



ECONOMIC AND SOCIAL COUNCIL

Forty-fifth session

OFFICIAL RECORDS

1537th meeting

Thursday, 11 July 1968

at 3.10 p.m.

PALAIS DES NATIONS, GENEVA

CONTENTS

Agenda item 2:

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

Speakers:

Mr. Zhelev (Observer for the Council for Mutual Economic Assistance)	37
Mr. Tsuruoka (Japan)	38

President: Mr. PÉREZ GUERRERO (Venezuela).

AGENDA ITEM 2

General discussion of international economic and social policy (E/4454, E/4467/Rev.1, E/4486/Add.1, E/4488 and Add.1-5, E/4496, E/4511 (Summary), E/4515, E/4525, E/4551; E/CN.5/417 and Corr.1 and Add.1 and Add.1/Corr.1 and Add.2 and Summary; E/CN.11/825; E/CN.12/806, E/CN.12/808 and Add.1; E/CN.14/409; E/ECE/703) (*continued*)

1. Mr. ZHELEV (Observer for the Council for Mutual Economic Assistance), speaking at the invitation of the President, said that economic and technical co-operation between member countries of CMEA was based on the principles of equal rights, respect for sovereignty and national interest, mutual benefit and friendly assistance. The main purpose of CMEA was to unite and co-ordinate the efforts of its members to develop their economies systematically, speed up economic and technical progress, promote the industrialization of the industrially less-developed members, increase productivity and improve living standards. Their co-operation, which extended to industry, agriculture, transport and foreign trade, was becoming more and more comprehensive and varied and was a major factor in the rapid economic growth of member countries. Most members had already established basic industries and a diversified economy and had greatly increased their output of essential goods. They now sought further progress by applying the latest advances in science and technology to their problems.

2. One major preoccupation of member countries was to increase the efficiency of production. They were achieving their economic development targets and most of them maintained a high rate of national income growth. Substantial results had been achieved in the development of the power, engineering and chemical industries. Despite a high rate of increase in labour productivity, the problem of full employment had been solved. Co-operation through CMEA had also contributed to the success achieved by individual member countries in agricultural development. The CMEA Standing Committee on Agriculture organized exchanges of information on technological advances and promoted their application.

The result had been higher output of agricultural produce and especially food.

3. Pointing out that most members of CMEA had formerly been among the least developed countries in Europe, he said that, as a result of the rapid increase in their national income, their industrialization and their adoption of a modern economic structure, their level of economic development was approaching that of the most advanced countries. The average annual industrial growth rate of such countries as Bulgaria, Mongolia and Romania between 1950 and 1966 had been 11 per cent to 14 per cent, which was higher than the average for the CMEA membership as a whole. The less developed members were catching up with the others by exploiting their natural resources, participating in the socialist system of international division of labour and obtaining economic and technical assistance from the more advanced members.

4. A major feature of economic co-operation between CMEA members was the co-ordination of their long-term development plans. Increasing international specialization in such sectors as engineering, electronics, chemicals, and the iron and steel industry brought the benefits of efficient, large-scale production and boosted trade among members countries. Increasing scientific and technical co-operation, especially in the form of co-ordinated and joint research, made it possible to concentrate substantial resources on projects of mutual interest, thereby ensuring speedier progress and more efficient use of skilled manpower.

5. A direct result of the co-ordination of economic plans had been a steady increase in the trade between member countries. It had increased by 150 per cent between 1957 and 1966, including a 230 per cent increase in machinery and equipment. Under long-term trade agreements concluded for the period 1966-1970, it would increase further by about 50 per cent.

6. Member countries adhered steadfastly to the policy of extending and strengthening trade relations with all countries, irrespective of their social and economic systems, and observed the relevant principles laid down in the United Nations Charter. As a result, the trade of CMEA members with other countries, especially those in the process of development, was also increasing. As stated in the UNCTAD report¹ the imports of the socialist countries of Eastern Europe from developing countries had doubled between 1960 and 1965, and their imports of industrial goods and semi-manufactures from those countries had quadrupled. CMEA countries were at present giving economic and technical assistance to more than fifty developing countries: the value of economic

¹ "Promotion of imports by the socialist countries of Eastern Europe of manufactures and semi-manufactures from developing countries" (UNCTAD document TD/B/C.2/21).

and technical assistance provided under intergovernmental agreements had more than doubled between 1964 and 1967. Long-term credits granted to developing countries during that period had increased by 70 per cent. Those figures gave some indication of what CMEA was doing to help solve the world's economic and social problems.

