



CONTENTS

	Page
Agenda item 2:	
General discussion of international economic and social policy (<i>resumed from the 1541st meeting</i>)	
Speakers:	
Mr. Scheyven (Belgium)	77
Mr. Ekondy-Akala (Congo, Brazzaville)	79
Agenda item 14:	
Reports of the regional economic commissions	79

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) (*resumed from the 1541st meeting*)

1. Mr. SCHEYVEN (Belgium) said that his country's desire to be increasingly associated with the economic and social development of the developing countries was demonstrated by its establishment of a Belgian Ministry of Co-operation for Development and the fact that its total "co-operation" budget had increased from the equivalent of \$80 million in 1966 to about \$100 million in 1968. Belgium was thus making steady progress towards the attainment of the 1 per cent target for transfer of capital to the developing countries. However, in view of its limited financial resources, it had been obliged to concentrate its assistance, and 71 per cent went to countries it had administered prior to their independence; the rest went to Chile, Malaysia, Morocco, Peru and Tunisia. It had accorded priority to the Democratic Republic of the Congo, Rwanda and Burundi, being aware of its moral duty to participate as fully as possible in the material and spiritual development of those countries. His Government's plans for the development of the Congo had been frustrated by that country's rather precipitate accession to independence, although at the present time a climate of confidence was returning and misunderstandings between the two countries were being cleared up.

2. Discussing the possible reasons for the prevailing disenchantment with the results of the development effort during what the Secretary-General (1531st meeting) had referred to as the "decade of frustration", he suggested that the international community's failure might have been due to an unduly superficial approach to the crucial problems involved and the lack of a positive policy of international assistance and co-operation, combined with an excessive initial optimism and the

fact that the international effort in the developing countries had been concentrated on the construction of dams, television stations and modern highways rather than on more modest goals vital to the economic and social development of the recipient countries. The setback might well be even more correctly attributable to a refusal to acknowledge that most donor countries were industrialized countries which cherished the idea of private enterprise. In any event, the international community was facing an immense task which would entail hundreds of millions of dollars, hundreds of thousands of experts and decades of effort. What was important was that it should be tackled from a realistic rather than an idealistic point of view.

3. In some respects the international community's approach to the problem of development was based on unsound assumptions. The very term "developing country" implied that the country in question could be developed and industrialized, although it was by no means certain that that was true of all those countries within a short period of time. Nor was it correct to assume that the 1 per cent gross national product target constituted a panacea for the ills of the developing countries; what was really needed was a new system of international economic relations.

4. Assistance in the strict sense of the word was in many respects of secondary importance compared with problems such as the development of a new type of relationship between the industrialized and developing countries, a new system of international financial relations, an effective system of commodity agreements and new regional economic agreements for promoting the development process. The international community had erred in failing to make a frontal assault on the problem of underdevelopment and to adopt certain measures which, to be effective, had to be carried out simultaneously. Stop-gap measures such as the provision of medicines and foodstuffs to the developing countries were all very well, but but what was much more important was the development of agriculture and industries in those countries in order to provide their nationals with employment. In the developed countries, the absence of tangible results was regarded as proof of the waste of financial and human resources and evidence of a lack of will on the part of the developing countries to make the necessary sacrifices. On the other hand, the developing countries considered that the lack of progress was explained by the fact that donor countries were not providing sufficient financial and technical assistance. The present situation was therefore rather paradoxical, in that most of the donor countries recognized that the present level of assistance was inadequate to provide the necessary stimulus in the developing countries, yet were reluctant to increase their contributions until the whole problem of the present unsatisfactory institutional framework had been reviewed.

