



## ECONOMIC AND SOCIAL COUNCIL

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FORTY-SEVENTH SESSION

at 3 p.m.

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*President:* Mr. SCHEYVEN (Belgium).

## AGENDA ITEM 2

General discussion of international economic and social policy (E/4638, E/4674, E/4679, E/4687 and Add.1-3, E/4688, E/4695, E/4701; E/CN.11/878; E/CN.12/825 and Add.1; E/CN.14/435, E/ECE/741) (*continued*)

1. Mr. HAMBRO (Norway) said that public opinion in Norway took a close interest in international affairs, especially in the effort made by the United Nations to bridge the gap between rich and poor countries. Over the last twenty-five years the United Nations had played a decisive part in the far-reaching transformation which had come about in international relations, particularly in the economic and social fields. It therefore came as no surprise that, on the eve of a new decade, the general debate in the Economic and Social Council should be centred on the complex question of economic growth and social progress in the developing countries. It should not, however, be forgotten that the developed countries also faced problems in reconciling a rise in the living levels of their own peoples with the developing countries' growing need of trade and aid. His delegation considered steady economic expansion in the industrialized nations a necessary condition for reaching the goals of the Second United Nations Development Decade while preserving balanced growth and prosperity on a global scale. The economic difficulties of the rich countries had an unfavourable effect on amounts of foreign aid, the treatment of imports from developing countries and the flow of private capital. It was therefore in every country's interest to pursue a policy aimed at accelerating growth and development, but in a balanced way. Temporary setbacks among the rich countries must certainly not be used as an excuse for curtailing foreign aid, since the gap between rich and developing countries was still in every respect considerable.

2. Despite the economic difficulties of some of Norway's main trading partners, Norwegian production had increased at a satisfactory rate in the last three years.

At the same time, the balance of payments situation had substantially improved, so much so that the authorities expected a surplus in 1969 as in 1968. Norway's economic prosperity ought to enable it, despite all that remained to be done in the economic and social fields in Norway itself, to expand its foreign aid programme.

3. Norway set the greatest store by the principle of the United Nations development decades, which constituted the first organized international approach to the economic and social problems of the large areas of the world still suffering from underdevelopment. The development decades ought to bring home to public opinion, whose support was essential to Governments of both developing and developed countries, the living reality of an organized international effort, without however leading the public to expect too much of the Second United Nations Development Decade, for the experience and means of action available to the international community remained inadequate. The problem was to obtain the same degree of reliability in long-term planning on a world-wide scale as some countries had achieved on the national level.

4. Any discussions on the Second United Nations Development Decade must obviously start with an evaluation of the results achieved during the first. To judge by the aggravated poverty in large areas of the world, development seemed hardly to have begun. Nevertheless, a more thorough analysis of the general situation and the achievements of individual countries gave more reason for optimism, for undeniable results had in fact been achieved. According to OECD statistics, the average growth rate of the gross domestic product of the less developed countries from 1960 to 1968 had been some 4.8 to 5 per cent; in several it had even reached 6 per cent or more. It was therefore reasonable to state that, in general, the 5 per cent growth rate target had been achieved, and that the developing countries had made faster progress in the 1960s than ever before.

5. On the other hand, the proportion of foreign aid to national income in the industrialized countries had fallen considerably short of the 1 per cent target stipulated in General Assembly resolution 1710 (XVI) of 1961. Those contradictory facts testified to the growing momentum of the economy in developing countries during the first Development Decade; that trend would probably continue during the Second Development Decade. It must not be forgotten that only through the combined impact of an increased flow of aid and a better utilization of domestic resources in the developing countries could the gap between rich and poor countries be narrowed.

6. Among other achievements on the credit side of the first Development Decade, mention should be made of the extraordinary recovery in food production through the new agricultural revolution after catastrophic harvests in some of the large developing countries. The increasing rate of progress in education and health compared with that of the 1950s also deserved mention.

