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General discussion of international economic and social policy (*continued*)

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*President* : Mr. M. KLUSAK (Czechoslovakia).*Present* :

Representatives of the following States: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Gabon, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela.

Observers for the following Member States: Argentina, Australia, Brazil, Central African Republic, Ceylon, Iraq, Israel, South Africa, United Arab Republic.

Observers for the following non-member States: Federal Republic of Germany, Holy See, 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 Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, Inter-Governmental Maritime Consultative Organization.

The representative of the International Atomic Energy Agency.

## AGENDA ITEM 2

General discussion of international economic and social policy (E/4332, E/4343, E/4352 and Corr.1 and Add.1, E/4353 and Add.1 and Add.1/Corr.1, E/4361, E/4362 and Corr.1, E/4363 and Add.1-2, E/4370, E/4378, E/4392, E/4396 and Add.1-3 and Add.1/Corr.1; E/CN.11/L.184, E/CN.11/L.185/Rev.1; E/CN.12/767, E/CN.12/768; E/CN.14/370, E/CN.14/397; E/ECE/656) (*continued*)

1. Mr. FRIEDMAN (International Bank for Reconstruction and Development) said that, at the resumed forty-first session, the President of the International Bank had reported to the Council on the activities of the international institutions forming the World Bank group, — the Bank itself, the International Development Association (IDA) and the International Finance Corporation (IFC).

2. The group's main concern was to promote the economic development of the less developed countries and, more particularly, to find ways of providing the necessary external capital to supplement their resources and ensure that the resources available were put to effective use. It had to follow economic developments in the industrialized countries closely, since those countries represented the principal source of the additional funds required by the poorer countries as well as their major export market.

3. With regard to the situation in the industrial countries, he would merely note that several factors, such as balance-of-payments problems, budgetary difficulties, the existence of a business slowdown, concern over inflationary pressures, a large demand for resources for major public expenditure programmes, combined to produce uncertainty regarding both the markets for the developing countries' exports and the availability of external capital. Those uncertainties must be kept in mind in approaching the problems of promoting development in developing countries.

4. In many respects, the record of the Development Decade had been disquieting. Although the average annual rate of growth of production in the developing countries as a whole since 1960 had been close to 5 per cent, population growth in those countries had increased from a rate of 2.1 per cent in the 1950s to 2.4 per cent during the first half of the 1960s with the result that the growth of per capita income had been only 2.3 per cent per annum. Unless there was a marked improvement in the rate of growth of income or a decline in the rate of population increase, the future promised little change.

5. Furthermore, the average annual rate of increase in per capita income for the developing countries as a whole concealed substantially lower rates in certain areas of the world. The rate of increase in 1960-1965 had been less than 1 per cent in southern Asia, only 1.4 per cent in Africa and only 1.7 per cent in Latin America. On the other hand, some areas of the world, such as the Middle East and the developing countries of southern Europe, had achieved rates considerably higher than the average, while the rate in eastern Asia had been the average for all developing countries.

6. The experience of the developing countries indicated that, by and large, those countries which had concentrated on increasing the volume and diversity of their exports had achieved higher growth rates than other countries. From whatever standpoint it was viewed, the behaviour of exports could be of decisive importance in the development process. Moreover, developing countries had to rely on their merchandise export earnings for most of their foreign exchange needs. Exports were now financing 80 per cent of their payments abroad.

7. The merchandise exports of developing countries had increased at the rate of 6-6.5 per cent per annum since 1960, whereas world exports of manufactures had risen at a rate of approximately 9.5 per cent per annum. As expected, export prices had fluctuated considerably in the 1960s, but with virtually no change in the average. On the other hand, the average prices of manufactures had shown a slight increase. Although, generally speaking, that had meant a small movement in the terms of trade against the developing countries, significant conclusions about terms of trade had to be made on a country-by-country basis, and the position had been very varied.

8. The average rise in export earnings of the developing countries concealed wide differences between countries and regions. The rate of increase in exports between 1960 and 1965 had been 8 per cent in the Middle East, 9 per cent in Africa and over 10 per cent in eastern Asia (excluding Indonesia). In 1966 the growth of exports in Latin America and Africa had been fairly satisfactory, but progress in southern Asia, where much of the population of the developing world was concentrated, continued to lag behind.

9. The flows of capital from the developed to the developing countries had changed little in 1966. The net flow of official capital to developing countries and multilateral institutions in 1966 from the members of the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD) had probably slightly exceeded the level of about \$6 thousand million which had prevailed since the beginning of the 1960s. Apart from private investment in the oil and metal producing countries, private capital exports to the less developed countries in 1966 had amounted to a little over \$2 thousand million. At the same time, the external debt of the developing countries had continued to rise. That debt had been increasing at an annual rate of about 16 per cent during recent years and the annual debt service at a rate of about 10 per cent, the rate being even higher in some countries. The ability of developing countries to absorb capital efficiently had, however, increased markedly because of the experience they had accumulated and the administrative improvements they had made. Thus, while the sources of foreign exchange had tended to remain stable or to increase only slightly, the need for foreign exchange to service debts and to pay for imports had shown a marked rise.

10. The gravity of the debt problem had drawn increasing international attention to the question of the terms of official assistance. A steady decline in the grant component of official assistance—from 76 per cent of the total in 1961 to 65 per cent in 1965—had fortunately been reversed in

aid commitments approved in 1966. There had similarly been some reversal of the hardening of terms that had occurred in 1965. The Development Assistance Committee of OECD had addressed itself to the problem and had recommended terms which were still more liberal than those now prevailing. The World Bank group's concern with that problem was reflected in the proposals being considered for a large increase in the resources of IDA, which provided development credits on concessional terms, as well as in the recommendations made in consultative groups and other similar bodies.