5. The international community's development effort was plagued by a number of problems. The first was that of raw materials, a subject on which very little progress had so far been made. Although the recommendation concerning commodities adopted by the second session of UNCTAD at New Delhi and the programme of action and the timetable drawn up for the Trade and Development Board and the international bodies concerned were satisfactory, no agreement had been reached at New Delhi on a large number of other aspects of the problem. The general lines of action initiated at New Delhi should of course be continued, but it might be desirable at the same time to study in greater detail the possibility of establishing an "insurance" system enabling the developing countries to recover from the industrialized countries any resources of which they might be deprived as the result of unfavourable trends in the prices of their commodities on world markets. Such "insurance" machinery would not be of a commercial but of a social type, allowing the free interplay of market forces and providing that countries whose balance of trade deteriorated would be automatically entitled to additional international aid. Arrangements of that nature, such as the proposed United Nations development insurance fund, had met with objections from IMF but, in his view, the objections could be overcome. It would therefore be worthwhile reverting to the proposal, despite its shortcomings. The suggestion by the Committee on Commodities that the developing countries should turn to IMF for the solution of their balance-of-payments difficulties would be tantamount to asking them to shoulder the burden of any deterioration in their terms of trade.

6. The second major development problem was industrialization, and once again very little progress had been made at the New Delhi Conference in reducing import tariffs on goods from developing countries. In his view, a different approach to the problem of industrialization should be adopted, and in that connexion he recalled that Belgium had been the first country to suggest, in the Brasseur plan of 1964, that the industrialization of the developing countries could be promoted by preferences granted by the industrialized countries in respect of imports of manufactured goods from the developing countries. It was most unlikely, however, that tariff preferences could substantially increase the export earnings of the developing countries as a whole, even if they were granted for almost all processed goods at the risk of exposing the economic structure of the industrialized countries to keener competition; the situation was complicated by other factors, such as the servicing of equipment, consumer habits, and the fact that international competition depended to an increasing degree on technical advances and the rate at which new techniques were introduced. The use of mechanical processes and electronic equipment, for example, would provide a decisive competitive advantage to textile industries in the industrialized countries. For that reason, the growing importance of technical advances might well place the problem of trade relations between the developing and industrialized countries, as well as the related problem

of the international industrial division of labour, in a completely different light.

7. Thus in his view the strategy of development needed redefinition and the problem of industrialization had to be tackled on the basis of viable economic zones. Unfortunately, the experience of the past twenty years had not always been very satisfactory in that respect. The road to free exchange areas or common markets was beset by numerous obstacles and difficulties, and effective regional arrangements could not be arrived at in the absence of a political will. A major danger to be avoided by the developing countries was the simultaneous establishment of competing industrial enterprises. The international community should assist international bodies which were seeking to regionalize development by ensuring that bilateral assistance and technical co-operation programmes were designed to promote regional and even continental groupings. The establishment of development consortia and regional development banks would be extremely useful in that respect.

8. The third major problem of development was the flow of private capital from the industrialized countries. Before the Second World War, private capital had played a major role in the development of the under-developed world, and as it had been assumed just after the war that private capital would play an equally important role in the economic and social development of the developing countries, a number of international financial bodies such as IBRD had been established. Unfortunately the situation had changed completely, and private investors were showing increasing preference for industrialized countries, whose capital requirements had also increased very rapidly and where interest rates were 6 per cent to 7 per cent. They no longer thought of investing their capital in the developing countries unless they could obtain much higher returns and have the assurance that they could repatriate their capital at short notice. Thus the only way of promoting and increasing the flow of private capital to the developing countries was to provide adequate guarantees and reasonable terms for such capital invested on a long-term basis.

9. Attempts to draw up a code of ethical investment practices had foundered on differing interpretations of a number of terms, and eventually it had been found that foreign private investors attached importance not so much to ethical practices as to the existence of a body to which they could refer any disputes with the Governments of the developing countries. For that reason he hoped that the International Centre for Settlement of Investment Disputes, established under IBRD, would gradually be able to assemble a body of law on an empirical rather than a theoretical basis.