7. Nevertheless, the 1960s had brought a number of disappointments. In particular, the population increase had meant that average growth rates per head had not exceeded 2.5 per cent. In other words, the growth rate of income per head in the less developed countries had been of the order of a few dollars only, compared with scores of dollars or up to \$100 in the developed countries. The population explosion, to which the Secretary-General had referred in the statement read out on his behalf at the 1603rd meeting, probably represented the greatest challenge to long-term development planning. Much remained to be done in that direction, but the first Development Decade had certainly played a decisive part in changing attitudes towards both population problems and regionalization. It had also brought about the realization that, although a global responsibility existed, the developing countries themselves must carry the main responsibility for development.

8. Those planning the Second Development Decade should avoid the danger of over-planning where the first Development Decade had been under-organized. The main significance of targets was that they brought out the factors causing "over-" or "under-" achievement; they were not ends in themselves. A global growth target should be set, but at a level which was both ambitious and attainable. One of the distinguishing features of the Second Development Decade would be an increased emphasis on social objectives, particularly in income distribution, employment, health and education. The Preparatory Committee on the Second United Nations Development Decade, in collaboration with the specialized agencies, would be assigned the task of establishing sectoral targets; those would then, in conflict and difficulty, have to be reconciled with the global growth target. It thus became essential to have sufficiently flexible methods of review and evaluation available, so that targets could be revised and adapted quickly to accord with the results. However, the United Nations machinery was there, and the agreements on co-ordination had long since been established. In the Second Development Decade they must be implemented as fully as possible, and overlapping and waste must be avoided. The decade's targets could be achieved only through constant co-operation at all levels among the various United Nations agencies.

9. In regard to Norway's possible contribution to the Second Development Decade, the Norwegian Parliament had recently approved a four-year development plan for the period 1970-1973. The plan called for substantial increases in development aid, which would be more than doubled in four years, to reach three-quarters of 1 per cent of the net national income by 1973. Allowing for an increase in the flow of private capital into developing countries, Norway's

contribution to development would by 1973 reach 1 per cent of the net national income. His Government also intended to increase its development efforts during the decade in order to reach a volume of aid equal to 1 per cent of the gross national product. Development aid was in fact increasing at a much higher rate than any other category of Norway's budgetary expenditure. Moreover, the Government was planning various measures to stimulate the private sector to take a more active interest in the development effort. His delegation therefore noted with interest the reference in the Secretary-General's opening statement to the efforts currently being made to associate the business community with international co-operation.

10. The Norwegian aid policy also had the unique feature of being financed by a special development tax amounting to one-half of 1 per cent of all taxable incomes of individuals and corporations. Although Norway, in close co-operation with the other Scandinavian countries, took part in bilateral aid programmes, a large share of its funds had been channelled through international organizations and programmes. His Government intended to intensify its multilateral aid in the period 1970-1973, but also aimed at a more even balance between multilateral and bilateral aid, so that the latter would perhaps increase faster than the former. In general, financial transfers to the developing countries would be made in the form of grants or untied aid.

11. Norway, which was pursuing a liberal trading policy towards the developing countries, shared the disappointment in the relatively meagre results of the second session of the United Nations Conference on Trade and Development. Preferences were particularly important in that connexion. The preparation within OECD of the preference scheme had met with some difficulties, but it might be hoped that important discussions on the issue would be held within UNCTAD before the end of the year. Norway also had an extremely liberal commodities policy, and applied few restrictions.

12. More generally, it was hoped that agreement could be reached on both objectives and policy measures for the Second Development Decade. It would be extremely helpful if Governments would give some indication, in "statements of intent", of the national plans which they intended to implement during the period.

13. As the Secretary-General had observed in his statement, it was important that the United Nations should be able to gear its policy and structures to the changing conditions of the modern world. The Secretary-General had given some valuable guidance on those issues, and had pointed to one aspect of the problem which had perhaps not so far been given appropriate attention. He had pointed out that the arms race had involved not only the great Powers but also several developing countries in military expenditure on a scale out of proportion to their resources.

14. The Secretary-General's reference to youth in his statement clearly brought out that the time had come to

see youth more in terms of valuable human resources which must be allowed to play their full part in the advancement of mankind.

15. The Council at its current session should spare no effort to ensure that progress was made towards the most satisfactory organization of the United Nations conference on the human environment, which would tackle a very serious problem calling for concerted international action.

