problems that were most urgent were the following: the transfer of patents, the adaptation of such patents to specific development needs, the use of technology to replace the commodities exported by the countries in question, the establishment and adaptation of administration techniques to the needs of development, the training of technicians in a society where scientific methods were not yet widespread, the transition from dependence to sovereignty in matters of technology and, lastly, the drain of human and technological resources. The last item in that list was one of the new problems of underdevelopment, for it was a paradox of the existing situation that while international agreements to encourage development maintained tariff barriers, quantitative restrictions, duties and other obstacles to the development of poor

countries, they encouraged the exodus of human and technical resources which would otherwise have helped to speed up development. As in the case of capital, many developing countries found that they were net exporters of technical resources. While he had no wish to see the freedom of movement of such resources restricted, he felt that some readjustments, taking into account the situation he had described, would have to be considered. Peru would follow with interest in that connexion the recommendations of the Advisory Committee on the Application of Science and Technology to Development.

4. As to trade, to which his delegation intended to revert in the Economic Committee, he would merely say that the developing countries were still encountering serious problems in international trade; and he observed that the Kennedy negotiations would be successful only if they had direct and positive effects on the economy of those countries.

5. Lastly, so far as concerned the problems of co-ordination between international bodies, especially in the field of industrial development, the Peruvian Government considered that judgment and experience would lead to a solution. Peru had had connexions with the ILO for a long time; it now had connexions with UNOID, and it would give both of these bodies its widest support to enable them to address their main efforts to the goals of development.

6. With reference to the economic situation of his own country, he said that the national growth rate had in recent years exceeded the target of 5 per cent set for the Development Decade. That result had been achieved in an atmosphere of economic and commercial freedom, currency stability and respect for democratic freedoms. Although massive investment in the public and private sectors alike had somewhat upset the balance of trade, the balance of payments had remained favourable owing to the sustained flow of foreign investment and the stabilization measures adopted by the Government. Nevertheless, apart from the demographic trend, as a result of which the increase in gross national product *per caput* was almost nil, the growth of the Peruvian economy had continued to be marked by unevenness, partly owing to the dual nature of the economy; for while the modern sector was characterized by a great elasticity of income, the traditional sector was unable to correct the inelasticity of its output, especially in agriculture. That was a situation which gave rise to unbalanced prices and levels of living. That was one of the main causes of the jerkiness and inadequacy of Peru's development drive, for the traditional sector was unable to meet the demand for goods and services created by the growth in population and the development of the modern sector. The Peruvian Government was endeavouring to overcome the bottleneck by programmes of land reform and community development, which were beginning to yield results.

7. Despite those efforts, the external factor was still of decisive importance for the modern sector of the Peruvian economy. The tapering off in the economic growth rate recorded in 1965 was due to the decline in exports and the deterioration in the terms of trade, together with an increase in imports. While the external factor should not

be underestimated, the problems of the internal sector must be tackled energetically, and particularly the question whether the modern sector could act on the traditional sector to modify the elasticity of food production and the supply of labour, or whether separate and complementary development policies should be applied to the two sectors; the question what could be done to correct the effects of the disparity between the practically limitless supply of unskilled labour and the restricted supply of capital; the question how the declining output of the traditional sector could be compensated without unduly raising the level of social expenditure in the modern sector, and to what extent the economic integration of the country could be regarded as a rational means of speeding up development; and, lastly, the question whether underdevelopment was structurally *sui generis* and incompatible with the continuity necessary for development.

8. In conclusion, he expressed the conviction that there must be an escalation of peace and, above all, economic development; it was inadmissible to use underdevelopment as a pretext for stirring up wars or guerilla warfare, for whatever the circumstances, they placed in jeopardy the fate of mankind.

9. Mr. VIAUD (France) retraced the historic process which had rendered the Council's work of co-ordination increasingly difficult. The emergence, under the pressure of need rather than as the effect of a pre-established plan, of most of the specialized agencies and recently formed quasi-agencies had clearly brought out the importance of central co-ordination. It was the Council's responsibility to see that the very diverse activities carried on individually by each of those organizations should harmoniously assist the pursuit of the common objectives assigned to them by the Charter. Moreover, the increasing part played by the international organizations in the fight against underdevelopment in the world had given the Council's intervention a new justification and impetus. Since the struggle for the economic progress of the under-developed countries had become one of the main aims of international co-operation, it was inconceivable that the effort should be made by each member of the United Nations family acting separately.