10. The fourth major problem of development was the population explosion. It was the international community's duty to ensure that every child born had access to his share of the world's prosperity, and family planning had become a necessity, although birth control was not a panacea for problems of under-development; it could not by itself prevent world famine and was only a stop-gap measure within the context of policies designed to put an end to famine. Nor should it be forgotten that family

planning entailed a large number of delicate sociological and psychological problems. For example, contraceptive methods could not be introduced in a developing country unless they were associated directly with educational and development policies, and devices such as abortion or sterilization should be completely avoided. In the final analysis, it was for the parents to decide, in the light of their own situation, how many children they should have.

11. The fifth and last major problem of development was that of the structural reforms on which the economic expansion of most of the developing countries depended. He had hoped that international organizations could play a greater role in that field; but SUNFED, for example, had not materialized, although its statutes, which he himself had drawn up, had been adopted later for IDA. In preparing those statutes he had sought to avoid duplication of efforts and overlapping of areas of competence, which was a source of sterile disputes and undermined efficiency.

12. IBRD had played an important role in encouraging reforms in the economic structure of countries receiving financial help, but some of the conditions it laid down for granting loans were regarded by many developing countries as unwarranted interference in their domestic affairs. It was noteworthy that the European countries too had been required to carry out certain economic reforms at the time of the implementation of the Marshall Plan and had each year conducted a combined review of the economic and financial policies of the countries receiving aid. The developing countries might draw some useful lessons from the experience of the European countries in that respect.

13. An encouraging sign was that East and West were now drawing together: the market economy countries were adopting the planning methods of the central planned economies, while the latter were becoming more aware of the stimulus to be obtained from the profit motive which was the basis of the market economies.

14. In conclusion, he drew attention to the need to inform public opinion everywhere in both the developed and the developing countries, concerning the problems of development and world economic integration. In that connexion, he had been gratified to learn of the establishment by the United Nations of a centre for economic and social information, which could be very valuable for the dissemination of information concerning development problems to youth. Young people in many parts of the world were increasingly dissatisfied with the consumer society in which they lived and were seeking outlets for the energy which should be mobilized in the service of mankind.

15. Mr. EKONDY-AKALA (Congo, Brazzaville), stressed the seriousness of the problem of the brain drain, for the developing countries, whose intelligentsia was rightly regarded as an essential element in their social and economic development. An increasing number of African students were receiving permission to remain in countries like the United States of America on completion of their studies. One of the causes of the brain drain as far as the developing countries were concerned was poor selection

of student material sent to the developed countries for training. Students who failed their university courses abroad were often reluctant to return home. Those who completed their studies successfully sometimes chose to remain abroad for a variety of reasons such as better conditions of employment, lack of research and laboratory facilities in the home country, or general dissatisfaction with material conditions at home. Moreover, the students' own government authorities often showed little interest in their future employment on their return to the home country. There was apparently no legislation in the United States covering immigration of qualified personnel from the developing countries and no objection was raised to the immigration of qualified personnel from any country. The United States attitude seemed to imply a deliberate brain drain policy. He felt that the only way to halt the exodus from the developing countries would be for the developed countries to help with the building of modern universities and research centres in the developing countries.

16. The PRESIDENT declared the general discussion under item 2 closed.

AGENDA ITEM 14

Reports of the regional economic commissions (E/4491, E/4493, E/4497, E/4498, E/4499, E/4560 and Corr.1; E/L.1218)

17. Mr. STANOVNIK (Executive Secretary, Economic Commission for Europe), introducing the annual report of ECE (E/4491), said that a new spirit of co-operation within the Commission since its twenty-second anniversary session had led to the formulation of a fresh programme of action. At its twenty-third session, the Commission had taken a number of important decisions on which he wished to comment.

18. Trade, and particularly East-West trade, had always been a matter of special importance for ECE. Attempts had been made over a number of years to solve the problems of East-West trade without much success. The Commission, however, had now effected what could be described as a breakthrough by adopting a pragmatic approach to the question and suggesting a number of preliminary studies which might lead to the removal of obstacles to the development of trade between countries with different economic and social systems. It was proposed in ECE to conduct a depth study of long-term agreements and contracts between countries with different economic and social systems; to examine commercial practices and the part played by the transfer of technological expertise; and to explore the possibility of encouraging direct contacts between businessmen of Eastern and Western countries.