11. It was probably safe to conclude that the gap between the ability of the less developed countries to use capital effectively and their ability to raise adequate resources was becoming larger. That conclusion had been borne out by a recent World Bank staff review. Experience also indicated that the ability to obtain larger flows of capital was intimately related to the efforts being made by the developing countries themselves to accelerate their growth. The prospects of obtaining increased amounts of private or official capital were, for example, much less hopeful in countries which lacked the political stability necessary to carry out productive investment programmes and which could not point to a reasonably satisfactory record of achievement both in domestic resource mobilization and in the pursuit of domestic policies designed to achieve the efficient use of available resources. The developing countries already had an impressive record of accomplishment. Indeed, it was sometimes overlooked that only a small proportion of investment in the developing countries was financed from abroad; on an average more than 80 per cent of such investment was being financed from those countries' own savings.

12. It was probably safe to say that the problem of agriculture and food was of serious concern to all countries and international institutions. Progress in agriculture was lagging behind in a number of countries and in general had failed to keep pace with population growth. In southern Asia, in particular, per capita agricultural output had declined. It was vital to reduce the growing gap between food production and requirements, and several developing countries—India, for example—were taking measures to increase investment in that field.

13. In the early 1960s, the World Bank group had adopted a policy of devoting an increasing proportion of its loans and credits to the development of agricultural production. Ten agricultural projects involving Bank or IDA assistance amounting to \$87 million had, for instance, been approved during the fiscal year 1966/67, raising the total amount of funds provided by the two institutions for agriculture to \$1.1 thousand million. Continued support had been provided for large construction projects, such as flood control and irrigation schemes, and also for transport and power projects. The main development recently had, however, been the increased number of projects relating to farm credit, livestock production, land settlement, seed improvement, grain storage, and training and extension work, which had been financed or were under investigation. The International Finance Corporation had also taken the lead in discussions on the establishment of new fertilizer plants

in the developing countries in partnership with domestic firms and with companies in North America, western Europe and Japan. Three such important fertilizer projects had reached the financing stage in 1966/67 and several others were under discussion.

14. The World Bank group had greatly strengthened its technical staff during the past few years so that it could devote increasing attention to the financing of agricultural development. It had continued to receive assistance from the Food and Agriculture Organization (FAO) under the agreement whereby the two organizations co-operated in the identification and preparation of projects to the point where they could be considered for financing by the Bank or IDA. The Bank's two permanent missions in Africa were helping to speed up the flow of agricultural projects ready for financing, while the services of the staff of the Agricultural Development Service, based in Nairobi, had been made available to member countries in East Africa on a reimbursable basis to assist in the organization and management of agricultural development projects.

15. Another critical problem which deserved separate attention was that of the external debt and particularly debt service. Debt servicing had become a source of serious concern to many developing countries, some of which had found themselves in situations where a large proportion of their trade and invisible export earnings—over 20 per cent or even more—was being used for that purpose. Many of those countries could not appreciably reduce their imports without serious injury to their development.

16. The special problems associated with so-called suppliers' credits, which were usually of a short and medium-term character and frequently had to be repaid before the full benefits of the investments could be realized, had been reviewed in some detail by the staff of the International Bank in the study<sup>1</sup> prepared at the request of UNCTAD and submitted early in 1967. The study had been made public and was being considered by the appropriate committees of UNCTAD and by other international bodies concerned with export financing and development assistance, such as OECD. It had, however, now become evident that heavy debt-service burdens were being experienced not only by countries which had assumed excessive amounts of short and medium-term external obligations at relatively high interest rates, but also by countries which had followed a fairly cautious policy in that respect. In the latter countries, the volume of exports had not kept pace with rising debt-servicing charges. Efforts must be made to reduce the burden of servicing and to prevent its increasing in the future by making external capital available on appropriate terms and ensuring that countries pursued domestic economic policies designed to improve their export performance and hence their debt-servicing capacity. Action must also be taken to minimize unproductive public expenditure and maximize savings. There was scope in some countries for the further development of efficient import substitutes, but in many countries such

possibilities had been largely exhausted and persistence with such efforts was interfering with the achievement of stronger and more viable economies.

17. There was perhaps no better indicator of the obstacles facing the less developed countries in pursuing domestic policies designed to achieve more rapid economic growth than military expenditure. Few would argue that such expenditure was not at the expense of economic development. It was, however, estimated that almost half the developing countries were spending amounts significantly in excess of 2 per cent of their gross domestic product for military purposes. Such percentages represented a substantial portion of the resources which might be available for investment purposes.

18. The process of economic development was a process of changing current trends. The availability of modern technology and "know-how" gave reason to believe that favourable changes were within the means of the developing countries. Larger flows of capital on appropriate terms and broader access to the markets of the developed countries were also vital. Economic problems faced the developed countries, too, but the increased resources which could be effectively used by the developing countries were relatively small from the standpoint of the developed countries. The economic problems which faced those countries essentially related to the management of expanding economies which had already reached high levels of output and income. It would seem reasonable to assume that, as a result of the remarkable expansion of the world economy since the end of the Second World War, it should be possible to provide the poorer countries with the additional resources which they could use effectively to accelerate their development.

19. The multilateral institutions were trying to contribute to that end by improving the environment for both private and public investment from all sources and by helping to enhance its effectiveness. They were also directly contributing significant amounts of financing for carefully considered projects to countries pursuing sound development policies. In the fiscal year just ended, the commitments of the World Bank group had been about \$1.3 thousand million and its disbursements about \$1.2 thousand million. In addition, the group had tried to give members the benefit of the practical experience it had accumulated in twenty years, and to give those supplying capital an assurance that the funds would be well used and repaid. As a result of its contacts with borrowing members, it was impressed both by their many difficulties and by the successful efforts being made by many of them. It was convinced that much more substantial progress was possible.

20. Mr. SINGH (India) said that the Economic and Social Council had a vital part to play in a world sharply divided between a small minority possessing the bulk of the financial and technological resources and a vast majority in desperate need of those resources. It had to arrange for an orderly transfer of some of those resources, so that violence and conflict could be avoided.