10. The members of the Council did not all have the same idea of the aims of co-ordination. Some thought that results meant more than articulation of the means employed. Others thought that rational integration of the efforts made by the international organizations was a necessary condition of success. But no one doubted the need for prescribing a minimum of order and co-operation between the agencies, for it was their duty, whatever their special tasks, to assist Member States in attaining common objectives.

11. In his view, there were two ways of looking at the Council's co-ordinating functions. The first was to take periodical account of the activities of the organizations attached to the United Nations so as to seek out and correct any overlapping. That was the province of traditional co-ordination. The second way, concerned more with the future than with the past, was to direct the work of the various bodies along a common course. That form of co-ordination, which had more to do with the planning

of future programmes than with day-to-day administrative co-operation, was not yet fully developed. It was based on the assumption that the Council would succeed in reconciling the need to plan ahead—without which no *a priori* co-ordination was possible—and the necessity for preserving, if not the independence, at any rate the special function of each organization. It was also based on the assumption that, at the institutional level, the Council would have at its disposal technical organs capable of helping it to discharge its functions.

12. In the recent joint meetings of the Special Committee on Co-ordination and the Administrative Committee on Co-ordination, the Secretary-General had suggested that the Council should refrain from making important decisions in the field of co-ordination until the General Assembly had studied the report of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies which it had set up under resolution 2049 (XX), and had taken action on the Committee's recommendations. The French delegation was in agreement with the Secretary-General's suggestion in all cases where the major problems before the Council were such that it would have to make institutional arrangements or use special methods for dealing with them. That would apply, he thought, to the co-ordination of future programmes whose final preparation raised questions of principle that had not yet been discussed in detail. It would also apply, though to a lesser extent, to the progressive integration of programmes and budgets, a subject on which the Council would perhaps wish to defer its final decision until next year.

13. On the other hand, he thought that the abstention proposed by the Secretary-General should not apply to current co-ordination work. The existence of important problems requiring a decision by the Council and possibly even by the General Assembly should not be an excuse for inaction in flagrant cases of duplication or even on matters submitted by the Administrative Committee on Co-ordination. For it was the Council's duty to make decisions or recommendations on the questions before it, especially if they were before it as a result of previous recommendations, without waiting for the report from the *Ad Hoc* Committee of Experts.

14. That distinction between important problems and current problems was not unrelated to the institutional aspect of co-ordination. If the obstacles which had so far prevented the Council from fully carrying out its task of co-ordinator arose from the absence of qualified subsidiary organs, the French delegation was prepared to seek, in conjunction with other delegations, the solution best adapted to the needs of the international agencies and the wishes of Member States. As the representative of Iraq had said, however (1428th meeting), it was important that the experiment of holding joint meetings of the Special Committee on Co-ordination and the ACC should be a success.

15. Perhaps the Council would eventually decide to include in the Special Committee government representatives who at the same time were experts on co-ordination. In any event, it was important to ensure that Governments were closely associated with the co-ordination effort, so

that they would be more fully aware of the special responsibility they assumed for the smooth running of the international organizations. Everyone would realize, moreover, the usefulness of regular conversations and the frank discussion of co-ordination problems between the heads of the international secretariats and the government representatives to be nominated by the Council.

16. Co-ordination problems were especially acute at a time when organizations were being created, i.e. when new members of the United Nations family, such as UNOID, were making their appearance. It was then no longer a case of settling conflicts between old organizations—conflicts arising, for example, from a broad interpretation of the mandate—but of providing the newly established bodies with mandates compatible with those of the existing agencies. The importance of industrial development had been realized by the United Nations family long before the decision to establish UNOID had been taken. The Special Fund, the Expanded Programme of Technical Assistance, the ILO, UNESCO, FAO and IBRD: each had actively participated, in its own sphere and by its own means, in the industrial progress of the developing countries.