7. Mr. TSURUOKA (Japan) noted that in 1967 the world economy had continued to expand, despite sluggish economic trends in most of the major developed countries in the first half of the year. Those trends had adversely affected the economies of the developing countries, most of whose terms of trade had tended to deteriorate. The developed market economy countries were again on the road to steady expansion however, and that trend was expected to continue throughout 1968, although a careful watch would have to be kept on the international monetary situation.

8. The Japanese economy had further expanded in 1967. As compared with 1966, nominal gross national product had increased by 18.7 per cent, imports had risen by 23.1 per cent and exports had increased by 6.1 per cent. The relatively low increase in exports was attributable largely to sluggish demand and a rise in domestic prices. That had led to a considerable deficit in the balance of payments, but a series of monetary and fiscal measures taken in the autumn of 1967 had resulted in some improvement by the end of the year.

9. Japan was one of the most dynamic markets for the exports of developing countries. Its imports from those countries had risen from \$3,200 million in 1964 to \$4,600 million in 1967. Its development assistance efforts had also continued steadily, the total net flow of capital to the developing countries increasing from \$360 million in 1964 to \$855 million in 1967. It was noteworthy that during the period 1964-1965 the net official flow had increased from \$120 million to approximately \$400 million. In 1967, the total flow had shown a further marked increase of about 40 per cent over the previous year. That was a major achievement, considering that Japan ranked no higher than twenty-first among the countries of the world in *per capita* income.

10. The second session of UNCTAD had been an important step towards finding constructive solutions to the problems involved in the economic development of the developing countries. It was true that the Conference had not attained all its objectives. It had, however, adopted a number of important resolutions and recommendations which could act as guidelines for international policies on preferences, financing, world food problems and regional economic co-operation. It was noteworthy that most of those resolutions and recommendations had been passed unanimously, for the Conference had followed the sensible procedure of not pressing matters to a vote, in order to avoid hasty and forced conclusions. The spirit of co-operation created at the Conference would contribute greatly to the solution of the problems confronting the world.

11. Disappointment had often been expressed over the record of economic progress in the current United Nations

Development Decade. The achievements should not, however, be underestimated. The imaginative slogan launched by the United Nations had played a truly important role in focusing world attention on the problems of the developing countries. Such important organizations as UNCTAD, UNIDO and UNDP had been created during the Decade and were supported by world opinion. Even though the target set for the Decade would not be fully attained, a number of developing countries did have prospects of achieving it, while others were moving towards the goal. All those considerations led to the conclusion that efforts should be continued and that the coming decade should be named the second United Nations Development Decade. The target to be set for the second Decade should be a realistic one, which would take full account of the economic and social situation of each country. A big problem in establishing a global target was how to reflect the varying degrees of progress of different developing countries. The Japanese delegation was therefore eagerly awaiting the outcome of the preparatory studies being undertaken by the Secretariat and the Committee for Development Planning. Those studies would have to be carefully considered before a decision was taken on the Decade by the General Assembly in 1970.

12. It was gratifying to note that in recent years the importance of the population problem had come to be fully recognized in the United Nations system. Rapid population growth hampered economic and social development and the concentration of the population in urban areas tended to aggravate the situation. In view of the close relationship between population and economic development, it was to be hoped that more emphasis would be placed on population policy in the development programmes of the developing countries. There should also be greater co-ordination of activities among the various organs responsible for population problems in the United Nations system. Since the population problem varied from one country or region to another it was desirable that the activities of the regional economic commissions in that matter should be further strengthened.

13. In the *World Economic Survey, 1967* (Part I, E/4488, and Add. 1-5), a special study had been made on the problems and policies of economic development. In that connexion it should be noted that although aggregate targets had the merit of simplicity and clarity, their validity was subject to some doubt. There were, for instance, some aspects of economic assistance, such as the performance of individual countries, which could not be properly dealt with by aggregate targets. Careful attention must be paid to the different conditions prevailing in each country if the aggregate targets were to be applicable. The *Survey* rightly pointed out that the raising of agricultural productivity was fundamental to the whole development process. A satisfactory rate of growth in agriculture was essential not only in order to provide a better life for the people, but also in order to increase industrial productivity. The ability to mobilize domestic resources for development was one of the most important factors governing economic growth. His delegation was pleased to learn from the *Survey* that in the past ten years many developing countries had

succeeded in raising their savings ratios, which could play an important part in inducing external assistance. It hoped that measures for promoting domestic savings would be further pursued by those countries.

14. The most important function of the Council was to co-ordinate the activities of various organizations in its field of competence. Since United Nations activities in that field had been intensified and since a number of

important new organs had been created, the Council's role as co-ordinator had become still more important. The Government and people of Japan would do everything possible to ensure that the Council could contribute to the welfare and prosperity of mankind, without which there could be no real peace in the world.

The meeting rose at 3.55 p.m.