21. The Secretary-General had given an excellent analysis of the world economic situation in the statement read

<sup>1</sup> International Bank for Reconstruction and Development, *Suppliers' Credits from Industrialized to Developing Countries*, 3 April 1967.

on his behalf at the 1480th meeting. He had once again expressed concern at the disappointing trends of the past two years and at the strong possibility that even the modest targets of the Development Decade would not be attained. The strenuous efforts of the developing countries to mobilize their own resources in the interests of rapid economic growth had been seriously hampered by an unfavourable external environment. There was an urgent need for the developed countries to adopt favourable trade and aid policies towards the developing countries so as to enable the latter to stand on their own feet.

22. The Council's primary task at the present session was to give the developing countries the opportunity to make the best use of their own resources. Now that the flow of external resources to developing countries was threatening to become self-cancelling, those countries remained entirely dependent on their export earnings to finance their essential requirements of capital equipment and raw materials. Where trade was concerned, instead of gaining ground, they had been losing it to the developed countries. During the past fifteen years, the share of the developed countries in world exports had substantially increased, whereas that of developing countries had fallen from one third to less than one fifth.

23. The Secretary-General had rightly referred to the successful conclusion of the Kennedy Round negotiations as an important event and had said that the dangers of a relapse into protectionist trading blocs had not been completely eliminated. Although some benefits from the negotiations would accrue to the developing countries, they were likely to be much less than those which would be obtained by the developed countries. As indicated in the joint statement made by the developing countries at the conclusion of the Kennedy Round, those countries were not in a position to share, to the same extent, the satisfaction of the developed countries at the achievements of the Kennedy Round, because their most important problems in the field of trade still remained unresolved.

24. In addition, new steps would have to be taken to enable the developing countries to obtain sufficient foreign exchange from their export earnings to meet the needs of their economic development. President Johnson's statement at Punta del Este in April 1967 regarding the possibility of temporary preferential tariff advantages for all developing countries in the markets of all developed countries had been encouraging. The developing countries hoped that their legitimate plea for non-discriminatory generalized preferences might now be granted by the industrialized countries. Action in the matter should not be further delayed. To those who had a doctrinaire attachment to the system of most-favoured-nation treatment between the developed and developing countries, it must be pointed out that the application of that system had already been seriously weakened by the formation of regional groupings. If more developed countries entered the regional economic groupings of those countries, as they had announced their intention of doing, it had been estimated that more than half of the developed countries' imports of manufactures and semi-manufactures would take place outside the system. In such circum-

stances, to accord most-favoured-nation treatment to the developing countries would amount to according them least-favoured-nation treatment. It was important that those economic groupings should make a positive contribution to the expansion of the trade of the developing countries by granting their products duty-free entry on a preferential basis.

25. There was also an urgent need for new measures to solve the problems of the developing countries with respect to commodity trade. The rich consuming countries should make every possible effort to mitigate the hardship of the producing countries through the conclusion of commodity agreements.

26. There was considerable scope for expanding trade among the developing countries themselves. He hoped that those countries would seek to promote their mutual trade not only within their respective regions, but also with developing countries of other regions. Fortunately, the necessary framework for that purpose was now available. At a recent meeting, the Presidents of Yugoslavia and the United Arab Republic and the Prime Minister of India had decided to explore the possibilities of a further expansion of co-operation in the technical, commercial and industrial fields. They had also agreed that the arrangements worked out by the three countries could be extended to other developing countries on a basis of mutual advantage.

27. The resources that could be mobilized in the developing countries were not sufficient and needed to be supplemented by external assistance. The subject of the flow of resources from the developed to the developing countries had been discussed at the Council's forty-first session, at which emphasis had been placed on the need for urgent measures to increase the volume of assistance to developing countries and to ease the terms on which it was granted. He now wished to reiterate the need for urgent action along the lines of the recommendations which had been made by the Council at that session and which had been subsequently endorsed by the General Assembly in its resolution 2170 (XXI). Perhaps it was too early to assess the progress made in the implementation of those recommendations, since the target for the volume of external assistance was to be achieved by 1970. But instead of moving towards that target the developed countries had moved away from it and, unless that trend was reversed, there was a serious risk that the target might not be attained even by 1970. That pessimism was confirmed by the latest report of the Secretary-General on the flow of resources to developing countries (E/4371 and Corr.1). The net flow of external resources to developing countries as a percentage of the gross national product of the developed market economy countries had recovered somewhat in 1965 after a steady decline in the previous three years, but now appeared to have again receded. The report also showed that in 1965 only two of the developed market economy countries had provided resources to the developing countries amounting to more than 1 per cent of their gross national product, and it was significant that both those countries had been providing a higher percentage in 1961 than they were doing now. It was heartening that the credit commitments of the



centrally planned economies had risen from \$595 million in 1965 to almost twice that amount in 1966.

28. It was a matter of concern that the over-all terms of development loans were still too hard and that the trend towards the softening of those terms had recently suffered setbacks. The indebtedness of the developing countries was becoming a serious problem and threatened to lead to a significant diminution in the net transfer of resources to those countries. It had been estimated that if the gross flow of loans to developing countries was to continue at the present rate and on the present average terms, a paradoxical situation would arise after 1975 when there would actually be a net transfer of resources from the developing to the developed countries. There was thus an obvious need for urgent international action to forestall what the Secretary-General had described as the onset of debt-service crises.

29. He welcomed the mention for the first time in the Secretary-General's report of the transfer of resources among developing countries. Despite its own difficulties, India had endeavoured to provide other developing countries with economic and technical assistance. So far, it had provided about 2,700 placements for training under the Colombo Plan and about 1,200 such placements under United Nations programmes of technical co-operation. It had also made a large number of experts available for service in other countries. It would be glad to extend its co-operation with other countries on a bilateral and multilateral basis.