17. It was natural that there should be some transfer of competence between the specialized agencies and UNOID, but there were necessarily limits to that process. Where a problem of competence arose between two bodies like the ILO and UNOID, mutual concessions were necessary to arrive at a rational distribution of work. The training of staff and qualified personnel for industry should remain the prime responsibility of the ILO, whereas the use of such personnel for the active industrialization of the under-developed countries should be one of the major concerns of UNOID. If a suggestion of that kind found favour with it, the Council might draw the Assembly's attention to the possibility of reaching a unanimous agreement by appropriately amending the draft resolution to be submitted to the Assembly.

18. Turning to the question of the functional presentation of the agencies' budgets, he recalled that the Administrative Committee on Co-ordination had submitted to the Council at its fortieth session a report which did not pre-judge the final form which the Council might later decide upon for the uniform layout to be proposed to the specialized agencies.<sup>1</sup> The Council could obviously not go very far with the progressive integration of programmes and budgets so long as the General Assembly was still awaiting the conclusions of the *Ad Hoc* Committee of financial experts. The French delegation appreciated the clarity and precision of the information contained in the description of the work programme for the Department of Economic and Social Affairs of the United Nations (E/4179/Rev.1 and E/4179/Add.1-18), submitted to the Special Committee on Co-ordination. In its opinion, the specialized agencies in giving an account of their economic and social activities might well follow the method adopted in drafting that document. It consisted of following the study of the different programmes up to the level of the projects under-

taken by each administrative unit and giving details of the budget resources allocated to each of those units to enable them to carry out their work. The classification adopted by the Secretariat in that instance seemed preferable to the provisional subdivision of the total activities of the United Nations and the specialized agencies under about twenty headings, as prepared by the ACC and submitted to the fortieth session of the Council.

19. In conclusion he stressed the part to be played by Governments in the matter of co-ordination. It was for them to set an example, and first of all in the Council, for it was that body's task to issue the necessary directives to the organs of the United Nations. It depended on Governments whether the Council enjoyed enough prestige to ensure its being listened to by all the participating agencies. But Governments must also make efforts at the national level, since co-ordination could be meaningful only if the action of the different national administrations in international bodies was itself co-ordinated. Only after each Government had taken up consistent positions in the organizations in which it was represented could those organizations be expected to display discipline and efficiency.

*Mr. Fernandini (Peru), Second Vice-President, took the chair.*

20. Mr. CARANICAS (Greece) said he was glad to be taking part in the Council's summer session after nine years' absence. During that time the Council had had its ups and downs, and at times there had been indications that it was losing its influence or had ceased to be the economic right arm of the General Assembly. After a period of catharsis, however, the Council, with its wider membership including a greater number of developing countries to make it more representative of the various regions of the world, was more than ever the necessary central organ for guiding the economic and social activities of the United Nations family.

21. The world economic situation gave cause for pessimism on various grounds. Private capital was going only to the few regions of the Third World which enjoyed some measure of political stability. Maintenance of the traditional division of labour in the industrialized countries was preventing the advanced nations from leaving to the poor countries those industries which were relatively simple to operate and required abundant manpower, such as the textile industry. Some of the industrialized countries were maintaining those industries by dint not only of protective measures but of discriminatory practices aimed against competition from the less developed nations.

22. Both in North America and in Europe, the situation of the capital market was preventing the less developed countries from borrowing on favourable terms. The adverse political climate was preventing all progress in the development of trade between countries having different economic and social systems. The outcome of the Kennedy Round was shrouded in uncertainty, and the less developed countries were disappointed with what had been done to improve their lot over the last two years. The future was uncertain on the commodity markets, especially the markets for sugar and cocoa. The discussions between

<sup>1</sup> See *Official Records of the Economic and Social Council, Fortieth Session, Annexes*, agenda item 12, document E/4156.

experts on international monetary reform had reached a stalemate, and it had still not been decided whether such a reform would not be less helpful to the developing countries than the conclusion of commodity agreements. All those factors were weakening the international spirit and encouraging introversion.