19. The expansion of intra-regional trade in Europe was of great concern to the Commission. Doubts were sometimes expressed regarding the long-term effects, particularly on the developing countries, of increasing trade between European countries. He reminded the Council of similar doubts expressed some years previously regarding the possible effects of industrial expansion in Europe

on world trade, though the spread of industrialization had in fact led to a growth in world trade. He was convinced that an increase in trade within Europe would lead to an expansion of trade with countries outside the continent.

20. The efforts of ECE to stimulate trade had led logically to an examination of how industrial co-operation could be promoted. The most dynamic growth of trade had been in manufactures. An increase in industrial co-operation had helped to expand trade in manufactures in the market economy countries, and there was evidence to show that industrial co-operation was possible between countries having different economic and social systems, with resultant expansion of trade in manufactures.

21. Science and technology was another of the Commission's concerns. Science had become one of the most dynamic growth factors, and ECE had decided to expand its activities in that sector, taking care not to duplicate the work of other agencies. The forecasting of scientific and technological developments was of increasing importance, and much needed to be done in that area to avoid being taken by surprise.

22. The Commission was engaged, among other things, in an analysis of long-term economic trends. Such projections were valuable instruments for examining the existing economic situation; at the same time, in economic research it was investigating the application of modern computer techniques to statistical methods. It had also decided to give special attention to resources, environment and industry. With regard to resources, a new energy structure for Europe was emerging. A veritable revolution in energy use had occurred in Europe during the last fifteen years, and ECE would be examining the structural changes taking place. Since environment problems were being examined by the Council, it would be interested to learn that ECE was preparing a conference on water and air pollution and, in regard to industry, was engaged in an examination of exchange of information in the chemical industry which should be of benefit to the new UNCTAD/GATT International Trade Centre.

23. The new approach to its work decided on at the twenty-second and twenty-third sessions had led the Commission to request a review of its work programme and methods in order to assist it in re-shaping its priorities. He had been particularly encouraged by the support he had received from the Commission's main committees in his endeavours to meet that request.

24. With regard to preparations for the second Development Decade and the global strategy of development, the Commission realized that Europe's destiny was inextricably linked with that of the rest of the world. Indeed, under its terms of reference, ECE was required to encourage and strengthen the economic relations of the European countries both among themselves and with other countries of the world. The nature of the Commission's activities was such that they had an indirect and direct impact on developments in other areas of the world. The impact was indirect inasmuch as the economic growth of the developed countries was essential to the growth of the world at large. That did not mean that it

was merely by helping themselves that the European countries could best help the world; co-operation with other areas through world bodies such as UNCTAD, UNIDO and the secretariats of the other regional commissions was also very necessary. There was a popular misconception that the Commission was composed of developed countries only. The direct impact of the Commission's activities occurred in those of its member countries in southern Europe which, by world standards, were developing areas; ECE was determined to pay appropriate attention to the problems of those countries.

25. As a result of the new approach to its work, ECE would be able to make a valuable contribution to the global strategy of development to be put into effect during the second Development Decade. To enhance that contribution it would seek every means of increasing its co-operation with the members of the United Nations family.

26. U NYUN (Executive Secretary, Economic Commission for Asia and the Far East), introducing the annual report of ECAFE (E/4498), said that the economic performance of the developing countries in the ECAFE region had been more satisfactory in 1967 than in the previous two years. The most important reason for that was the remarkable recovery in the agricultural sector which had resulted not only from favourable rains but also from the national resources devoted during the previous few years to plan implementation, research and improvements in seed grains and methods of cultivation. In addition to the remarkable agricultural improvements made, the infrastructure had been improved, training programmes had been developed and industrial developments had proceeded apace. There was every indication that a growth rate of over 6 per cent and a *per capita* growth rate of 3 per cent to 4 per cent would obtain during the next Development Decade.