30. One of the key issues on which the Council would be focussing attention at that session was economic planning and projections. The importance of planning in the attainment of rapid economic growth was now universally recognized. The *World Economic Survey, 1966* contained a detailed analysis of the various aspects of plan implementation in developing countries (see E/4363 and Add.1). While it dealt exhaustively with the efforts which the developing countries themselves were making and should make in formulating and implementing their development plans, it did not devote enough attention to the external environment in which such efforts were made. As the Committee for Development Planning had pointed out in its report (E/4362 and Corr.1), the successful implementation of plans in developing countries largely depended on the adoption of favourable trade and aid policies by the developed countries. He drew attention to the important recommendations in that Committee's report concerning external technical and financial co-operation to assist national planning efforts.

31. One of the difficulties encountered by the developing countries in framing their economic plans related to the projections of their exports and imports. Greater attention should, therefore, be paid to improving the tools for balance-of-payments projections. Projections should also be made of the capacity of the rich countries to supply external resources to the poor countries, since such projections would help to ensure a better distribution of resources among the countries of the world, more effective planning in the developing countries and the rapid growth of the world economy. They would also help to

identify opportunities for trade expansion among developing countries.

32. He welcomed the emphasis placed by the Committee for Development Planning on the need to formulate a practical plan of action for the next decade. It had been suggested that more definite targets should be set for the developing countries. However, it was not sufficient to fix targets for the developing countries alone; definite commitments should also be made by the developed countries concerning the expansion of international trade and aid. The Committee had also rightly stressed the need for concerted action during the next decade both by the developed and the developing countries with a view to securing a more rapid improvement in the income and welfare of the latter. Such action would obviously also be in the interest of developed countries.

33. India's own experience of planned economic development had begun with the launching of the first five-year plan over fifteen years before. Three goals had been set for economic planning, the first being to raise the living standard of the people through an increase in real per capita income, the second to set in motion a process of continuing and self-sustaining economic growth, and the third to attain a viable balance-of-payments situation within a specified period. The guiding principles which had determined the Indian strategy of economic development were selectivity and interdependence. Selectivity had been dictated by the overriding need to ensure the most economical use of the scarce domestic and external resources. The principle of interdependence had been adopted to ensure a smooth and harmonized growth of the different sectors of the economy. The national plans envisaged important roles for both the public and the private sectors.

34. India's planning efforts had been seriously hampered by the inadequacy of external resources. Though it was grateful to the many countries which had provided assistance, the latter, substantial though it might appear in absolute terms, had been grossly inadequate to meet the urgent and minimum development requirements of over 500 million people. The annual per capita inflow of official loans and grants into India had been among the lowest in the world, amounting to only about \$2 per person as against over \$30 in some other countries.

35. It was only appropriate that the Council should devote special attention to multilateral food aid at that session. An inadequate increase in agricultural production combined with rapid population growth was causing grave and widespread concern. He was glad to note the emphasis in the Secretary-General's progress report (E/4352 and Corr.1) on the urgent need to increase food production in developing countries. The transfer of food grains from surplus to deficit areas to meet shortages, although essential in the short run, could only be a temporary expedient. The only long-term solution lay in enabling the deficit countries to achieve a spectacular increase in their food production by revolutionizing their agriculture. Though the basic effort in that regard would have to be made by the developing countries themselves, the international community also must play its part.

36. Agricultural development could not be separated from the development of the other sectors of the economy, a point that had received well-deserved emphasis in the Secretary-General's report. The urgent need, therefore, was to assist the developing countries to diversify all sectors of their economies. They should also be enabled to increase their import capacity so that the foreign exchange required for food purchases did not have to be diverted from their development needs.

37. His delegation welcomed the further development of programmes of multilateral food aid. India had benefited in the past from assistance provided by the World Food Programme. Though small in comparison with the country's needs, such assistance had nevertheless made a significant contribution towards meeting urgent requirements. Any increase in multilateral food aid should, however, be supplementary to bilateral aid, which would continue to be important.

38. With regard to the scheme for multilateral food aid which had emerged from the Kennedy Round negotiations, India's main concern was with the level of the minimum and maximum prices. It hoped that countries like itself with balance-of-payments difficulties would not be asked to give a guarantee of any commercial purchases. It also thought that the quantity of 4.5 million tons was inadequate to meet the needs of the developing countries and would have to be substantially increased. It trusted that aid under the scheme would be additional to and not a substitute for other bilateral and multilateral assistance. Where the criteria for the grant of aid from any multilateral food aid programme were concerned, the needs of the countries concerned should be the dominant consideration.

39. When food aid or food shortages were discussed, India was very much in people's minds because of its vast area and large population. In 1965 and 1966, there had been unprecedented droughts, which had unfortunately been preceded by the failure of the monsoons in 1964. That had resulted in widespread crop failure and in a serious shortfall in grain production. It would, however, be wrong to suppose that India had not made much headway in agricultural development. During the first fourteen years of its planned development, production of food grains had been increased from 55 to 89 million tons and a production target of 120 million tons had been set for 1971, when India expected to become self-sufficient in food. Various measures were being taken to that end, such as large increases in fertilizer production and the extension of irrigation facilities.

40. The Secretary-General had rightly drawn special attention to the population problem. India wholeheartedly welcomed the establishment of a trust fund for United Nations work in that field. It was ready to make a suitable contribution to the fund and hoped that other countries would also contribute generously. It supported the proposed increase in budgetary appropriations to enable the United Nations to embark on a bolder and more effective programme of action as envisaged by the General Assembly.

41. Turning to the problem of co-ordination, he said that there had recently been growing concern over the need for greater efforts to avoid duplication and waste, and to ensure the most effective utilization of scarce international resources to the best advantage of developing countries. That concern was reflected in the recommendations of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, in the establishment of the new Committee for Programme and Co-ordination, and in the decision of the General Assembly (resolution 2188 (XXI)) to undertake a general review of the entire range of activities of the United Nations system of organizations in the economic, social and human rights fields.