23. The crisis in international aid was the burning subject of the *World Economic Survey, 1965*. After the statements by the President of the World Bank, the Secretary-General of the United Nations and the Administrator of UNDP, many representatives had spoken of the diminishing volume of capital flows. As the United Kingdom representative had pointed out at the 1422nd meeting, it was only recently that Governments had accepted their responsibility to help in promoting the development of the less developed countries. For the assisting Governments, however, the granting of financial aid entailed administrative, fiscal and political difficulties; and that was probably the main reason for the relative contraction of transfers to the developing countries. It therefore seemed idle to try at the present time to evaluate the developing countries' absorptive capacity.

24. In his speech at the 1422nd meeting, the United States representative had stated his Government's intention to channel a greater proportion of its financial aid through multilateral organizations and in particular through the World Bank, the International Development Association and the regional development banks. He had also recognized that owing to the developing countries' balance-of-payments difficulties there was a particularly pressing need for assistance on favourable terms such as those granted by the International Development Association. The United States representative's declaration of intention contained, however, a twofold reservation, for reference had been made to the need for determining the practical level of international economic assistance, and for taking into account the difficulties which might be encountered by developed countries with an adverse balance of payments.

25. But the difficulties inherent in the chronically adverse balance-of-payments situation not only of the United States but of other donating countries could be overcome by means of suitable safeguards. For instance, a developed country which had pledged a contribution to the resources of an international financing agency might be given the right to provide less than the amount of aid announced if, when the time came to fulfil its promise, its balance of payments was substantially adverse. Another method might be to ask the donating country to pay in full the amount announced, but to require the international agency responsible for administering the funds to spend the equivalent of the contribution in the donating country. Admittedly, such a solution would require a radical change in the methods of the World Bank and the other international financing agencies, which had always thrown open all the schemes they financed to international competition; for they would then, unfortunately, have to make aid subject to certain conditions. The recipients of loans were already all too often obliged to obtain their supplies in specified markets, irrespective of whether the supplier offered the best quality or quoted the most

favourable prices. It should be noted, in that connexion, that the drawbacks of tied aid were not peculiar to the assistance granted by Western countries; as shown in the *World Economic Survey, 1965*, part I, chapter IV (E/4187/Add.4), it was the practice of countries with centrally-planned economies also to grant bilateral aid subject to the allocation of the resources in question to specified projects.

26. He then went on to compare the new operational forms of international assistance, and to point out in particular the respective advantages and disadvantages of consultative groups and consortia. Most of the developing countries seemed to favour the formation of consortia, more formal bodies which undertook to analyse the requests for foreign funds made by a country and the use of those funds in that country. The consortium organized contribution-pledging conferences to ensure that the burden of the envisaged transfers was equitably distributed among the capital-exporting countries participating in the group. The donating countries generally preferred to use the services of consultative groups—unofficial bodies set up for the most part under the aegis of IBRD—which were required to guide and advise countries in the formulation and financing of development plans. From the point of view of the donating countries, consultative groups had the advantage of not requiring any pledging of contributions. A consortium had been formed in Greece in 1962, but the experience to date had scarcely been encouraging. Pledges of contributions were difficult to secure and became meaningful only when the parties agreed to the purpose and terms of the financing operation, or even when the funds had actually been spent and the goods delivered. Moreover a high proportion of pledged contributions took the form of tied loans. Consortia thus tended to become instruments for expanding the exports of a few of their members.

27. Although at the first session of the Governing Council of UNDP differences of opinion had led to the adjournment of the debate on the possible transformation of the Programme into a capital development fund, there was no reason for despair. The representatives of the industrial countries who had taken part in the general debate seemed to have understood that their Governments had both a moral obligation and a political need to do more for the third world.

28. He regretted that the Council had postponed until the autumn the discussion of matters affecting UNCTAD. There might not be enough time for such a discussion when the session was resumed. UNCTAD had been very active ever since its establishment, and trade problems could not be ignored in a discussion of economic development. It would therefore be highly desirable to invite the Secretary-General of UNCTAD to give the Council the benefit of his views and present a progress report on his organization's activities. During the eighth conference of the Society for International Development, held in Washington in March 1966, Mr. Prebisch had proposed a four-point programme for averting the danger of a social revolution. He had asked that the tariff reductions envisaged under the Kennedy Round be applied to the



developing countries immediately without awaiting the outcome of the negotiations. He had also proposed that the developing countries should be granted tariff reductions larger than those granted by the industrial countries to one another. Mr. Prebisch had further suggested that Customs barriers should be lowered and that the distribution of international aid should be integrated with the reform of the world monetary system. Since that proposal had been made, the report on the session of the Committee on Invisibles and Financing related to Trade had been circulated. That Committee had also approved the formation of a working party to review the supplementary financing measures prepared by the Secretariat of the International Bank for Reconstruction and Development. Lastly, UNCTAD was studying a system of compensatory financing. The Council was entitled to obtain information before the Trade and Development Board next met.