27. Although the constructive forces of the region engendered new hopes and opened up new horizons, there remained the inescapable fact that success or failure depended greatly on the provision of external capital and expansion of trade. The picture of international aid was not as bright as Asians would wish, and the countries of the region were encountering insupportable obstacles in the form of losses of millions of dollars as a result of lower prices from the primary products which constituted a great part of their traditional trade. Moreover, uncertainties as to the prospects for exports of manufactures and semi-manufactures still existed. Whereas there had been a further decline in the growth rate of exports in 1967, imports had continued to rise; the region as a whole thus had a large trade deficit. The amount of aid required would be reduced if world trade policies were liberalized in favour of the developing countries. The amount of aid itself should be regarded as supplementary to the best conceivable export performance, not as a panacea for the harsh facts of restrictive trade policies. Improvements in the economic practices of developing countries would undoubtedly reduce aid requirements, but such improvements would not be possible unless they were matched by improvements in the trade policies of the developed countries.

28. The obstacles encountered by the developing countries of the region reinforced ECAFE's emphasis on the need for greater regional co-operation in trade, industrial development and plan harmonization. The Commission had therefore approved the list of commodities and the relevant projects recommended during the first series of Inter-governmental Consultations on Regional and Sub-regional Plan Harmonization and Economic Co-operation as constituting a suitable basis for development in that direction. It had also approved tourism, shipping, deep sea fisheries and telecommunications as projects suitable for co-ordination. Approval had been given to the proposal to establish an ECAFE trade promotion centre within the secretariat, its activities to be complementary to, and closely co-ordinated with, those of the joint UNCTAD/GATT International Trade Centre and other international agencies operating trade programmes. Initially, the centre would concentrate on the training of personnel in actual trade promotion work and would progressively embark on a wider range of undertakings, including market surveys, the compilation of a handbook on tariff rates for products with exportable surpluses in the region, import-export procedures, and trade restrictions in force in the various countries of the world.

29. An array of regional co-operation projects had been developed or were in the process of development, and the problem was largely to decide how fast they could be implemented. Basic studies were being made on the availability and use of water resources with a view to developing concrete projects. The regional project for the mitigation of typhoon damage, which had been taken up by ECAFE jointly with WMO in 1965, had reached the stage at which it would be possible by the end of 1968 to establish a typhoon damage control committee, with a regional typhoon centre as its executive arm.

30. Among various activities in transport and communications, mention should be made of the work of the Port Survey Team which had studied several ports in the region and made recommendations that were being implemented by the countries and, in certain cases, used by the World Bank and other bodies as an effective background for their own activities. Promoting the production of a multi-purpose motor vehicle for use in rural areas at a price within the reach of the rural population was another matter that had been engaging ECAFE's attention.

31. Action had been taken in co-operation with ITU to accelerate the implementation of a regional telecommunication network. At its twenty-fourth session, ECAFE had adopted a resolution (93 (XXIV)) requesting the Executive Secretary to give high priority to the implementation of telecommunication projects and to seek, under UNDP, the services of a team of experts to undertake pre-investment surveys in the region.

32. Countries were being assisted to identify the factors in social change that were basic to economic development itself. In the matter of population, ECAFE had continued to promote closer collaborative arrangements with other United Nations bodies, particularly at the regional level, with a view to an integrated programme. At its twenty-fourth session, the Commission had endorsed the propo-

sals for an Asian Population Programme, which included the establishment within the ECAFE secretariat of a population unit; expansion of the secretariat staff and activities in the matter of population; the creation of a regional advisory group on population programmes under the auspices of ECAFE; and the establishment of a regional population centre to provide countries in the region with assistance and advice on training, research, information services, and other aspects of family planning.

33. In statistics, ECAFE continued to render full assistance in the preparation of the 1970 censuses of population and housing and had promoted the use of standard classifications in trade, industrial statistics and national accounts. It had also promoted the development of basic statistics, and had recommended the establishment of a regional institute for training higher level statisticians, with assistance from countries within and outside the region, and from UNDP. Training activities had figured prominently in the statistics programme, including arrangements for training at the sub-regional level of middle and lower grade personnel.