42. It must be clearly recognized that the major responsibility for ensuring co-ordination within the United Nations family had been entrusted to the Council under the Charter of the United Nations. The Council's inability to discharge that responsibility effectively was largely due to the lack of adequate machinery for the purpose. That lack had now been made good by the establishment of the Committee for Programme and Co-ordination. He hoped that the Committee would evolve working procedures that would enable it to carry out its complex task of assisting the Council to discharge its obligations as the central co-ordinating agency. The joint meetings between the Committee and the Administrative Committee on Co-ordination were also useful.

43. The Council would be considering the first report of the Industrial Development Board (E/4385 and Corr.1). At its first session, the Board had necessarily been pre-occupied with organizational matters, but it had nevertheless been able to adopt a very comprehensive resolution on the future programme of work of UNIDO (resolution 1 (I)). He hoped that early implementation of the recommendations contained in that resolution would enable the organization effectively to exercise the central role which had been assigned to it in the field of industrial development.

44. In about six months' time his country would have the privilege of acting as host to the second United Nations Conference on Trade and Development, which would provide a unique opportunity not only for reviewing the past but also for setting the sights for the future. A constructive discussion of future goals could take place only against the background of past achievements, not past disappointments. It was essential that, even in the time available before the second Conference, the international community should take concerted action for the attainment of objectives already established. His delegation placed high hopes in what the Secretary-General had described as the "New Delhi Round", which, in its view, should concentrate exclusively on providing practical solutions to the urgent problems of the developing countries.

45. Mr. DAVIES (Secretary-General, World Meteorological Organization) said that WMO's activities during the year under review were clearly described in its report (E/4350).

46. The most important development during the past year had been the adoption of the plan for the World Weather Watch by the Fifth Congress of WMO. The plan had been prepared on the basis of a reappraisal of the existing world weather system in the light of modern scientific and technological developments such as artificial earth satellites and electronic computers. In view of the importance of the World Weather Watch, copies of a new WMO publication dealing with the plan would be made available to members of the Council.

47. A detailed programme for the implementation of the World Weather Watch for the period 1968 to 1971 had also been unanimously approved by the Fifth Congress. It stated, as a basic principle, that all meteorological activities connected with the implementation of the World Weather Watch in the territories of individual countries should be the responsibility of those countries, and that the costs involved should, as far as possible, be met from national resources. It had, however, been realized that many developing countries might require assistance, and for that reason three sources of aid had been envisaged. First, there was the United Nations Development Programme. Secondly, it seemed clear that some assistance would have to be provided under bilateral arrangements, and in that connexion WMO had asked to be kept informed of such programmes in the field of meteorology. Lastly, should those two forms of assistance prove inadequate, aid could also be provided under a new WMO scheme known as the Voluntary Assistance Programme. Aid under the Programme could take the form either of direct financing of projects by WMO, using the voluntary financial contributions of member countries in any readily useable currency, or of voluntary donations of equipment and services by member countries.

48. That Programme, like the plan for the implementation of the World Weather Watch as a whole, was of a voluntary nature and did not constitute a charge on WMO's regular budget. Moreover, in order to ensure global coverage, implementation of the plan in regions outside the territories of individual countries, such as in outer space, the oceans and Antarctica, would be based on the principle of voluntary participation by countries willing and able to provide the necessary facilities and services; the possibility of assistance from the Voluntary Assistance Programme was not, however, excluded. Special attention had been paid to the economic advantages that could be derived from the implementation of the plan, and a number of special studies of precise cost/benefit ratios had indicated that improved meteorological services would yield benefits many times greater than the resources required for their establishment. Moreover, in addition to its direct economic benefits, the World Weather Watch would enable certain research programmes to be carried out that had previously been impossible.

49. Although the World Weather Watch would not officially come into force until 1968, a number of countries had already taken action with a view to its implementation. For example, the three World Meteorological Centres called for under the plan were already functioning in Melbourne, Moscow and Washington, and

several countries had taken steps to establish the necessary facilities for the regional centres required by the plan in certain countries. The world's weather was already under constant surveillance by Soviet and United States meteorological satellites, and most, if not all, the countries of the world made daily use of the information thus obtained so that no major weather developments such as hurricanes could occur without being detected and their movement being constantly followed, even over remote ocean areas.

50. A project was being jointly promoted by WMO and the Economic Commission for Asia and the Far East to improve the typhoon warning system and the flood warning system in that region. Studies carried out had indicated that the losses caused by typhoons in some Asian and Far Eastern countries amounted to 1 per cent of their gross national product, and it was hoped that the project would do much to remedy that situation.

51. He referred to the many other aspects of WMO's work and specifically to those activities being carried out in co-operation with other United Nations bodies. The organization also attached great importance to co-operation with the specialized agencies. It constantly kept in mind the need to co-ordinate its programmes and activities with those of other organizations as well as of the Council's recommendations and advice in so far as they concerned its work.

52. Mr. GELBER (Canada) said that the needs of the developing countries were clearly far greater than had been thought fifteen years previously, and that if the levels of living of their people were to be raised, most of them would require a large amount of additional capital. Canada had tried to help meet that need by a steady and substantial increase in its recent contributions to international development to the point where governmental earmarkings for foreign assistance now exceeded \$300 million annually. Subject to economic and other conditions, his Government intended to make further increases until, by the early 1970s, the target of 1 per cent of its national income had been reached. In its view, foreign development assistance was vital to the more rapid growth of the developing regions and it was deeply concerned that the pre-1961 rate of increase in foreign assistance had not been maintained and that the terms on which it was extended were hardening and thus aggravating already difficult repayment problems.

53. However, foreign assistance, even on a generous scale and easy terms, could do no more than supplement the over-all development process, and if the developing countries were to achieve self-sustaining growth, their trading opportunities and export capacity must be greatly enlarged. In that respect, too, the developed countries had an obligation to do their best to lay the foundations for an expanded international market which offered the developing countries scope to compete for benefits that would buttress their growth.