16. Another very important item on the agenda was item 12, relating to the sea. Several United Nations organs were dealing with problems of the sea, and his delegation hoped that that work could be rationally co-ordinated. It reiterated the importance of ensuring that the sea's vast economic potential was used for the benefit of all mankind, and especially for that of the developing countries. Obviously that must be a long-term task; but it was nonetheless urgent to find appropriate solutions conforming with generally accepted principles.

17. Mr. JOHNSON (Jamaica) said that his delegation had read with interest the excellent *World Economic Survey, 1968* (E/4687 and Add.1-3, E/4688), which underlined the urgent need for national and international action to improve the lot of the poorer countries.

18. After recalling the failure to reach agreement in specific areas relating to trade and development, he referred to the resumed eighth session of the Trade and Development Board, which had shown a continuation of the disappointing trend in negotiations between developed and developing countries.

19. With regard to the Second United Nations Development Decade, he wished to comment on a few key areas which were most likely to be included in the international development strategy.

20. It was generally agreed that, during the first Development Decade, not enough emphasis had been placed on social development. Experience had shown that economic growth did not necessarily lead to social development; appropriate action should be taken to redress the balance. Jamaica, which had set up an inter-departmental committee to study human environment questions, had co-sponsored General Assembly resolution 2398 (XXIII). Conscious of the gravity of the problems of rural and urban poverty, his Government had set up an urban development corporation to mobilize the nation's resources in order to mitigate at least some of the harmful side-effects of economic growth and to improve the quality of life.

21. The main problems with which developing countries were faced in the matter of trade, in addition to the need for international commodity agreements and arrangements, included access for their exports of manufactures and semi-manufactures to the markets of the developed countries. In that connexion, both international experts and experts from developed countries urged the developing

countries to undertake programmes of industrialization, and it was paradoxical that the Governments to which those experts answered were responsible for the failure to progress in the matter of access. It was also important to encourage trade between developing countries.

22. Regarding the transfer of financial resources, he noted that some countries were committed to transferring, within a specified time, 1 per cent of their gross national product to the developing countries. He emphasized the importance to the developing countries of knowing what the volume of financial transfers was likely to be if they were to implement their development plans. It was a cause for satisfaction that some countries planned their aid programmes over an extended period and that the Government of the United States had recently reviewed some of the procedures of its aid programmes, in particular with regard to tied aid.

23. On the question of science and technology, his delegation attached the greatest importance to the actual transfer of operative technology and hoped that the deliberations in the Council would lead to a solution of the issues still outstanding in that field.

24. Prime responsibility for the mobilization of human, natural and financial resources in developing countries rested with the developing countries themselves. So far as human resources were concerned, their efforts must be supplemented by the activities of international organizations. With regard to youth - a fundamental factor in the modern world - an imaginative approach was required, especially in education and employment, in enlisting the participation of young people in decisions affecting their future. His Government, which had established a Ministry of State with direct responsibility for youth, considered that emphasis should be given, during International Education Year, to programmes of technical and vocational training for the benefit of developing countries. During the Second Development Decade, emphasis would need to be placed on a policy which promoted the maximum utilization of the labour force. Any international development strategy must ensure a significant reduction in unemployment in the developing countries.

25. The exploitation of natural resources was of paramount importance for those countries. With regard to the mobilization of domestic financial resources, his delegation recognized that there was much to be done. Jamaica had embarked on a programme for the improvement of its financial institutional framework through the establishment of a development bank to undertake medium- and long-term financing. It proposed to develop a series of institutions to promote the mobilization of domestic and foreign capital. The process of industrializing Jamaica had been advanced by the founding in the early 1950s of an Industrial Development Corporation and the Government had in recent years sought to ensure that local capital was invested in enterprises established under the programme.

26. In the matter of population, his delegation had noted that the Committee for Development Planning had based its *per capita* target on a rate of population growth of 2.5 per cent. It considered that national policies regarding population growth were a matter that should be left to the Governments of the countries concerned, which would take into account their own economic and social conditions, and it noted with appreciation the efforts made to strengthen the work of the United Nations in the field of population.

27. In conclusion, he stressed that the time had come to evaluate all branches of United Nations activity, especially with regard to the Economic and Social Council. The Council had a clear responsibility for co-ordinating and guiding the economic, social and human rights activities of the United Nations family. It was therefore essential to concentrate on matters relating to policy-making and policy review to ensure the success of the Second Development Decade. Furthermore, the Council must not become too involved in technical details of projects or in political matters.