29. Mr. ZOLLNER (Dahomey) recalled the enthusiasm with which the developing countries had welcomed the idea of launching a United Nations Development Decade. Five years later everyone concerned was agreed that the results obtained had been disappointing and the Secretary-General had confirmed their fears in his statement to the Council (1421st meeting). One could, of course, try to place the blame for that failure on the inadequacy of the machinery responsible, at the international level, for action to promote the accelerated development of the countries of the Third World. A large number of bodies and agencies of proved worth had already, however, been available when the Decade began. The orientation of their activities towards development had been a most important step on the way to attainment of the targets set for the Decade. In that connexion, it was heartening to note the zeal shown by the bodies and agencies in question; the Director-General of UNESCO had been able to state at the 1425th meeting that his Organization was devoting two-thirds of its total resources to development. The same could probably be said of all the other specialized agencies. The United Nations had none the less sought to increase the chances of success by taking steps to improve those instruments and set up others: examples were the merger of the Expanded Programme of Technical Assistance with the Special Fund, and the establishment of the World Food Programme and the new regional development banks. One of the most important events had been the convening of the United Nations Conference on Trade and Development, which might well mark a turning-point in the history of world trade if its decisions were applied conscientiously and in good faith. More recently, the establishment of the United Nations Organization for Industrial Development had raised great hopes among the countries of the Third World, which were trying to diversify their economies and free themselves from exclusive dependence on agriculture. He welcomed the statement made by the Director-General of the ILO at the 1424th meeting, in which he had given the assurance that UNOID could count on his Organization's resources, experience and co-operation. The Director-General was right in fearing that there might be some duplication of effort; but, as the representative of Sweden had pointed out at the 1426th meeting, a certain amount of overlapping was not in itself a bad thing and was preferable to the

opposite danger, i.e. that gaps might be formed between the areas of competence of the different bodies.

30. It could therefore be said that the existing machinery functioned relatively well, and that it was for other reasons that the Development Decade had proved so disappointing.

31. The failure to make more progress had been imputed by some to excessive demographic expansion. Generalizations on that subject were to be avoided. In some developed countries, particularly in the Far East, the demographic explosion was creating problems that called for bold solutions. On the other hand, some developing countries, including the countries of Africa, were distinctly underpopulated, and even a growth rate of 2.7 per cent, which was that of Dahomey, was not excessive for a population of 2,500,000 in an area of 112,000 sq. km. Furthermore, in no case had a reduction in the population growth rate been found to promote development. The example of nineteenth century Europe proved that the contrary trend had always prevailed and that generally, when development had reached a certain level, the population growth rate slackened off.

32. Reference had also been made recently to the inadequacy of the developing countries' efforts to help themselves. Undoubtedly, initial mistakes had been made, but most of the dispossessed countries could now be said to be making considerable efforts to encourage domestic saving, reduce non-productive expenditure, even when of the necessary type, and apply a policy of austerity. As the Secretary-General himself had recently stated in the Council, the *World Economic Survey, 1965* had invalidated the assertions of those who claimed that the developing countries had done little in the past five years to mobilize their national resources; and the Secretary-General had gone on to say that the *Survey* proved, on the contrary, that during the first half of the Development Decade the Third World, overcoming disappointments and setbacks, had successfully contributed to its own development. He wished to point out in that connexion that in 1962 Dahomey had begun to impose radical austerity measures, levying a civic investment tax of 10 per cent on all wages and salaries in the public and private sectors, increasing taxes as a means of forced saving, making a 25 per cent cut in the salaries of civil servants and public employees, and strictly controlling State expenditure. The Government had likewise had extensive recourse to human investment, especially in agriculture, and had launched a vast campaign for a return to the land, so that all sectors of society would contribute to the national output. It could therefore be said that, as was demonstrated by the example of Dahomey, the developing countries were really doing something to promote their economic expansion, and were not complacently waiting for the benefits of external aid.