54. There was, however, a third requirement for the economic development process: that process must be a national enterprise, based on an unreserved commitment by the central Government and enjoying the support and

understanding of regional and local authorities as well as of the people as a whole. Moreover, in view of the various obstacles to growth which called for action at the national level, and particularly the lack of experience adapted to development needs, the inadequate allocation of resources to agricultural development and lagging agricultural production coupled with rapid population growth, it was clear that foreign assistance and improved trading opportunities must go hand in hand with national determination and popular support for a sound development policy. It was also clear that there must be full recognition on the part of the developed countries of the harsh choices that had to be made by the developing countries.

55. With regard to the three subjects which the Council had decided at its resumed forty-first session to discuss in depth at the present session, namely, the implementation of development plans, multilateral food aid, and the development and utilization of human resources, there was general agreement that planning was essential to the acceleration of economic development. The character of planning practice in a particular country was determined by a variety of factors, such as the stage of development, the initiative of the private sector, the quality of public administration and the nature of the available data. But the adoption of a plan was not in itself a guarantee of economic development, which could be achieved only if the Government concerned was technically capable of carrying the plan into effect and, even more important, was willing to do so and to introduce the unsettling economic and social changes that were required. For that reason the report of the Committee for Development Planning and part I of the *World Economic Survey, 1966* (E/4363 and Add.1-2) were particularly valuable in that they identified the main shortcomings in the implementation of plans and recommended ways of creating more rational and effective planning machinery. Most countries, regardless of their political, economic and social system, appeared to encounter the same planning problems, and frequently made the same mistakes; in some cases, there seemed to be a tendency to equate the formulation of a plan with its execution and a failure to make a realistic appraisal of what was feasible.

56. Where the problem of multilateral food aid was concerned, the difficult policy decisions faced by developing countries in determining an over-all development strategy might relate to the allocation of investments between agriculture, industry and basic infrastructure. Greater emphasis must clearly be placed on the development of the agricultural sector although, as pointed out in the Secretary-General's progress report on multilateral food aid, there was no inherent conflict between agricultural and industrial development. Canada, as a major food producer and exporter, had made food aid a significant component of its foreign aid programme, and the approach adopted to the problem of multilateral food aid was of real concern to it. For that reason, his delegation welcomed the Secretary-General's excellent progress report as well as the efforts of all agencies which were endeavouring to find a solution to the problem. The Secretary-General, in his opening statement, had drawn attention to the important agreement reached within the context of the Kennedy Round to include a large food

aid component in the new arrangement for cereals. Details of how government commitments under that agreement were to be fulfilled were being discussed at the international grains conference at Rome, where his country's objective was to ensure that the operation of the new agreement would complement and be co-ordinated with existing programmes of other United Nations agencies and with bilateral programmes.

57. It was clear from the studies carried out by FAO and other specialized agencies that the world food problem would become even more acute during the next ten to fifteen years, and would be aggravated by the fact that, with the liquidation of stocks used to relieve acute shortages during the 1950s, the era of food aid based mainly on surpluses had come to an end. It was thus even more urgent to review the problem of food shortages in the light of the three main possible solutions, namely, production, trade and aid. His delegation agreed with the Secretary-General that the question of food aid must be viewed against the background of the general problem of raising food production, which, in turn, was an aspect of the broader problem of economic development. The food aid problem could be tackled both on a multilateral and a bilateral basis, but the two types of action must be closely co-ordinated. More could also be done to increase trade in food products among developing countries; even food-deficit countries could export certain food items, and such trade would not only benefit the countries immediately concerned but would also reduce the over-all food gap of the developing countries as a whole.

58. Although the main responsibility for devising and giving effect to policies with a view to increasing food production rested with the food-deficit countries concerned, the developed countries would for some years to come have to provide technical advice and assistance. The developed and food-exporting countries would also have to provide food aid until such time as the developing countries were able to produce or import, on commercial terms, the amounts of food they required. In view of the magnitude of the problem, a joint international effort was clearly vital. Moreover, in view of the policy decisions that would have to be made by Governments regarding criteria for eligibility for different types of food aid, a co-ordinated multilateral approach was necessary to ensure the full participation of industrialized countries which were not food exporters and of developing countries which were. Only in that way could the burden of providing food aid be shared equitably and an effective response made to current needs. New institutional arrangements should not be necessary; multilateral food aid could be handled through the World Food Programme, although certain specialized agencies and OECD would be called upon to play an increasingly important part in estimating food requirements and co-ordinating the international approach to the world food problem.

59. Referring to the problem of the development and utilization of human resources, he said that neither food aid nor development plans would have any lasting impact unless the most valuable resource of any State, namely, its own people, could be developed. Indeed, the absence of a systematic effort to apply human skills to national



development could become an insurmountable obstacle to progress. The Secretary-General, in his excellent report on the development and utilization of human resources (E/4353 and Add.1 and Add.1/Corr.1), had identified the scale of the problem and presented a number of valuable proposals for international action. In view of the magnitude of the problem, however, the report could be regarded only as a first stage in international planning. The Council, at its present session, should therefore embark upon the second stage—the establishment of priorities. In doing so, it must take into account the fact that the resources of personnel, time and money available within the international system were severely limited. His delegation was fully aware that the imposition of priorities was a harsh and sometimes ruthless process, and therefore suggested that those responsible for transforming the general proposals contained in documents E/4353 and Add.1 into a blueprint for action might well adopt the approach favoured by the Advisory Committee on the Application of Science and Technology to Development; in other words, the main emphasis should be placed on those areas in which action was so urgent that it could no longer be delayed, and on those where a comparatively minimal investment would yield major results. When the blueprint had been completed, it would have to be adapted to the needs of each country, so that the second stage of planning should be followed by a third, in which individual programmes of action for particular countries would be drawn up. That might take the form of feasibility studies requested by countries under existing international assistance programmes or carried out by those countries themselves using their own resources. Such studies would presumably analyse the priorities recommended in the international blueprint and select as sectors for action only those which were relevant to the country concerned. Thus the implementation of a concerted programme for the development and utilization of human resources would, in its final stage, be based not only on international priorities but also on the individual needs of each country. The process would be a long and difficult one, but his delegation hoped that the Council would devote much time and thought at its present and future sessions to making the most of the admittedly slender international resources which could be devoted to the task. In any event, it should be borne in mind that the effectiveness of any joint international effort ultimately depended on the effectiveness of national efforts, national planning and the success of Governments in securing the support of their people for agreed objectives.