28. Mr. AL-ANSARI (Kuwait) stated that, on the threshold of the Second United Nations Development Decade, the developing countries were firmly resolved to discard the apathy of the past and acquire a higher level of living. The concept of a fair distribution of wealth within the State had been generally accepted in most countries, but it had not yet taken practical form at the international level. Reference was made to a global development strategy, although the fundamental ideas behind it were not quite clear. International aid should not be considered a form of charity to be extended generously at one time and reluctantly at another. Contrary to the hopes cherished by the developing countries, the developed countries still spoke in terms of their own economic well-being; they frequently invoked their constitutional processes or their balance of payments problems and were more concerned with increasing their wealth than engaging in a concerted effort to guarantee decent living conditions in the developing countries.

29. The international community was, like the human body, an indivisible whole; sickness in one organ inevitably affected the other organs, and the poverty of the developing countries had not only been a cause of instability and discontent within those countries, but had also undermined world peace and continued to pose a constant threat to international relations.

30. Investment in developing countries might be motivated by the profit motive, but international aid should be inspired by more altruistic motives. The test of a development programme should be the contribution it made to the welfare and happiness of human beings. The economic growth of the developing countries was impeded by serious difficulties which were basically due to inadequate financial resources and human skills. As the rate of voluntary saving

was low in the developing countries and forced saving through taxation and other methods was neither politically feasible nor socially desirable, those countries had to obtain capital from external sources. Hence it was absolutely essential that the developed countries should grant aid in the form of capital and technical assistance so that the developing countries could accelerate their growth rates. The aid should be in the form of soft long-term loans with low interest rates, but it was essential that the greater part of the financial resources should be channelled through international bodies, thereby safeguarding the freedom of action of the developing countries and reducing their political and economic dependence on donor countries. In addition, a time-table should be set for reaching the aid volume target of 1 per cent of the gross national product of the economically advanced countries. Financial aid should be complemented by technical assistance, which was needed at all stages of economic development.

31. The advanced countries should also take adequate steps to change the pattern of world trade. The developing countries, which were largely dependent on earnings from their primary products, should be sure of finding markets with more stable prices, which would allow the poorer nations to draw up their plans of growth with the assurance that serious adverse movements in the terms of trade would not frustrate their hopes. The advanced countries, for their part, should co-operate by concluding commodity agreements, establishing buffer stock schemes and offering their capital goods at reasonable prices so that there might be a balance between the prices of primary commodities, on the one hand, and industrial and agricultural equipment, on the other. The advanced countries should also reduce the high tariffs levied on imports of manufactures and semi-manufactures, including processed and semi-processed agricultural products, from developing countries. In addition, the facility of supplementary financing proposed by IBRD should be speedily implemented.

32. Capital should be invested not only in capital goods but also in the human resources sector. Education and training were essential for progress in science and technology, which should be viewed as a common heritage to be shared by all mankind and not to be monopolized by one-third of it. The less advanced countries should be encouraged to take a more active part in science and technology and to make an original contribution to them.

33. When speaking of a global strategy for development, stress must be laid on the role that the regional economic commissions and the United Nations Economic and Social Office in Beirut could play in the formulation and implementation of the strategy. The executive heads of the specialized agencies had made it clear that they regarded the regional economic commissions as the proper channels for implementing the global development strategy, but it was pertinent to ask whether UNESOB, with its existing resources, would be able to shoulder the burden devolving on the regional economic commissions

in a manner commensurate with the needs and problems of the Middle East. The Arab countries, which had fully co-operated with UNESOB, were on the way towards achieving an Arab common market and an Arab customs union. Preparatory work had also been undertaken to rationalize national development plans and to tackle standardization issues, including weights and measures. It was essential that the machinery of UNESOB should be improved so that it might better contribute to the devel-

opment of the Middle East during the Second United Nations Development Decade. Faster integration in that region and a higher degree of co-operation in the 1970s would depend, to a large degree, on the establishment in the Middle East of a United Nations regional service of the same order as those which already existed in the other regions.

The meeting rose at 4.35 p.m.