33. All those efforts, however, were being frustrated by the steady devaluation of the goods produced by countries of the Third World in relation to those of the developed countries in international trade as a whole. The deterioration in the less developed countries' terms of trade was one of the main features of the situation, as was clearly shown by the report on the Development Decade (E/4196

and Add.3). In 1964, the convening of the United Nations Conference on Trade and Development had provided a forum for a thorough study of that alarming problem, a study which had led to the conclusion that the only solution lay in a complete overhaul of the structure of world trade. His delegation was convinced that the signing of international commodity agreements for different products would enable the producing countries of the Third World to obtain remunerative and stable prices for their produce. The International Coffee Agreement had raised great hopes, and it was to be hoped that the failure of the Cocoa Conference would be only temporary.

34. So long as the conditions he had mentioned were not fulfilled, the economic expansion of the developing countries would have to depend on external aid. But in that field also the results had been very disappointing. At the time when the General Assembly had voted resolution 1710 (XVI) on the Development Decade, the developed countries as a whole had been devoting 0.81 per cent of their national income to external aid; the 1 per cent target set by the General Assembly had not, therefore, been excessive. After that date, the proportion had declined continuously, and in 1964 it had been no more than 0.66 per cent. Efforts had been made *a posteriori* to explain the failure by casting doubts on the developing countries' capacity to absorb aid. A recent World Bank study had disposed of those arguments, for it had rated the capacity of the countries of the third world to absorb supplementary resources at \$3,000 or \$4,000 million a year. In that connexion, he wished to pay a tribute to the few countries whose allocations for foreign aid came to considerably more than 1 per cent of the national income, and particularly to France, in whose case the proportion was perhaps the highest in the world, amounting to 1.85 per cent. He noted the French representative's announcement (1423rd meeting) of his Government's intention to diversify French aid still more by extending it geographically. He hoped that the announcement implied a desire to increase still further the aid that was given and to use it for helping a larger number of underdeveloped countries; he did not think it would be desirable to maintain the existing level of aid and spread the same amount over a wider area.

35. It would seem therefore that the disappointing results of the first half of the Development Decade must be attributed to the deterioration of the developing countries' terms of trade and the lack of sufficient external financing. It was important to give new drive to the deserving effort represented by the Decade, and it was to be hoped that during its second half, the developed countries would shoulder their responsibilities, even if they had to reduce their military expenditure a little.

36. As to the protection of human rights, another subject of major concern to the Council, he said his delegation had welcomed the adoption by the General Assembly of the Convention on the Elimination of All Forms of Racial Discrimination, and hoped that during the coming year it would adopt the draft convention on the elimination of all forms of religious intolerance. Oppression based on race still subsisted in some parts of the world, and particularly in Africa, as was shown by the South

African Government's apartheid policy. There also remained discrimination based on religious and other reasons. When justice and equity finally prevailed among the nations and within the nations themselves, humanity would have made genuine progress. That was the goal towards which the Council was working, and his delegation was resolved to take part with ever-growing confidence in the Council's efforts to reach it.

37. Mr. MWALUKO (United Republic of Tanzania), commenting on the statement that had just been made by the representative of France, said that he had been impressed by the very judicious manner in which that representative had approached the problem of co-ordination. The views expressed by the developing countries on the subject of UNOID might have given the impression that they did not take the need for effective co-ordination between the various bodies and agencies sufficiently into account. He wished to assure the French representative, as well as the representatives of the specialized agencies, and particularly the ILO, that his delegation was fully aware of the importance of the problem of co-ordination. It had found particular encouragement in the statement by the representative of a developed country, the United States of America, that at the recent sessions of the Special Committee on Co-ordination a number of representatives from developing countries had distinguished themselves both by their understanding of the problems and by the contribution they had made to their solution.