60. Mr. EKLUND (Director General, International Atomic Energy Agency) said that the rapid increase in the use of nuclear power for electricity production had continued throughout the past year and had even greatly been accelerated in the most highly industrialized countries. In the United States, more than one-half of the new generating capacity ordered in 1966 had been nuclear and one of the power stations in question was to be located in an area where coal prices were among the lowest in the country. A growing number of countries in western Europe were now looking mainly to nuclear energy for future expansion of their power-generating capacity, while South-East Asia and the Far East were also turning

to nuclear power. Nuclear desalting was showing definite promise where very large units could be used. A large dual-purpose plant was now being built in the Soviet Union for the production of desalted water and electricity, and a decision had recently been taken in the United States to build a major plant of the same kind. The big generating units now under study had introduced a new concept, that of energy centres capable of supplying large amounts of electricity and water for industry, fertilizer production, agricultural areas, and cities.

61. The Council had been informed in earlier years of the growing use of nuclear science in areas such as insect control, food processing and preservation, and medicine; it might be interested in hearing about a less publicized use with which the Agency had been concerned for many years, namely, the use of nuclear techniques in developing fresh water supplies. The importance of fresh water for agriculture in the arid zones was obvious; the requirements for industrial and domestic purposes were now also causing concern even, for instance, in certain countries in western Europe.

62. If fresh water supplies in the arid zones of the world (two-thirds of the whole) were to be rationally used, the answers were required to several questions. The largest reservoirs were underground and the first question to be answered was obviously how much water they contained. It was also necessary to determine the time taken to recharge the reservoir and the source of the water. Where most of the water originated from precipitation, the supply would obviously be highly vulnerable to drought. Many similar questions also had to be answered before the best use could be made of surface bodies of water. The eventual aim was to obtain an over-all picture of the water balance of whole regions and continents.

63. Two groups of isotopes could be used to obtain the required information. The first group consisted of certain stable isotopes, chiefly the heavier atoms of hydrogen and oxygen which existed in all forms of water but which varied slightly in their ratio to other atoms as a result of the processes of evaporation and concentration. Variations in that ratio could be detected by sensitive techniques and enabled water to be characterized, the mixing of different types of water to be studied and recharge areas to be located. The second group consisted of certain radioactive isotopes occurring everywhere in air and water, which diminished in proportion to other atoms with the passage of time. That variation made it possible to determine whether a given source of water was receiving a recent recharge and to study the pattern of water flow underground. The chief radioactive isotopes used in that group were the extra-heavy hydrogen atom—tritium—and radioactive carbon.

64. The use of those two groups of isotopes had the advantage of avoiding the artificial introduction of radioactive material into water or the atmosphere. Furthermore, their use made it possible to carry out studies covering whole regions, which could not be done through the injection of radioactive tracers.

65. Taken together, the analyses of stable and radioactive isotopes of water could yield valuable and unique informa-

tion on the relations between precipitation and run-off and between ground and surface water, and the time of travel of water in the different stages of the hydrological cycle. Such information was of particular interest to developing countries facing a rapid growth in water demand, a deficiency of conventional hydrological data and a shortage of trained technicians.

66. The work in question required the concerted efforts of meteorologists, hydrologists and nuclear scientists. Since 1960, IAEA and WMO had jointly undertaken a continuing world survey of tritium and stable isotopes in precipitation. Data obtained from that survey formed the basis for isotope hydrology in the developing countries. Two specific examples of action might be of interest to the Council. In one case, the Agency was helping the national Atomic Energy Research Institute of Korea to determine whether there was a large fresh-water reservoir in an island off the coast, and in another case the isotope techniques were being used to study the ground water resources feeding the upper and lower Guadalquivir river basin in southern Spain.

67. The technique of the deliberate injection of radioactive tracers could be used only for the study of water resource problems of a strictly local nature. The technique was useful for measuring the flow of water in a river, leakage from a dam or canal, and the direction and rate of flow of underground water. It was also used for measuring the dispersion of sewage and industrial waste.

68. If the techniques he had described were to be put to the best advantage, they must be employed as part of an integrated water study. The Agency had therefore set up a group of scientists of various disciplines which was carrying out field studies for the International Hydrological Decade programme under UNESCO auspices and was co-operating with other United Nations agencies in applying nuclear techniques to water development.

69. On a completely different subject, the Council might be interested to know that the Agency, pursuant to a resolution adopted by its Tenth General Conference, was at present reviewing all its programmes with a view to further improving its help to developing countries. An analysis of its work during the period 1958-1966 had shown that, of the total resources of \$86 million put at its disposal, approximately \$30 million had been used for technical assistance or other direct aid to developing countries, and that a large proportion of the remainder had been spent on work in or of special interest to the developing countries.

70. All member States of the Agency had been asked to comment on the subject and the consensus of opinion might be summed up as being that, while the Agency's work should continue to be of interest to its membership as a whole, there should be a steady movement toward the practical applications of atomic energy in electric power, agriculture, hydrology, raw materials development, etc. That would seem to show that nuclear energy and techniques had now reached the stage where developing countries felt that they could be of direct practical benefit to them. However, the Governments of some developing countries were apparently not yet aware

of the economic benefit that could be derived from nuclear techniques, especially in such fields as agriculture and water resources. The Agency's Board of Governors had therefore recommended that member States should themselves take steps to secure a larger share of UNDP resources for atomic energy development.