34. Under the able direction of the Committee for Co-ordination of the Investigations of the Lower Mekong Basin, excellent progress had been made in the Mekong development project. Resources pledged to the Mekong Committee stood at \$149 million, one-third contributed by the four riparian countries themselves. The number of countries assisting the Committee had been increased to twenty-four by the addition of Hong Kong. In response to the Secretary-General's appeal for assistance with the Mekong Committee's priority multi-purpose project at Prek Thnot in Cambodia, some \$19 million had been pledged towards the foreign currency requirement of \$22 million. Cambodia had pledged the \$11 million local costs and had undertaken in addition to make up any foreign currency shortfall. He hoped that generous contributions would be forthcoming from the international community to enable the Mekong Committee, ECAFE and the United Nations agencies to implement the Prek Thnot project. Much had already been done in implementing the Mekong project but, as the Committee approached the much larger mainstream projects, provision would have to be made for the greater financial needs of the future if the wide-ranging plans for construction and economic development in the lower Mekong basin were to materialize.

35. The Asian Highway network continued to make good progress, but there were still some missing links, and some of the sub-standard sections still had to be upgraded. He appealed to the co-operating countries and to members of the Council to give generous assistance to the Asian Highway countries in the implementation of that important project.

36. The Asian Institute for Economic Development and Planning had trained 179 officials in its resident courses at Bangkok. In addition, 409 officials had been trained in eleven short-term courses in nine countries of the region, special emphasis being laid on finding practical solutions to problems of development planning in the region.

37. The Asian Industrial Development Council had organized two survey missions, one on iron and steel

and the other on the pulp, paper and rayon industries for member countries in the South-East Asian sub-region and had convened three action groups to deal with fertilizers and allied chemical industries, petrochemical industries and engineering industries respectively.

38. The Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas had, since its inception, accepted offers of contributions of services and facilities amounting to the equivalent of \$2 million. Under the auspices of ECAFE, preparations for an aeromagnetic survey and prospecting of resources in the sea bordering Taiwan had recently been completed by the United States, and the same kind of survey activities had begun off the coast of the Republic of Korea. Japan had been assisting China and the Philippines with the organization of a seismic survey. Australia and the Federal Republic of Germany were also providing assistance to several Asian countries in connexion with surveys and the prospecting of resources in the sea. A regional offshore prospecting centre was to be organized at Tokyo by the Government of Japan.

39. The establishment of the Asian Development Bank had been a great step forward in the economic history of Asia and had made an outstanding contribution to the aims and purposes of the Development Decade. He appealed to the developed countries to contribute generously to the Bank's Special Funds to enable greater and more urgent consideration to be given to desirable national and regional projects calling for special implementation.

40. ECAFE's modest successes in the past two decades encouraged it to hope that it would be able to contribute,

in the second Development Decade, to global planning and progress by organizing strong regional programmes and implementing them in an effective and integrated way. There was a clear need for a healthy relationship between global-level strategy and policy-making on the one hand and a regional-level approach to project formulation and implementation on the other. The decentralization of United Nations activities to the regional economic commissions had enabled ECAFE to formulate programmes for specific projects and for regional co-operation as a whole. That kind of relationship had been of mutual advantage to the Commission and to such world bodies as UNCTAD, UNIDO and UNDP as well as to the United Nations itself, and would surely prove a positive factor in ECAFE's task of attaining the goals set for the second Development Decade.

41. One of the most positive and inspiring features of the Commission's work had been the keen sense of mission and partnership that had developed not only among its members but also between them and the advanced countries of the world. While exerting their own strength to the utmost, the countries of Asia looked to the developed countries for sympathetic understanding and active co-operation, particularly through the United Nations, its various organizations and agencies and the regional economic commissions. They hoped that at its current session the Council would give further impetus to the spirit of international understanding, goodwill and co-operation so that the world community, working together as true partners in progress, could achieve a fuller and richer life for all the people of the world.

The meeting rose at 1.10 p.m.