38. So far as the United Nations was concerned, he reminded the Council that the New York agreement had been reached only through extremely delicate negotiations. The French delegation, incidentally, had played a very important part in those negotiations, although it had later made some reservations. From the very beginning, the developing countries had been of the opinion that UNOID should be given a central part to play in activities to promote co-ordination between all the agencies concerned with industrial development. That conviction had been strengthened by the statement on the subject made in the Council by the representative of the United States (1428th meeting).

39. The training of personnel had been the subject of one of the French delegation's reservations set out in the report of the *Ad Hoc* Committee (E/4192). But the draft resolution which had been agreed upon provided, in section II, paragraph 2(a) (ix), that the operational activities of UNOID would include assistance to the developing countries in the training of staff needed for their accelerated industrial development, bearing in mind the need for co-operation with the specialized agencies concerned. Hence there was no disagreement on that subject.

40. He agreed with the French representative that only when Governments had adopted consistent positions in the various bodies in which they were represented could they ask for discipline and efficiency. It was somewhat astonishing to find that agreements reached by particular bodies after long and delicate negotiation were frequently called in question again in other bodies, making further discussion necessary.

41. Mr. VIAUD (France) said he wished to point out that the report of the *Ad Hoc* Committee on the United Nations Organization for Industrial Development had fallen far short of gaining general acceptance, for it had been the subject of more reservations than any preceding report. The reservations of the French delegation had sprung from its conviction that the focal point of responsibility for co-ordination lay in the Economic and Social Council, and that the main responsibility for vocational training should continue to rest with the International Labour Organisation. The main point he had wished to make in his previous statement was that if the countries interested in the creation of UNOID hoped for a unanimous decision on the subject, they should accept certain modifications which would enable the countries that had made reservations to withdraw them. The French delegation, for its part, was prepared to re-examine the problem with all delegations so as to find out what conditions might be fulfilled to enable it to withdraw its reservations. Its position had not changed since the discussions on the subject began, and the ideas it had expressed in the bodies which had been successively concerned with that question were entirely consistent.

42. Mr. MARMOR (Observer for Israel), speaking at the invitation of the President, observed that respect for human rights and fundamental freedoms had recently been one of the principal themes of international action. It was now realized that the elimination of all forms of discrimination was essential to international understanding and co-operation, as well as to economic and social development. After surveying the action taken in that field by the Council and the General Assembly, he recalled that on signing the International Convention on the Elimination of All Forms of Racial Discrimination, the Israel representative had pointed out that discrimination was a reprehensible attitude, regardless of the group against which it was directed. A people which had suffered for centuries under racial and religious discrimination could not but be especially sensitive to all manifestations of prejudice and intolerance.

43. The Israel representatives in various United Nations bodies had already on several occasions found themselves in the unpleasant situation of having to allude to the problem of a sizable Jewish community which was still the victim of various disabilities, especially in the cultural and religious spheres. He was glad to be able to announce that certain measures had been taken to remedy the situation, but they were still too rare and too limited in scope. While they did show a positive attitude on the part of the responsible authorities, they fell far short of solving the real problem, that of preserving the religious and cultural identity of a Jewish community of three million persons. The community in question was an integral part of a large country which justly prided itself on containing more than a hundred different national groups. All of those groups enjoyed numerous rights, and steps had been taken to encourage them to develop their cultural and linguistic heritage. It was therefore legitimately a matter for surprise that the Jewish national group did not enjoy the benefits of that general policy and was encountering very serious difficulties in preserving its educational, literary and artistic heritage. He wished, therefore, to express once more the wish that the Jewish community should be able to practise its religion freely, give its children a religious education, publish its scriptures and communicate with fellow Jews at both the national and international levels, and that it should be granted all the opportunities and facilities already enjoyed by the other religious, ethnic or national groups in the country concerned.

44. The Jewish community in question had suffered greatly during the holocaust of the Second World War. It was natural that after all the tragedies of which they had been the victims, its members should wish to unite. The Israel delegation therefore urgently requested that all the restrictions imposed upon the community in question should be removed. It hoped that its appeal, motivated as it was by a concern for international understanding and co-operation, would be received in the same spirit, which was that of the Charter.

The meeting rose at 1.20 p.m.