71. The review had plainly shown that the main problem limiting the Agency's help to developing countries was a lack of resources, since there was no shortage of technically sound and viable projects. In the main, therefore, the fundamental problem to be discussed at the present session was how to increase the funds for action. No co-ordination, no streamlining of procedures could effect more than a superficial improvement in that respect. For instance, even if the savings effected by the work of the proposed inspection unit were to amount to 100 times the unit's cost—a hardly realistic assumption—they would represent no more than a small fraction of the funds needed for development. A further illustration of that point was that, in 1968, the Agency was likely to be in a position to implement less than 30 per cent of the requests for technical assistance experts, fellowships and training.

72. There were constant reminders in the world today of the military applications of nuclear science and technology. It would be unfortunate, to say the least, if more ample resources could not be provided for their peaceful applications in producing and conserving more food, increasing the product of industry, combating disease and bringing water to the arid zones.

73. Mr. TWIGT (Secretary-General, International Civil Aviation Organization) said that ICAO's basic functions included the development of international aviation standards on a world-wide basis and the practical planning of services to aircraft for embodiment in regional air navigation plans. Such regional plans were adjusted to technical developments by means of meetings dealing with specialized technical matters and of specialized studies of such subjects as, for example, the operational requirements of supersonic aircraft.

74. An account of the agency's work in 1966 was given in the report of the ICAO Council to the Economic and Social Council (E/4333). It was noteworthy that international civil aviation activity was increasing rapidly and constantly. Global traffic had shown a steady increase of 15 per cent per annum, the increase from 1960 to date having been of the order of 100 per cent. At the moment, however, ICAO was facing a changing situation, similar in some respects and different in others to that experienced in 1956, when there had been a switch from propeller to jet-engined aircraft. Two new types of aircraft were now coming into operation, the so-called giant aircraft and the supersonic aircraft, and that process would create a number of new problems. So far as the giant aircraft was concerned, flying requirements were similar to those now existing but new problems of a scale and density not yet experienced were being created in ground handling (Customs, passenger and cargo loading and discharge) and transit to and from airports. On the other hand, the supersonic aircraft was creating problems in the air, because its speed was such that aeronautical services would have to be adjusted. The importance of the

problem was illustrated by the fact that, reportedly, some \$11,000 million was being invested by the airlines of countries members of ICAO in the new types of aircraft; and undoubtedly the expenditure entailed for additional handling facilities and aeronautical services would run into some further hundreds of millions of dollars. It was plain that, with an investment of the magnitude he had indicated, a quick "turn-round" of aircraft would be necessary. So long as the planes were in the air the investment was a good economic proposition, but the longer they remained on the ground the more money would be lost. Accordingly, handling staff would have to be trained or retrained so as to be able to deal with larger and faster aircraft more speedily. Aeronautical training, like all matters related to the infrastructure of civil aviation, was within the competence of ICAO and he would point out that, apart from the training work undertaken by ICAO itself, as much as 70 per cent of the funds allocated for civil aviation projects under the Technical Assistance component of UNDP were spent on technical training and nine out of ten Special Fund projects in the same area were for the establishment of technical training centres. ICAO had always devoted to aeronautical technical training by far the greater part of the resources available. Those, unfortunately, were still insufficient.

75. Mr. COX (Sierra Leone) said that his delegation attached particular importance to the items on the agenda dealing with the United Nations Development Decade, the external financing of the economic development of developing countries, and the development and utilization of human resources. Action in those three areas was essential for maintaining the flow of life-blood into the developing countries, which were trapped in a vicious circle of poverty, disease and ignorance.

76. The responsibility for the existence of that vicious circle largely rested with some great Powers which, by their colonial policies, had stifled initiative and hampered progress.

77. The present changed attitude towards colonialism called for the adoption by those Powers of progressive steps to remedy the miseries of the unfortunate countries that had been affected. Such action was dictated not only by humanitarianism but also by wisdom, for it represented international co-operation in its truest sense.

78. It was noteworthy that, as a result of the Development Decade, international co-operation had brought about some improvement in certain developing parts of the world. Judging from hard facts, however, it was evident that the improvement merely scratched the surface of the problem. Indeed, it was clear from the analysis of the state of development given by the Managing

Director of the International Monetary Fund (IMF) in his statement to the Council (1482nd meeting) that the term "developing" in that context was a euphemism for "deteriorating". As had been pointed out, the majority of the developing countries had not fared as well in 1966 as in the two preceding years; there had been a widespread deterioration in external positions, and cost-of-living indices had in many instances shown larger increases.

79. The Managing Director of IMF had painted a very gloomy picture of retrogression rather than progression. Was it tolerable for an entire population to work harder and produce more goods in the form of primary commodities than ever before, and yet, instead of moving onward, to move backward? That pathetic situation was all the more alarming when it was realized that many products of the developing countries were liable to exhaustion and were irreplaceable.

80. It was indeed ironic that the developing countries should find themselves in a worse plight while receiving aid. It was quite clear that they had become the true givers of foreign aid. The situation could not be otherwise since those countries were not being given the opportunity to influence effectively the terms of international trade and frequently were still not represented at the bargaining table.

81. The fact that the gap between the developed and the developing countries continued to grow showed that economic imperialism had clearly been substituted for political imperialism. And that state of affairs held explosive potentialities that might eventually have tragic international repercussions. It was no coincidence that many developing countries were in the throes of social turmoil. That was essentially due to the frustration of rising expectations on the achievement of independence, caused by the lack of just rewards in international trade. Indeed, economic disappointment was at the root of socio-political instability, the remedy for which lay in eliminating the existing inequality in international relations between the developed and the developing countries.

82. The remedy was well known. The so-called developing countries should be given a positive encouragement to grow through increased aid from the economically advanced countries. At the same time, they should be shielded from the effects of short-term balance-of-payments problems. The developed countries of the world had a glorious opportunity to save humanity from misery. Let them avail themselves of that opportunity and make the world a better place both for themselves and for others.

The meeting rose at 1.15 p.m.