



ECONOMIC AND SOCIAL COUNCIL

FORTY-SEVENTH SESSION

OFFICIAL RECORDS

Friday, 18 July 1969

at 3.10 p.m.

PALAIS DES NATIONS, GENEVA

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President: Mr. SCHEYVEN (Belgium).

In the absence of the President, Mr. López Herrarte, first Vice-President, took the chair.

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. HILL (ICC), speaking at the invitation of the President, said that the Special Consultative Committee which the Council of ICC had decided in 1968 to establish for the purpose of working closely with the United Nations, its economic agencies and GATT had now been set up and would hold its first meeting at United Nations Headquarters in November 1969. In addition to the Department for Economic and Social Affairs, IBRD, IMF, FAO, the ILO, UNCTAD, UNDP, UNIDO and GATT had agreed to participate in its work.

2. ICC was convinced of the need for co-operation between the public and private sectors, and would concentrate on the problems of economic development in all countries of the world, especially on determining the role which the private sector could play and the areas where co-operation between the private and public sectors could profitably be intensified, in accordance with the recommendations of the Secretary-General and ACC.

3. All efforts to stimulate economic development, at least in the private sector, encountered the twin problems of trade and investment. For that reason, ICC had intensified its work in those areas during the past year, in particular by endeavouring to counteract the tendency to retreat from the concessions granted in the Kennedy Round of negotiations. Without undue pessimism about the future of international trade, it must be recognized

that, as had been emphasized by the ICC Congress held in Istanbul in May-June 1969, new initiatives would be needed in trade liberalization as soon as the concessions agreed to during the Kennedy Round negotiations had been fully applied. The Congress had, in fact, already outlined a ten-year programme for the period 1972 to 1982, under which Governments of industrialized countries would be invited to give high priority to the progressive elimination of outstanding tariff and non-tariff obstacles affecting manufactured goods, special measures to assist developing countries being envisaged. The implementation of that programme would coincide broadly with the Second United Nations Development Decade. The success of the programme, like the expansion of the world economy, depended on the maintenance and extension of a multilateral system of trade and payments—the cornerstone of economic progress. ICC had prepared a report on non-tariff obstacles to trade, as well as two reports on international commodity trade, which had been submitted to UNCTAD. It had also established valuable contacts with the chambers of commerce of the socialist countries of Eastern Europe.

4. With regard to investment, the other key factor of economic development, ICC's special interest was the role of private international investment. In that connexion, the ICC Congress had recalled the importance attached by foreign investors to the investment climate and to potential earnings. In view of the need to prepare a long-term development strategy, the report of the Commission on International Development established by IBRD under the chairmanship of Mr. Pearson was keenly awaited; the task of ICC would be to formulate, within that over-all strategy, a special strategy for private enterprise.

5. In 1967, ICC had commissioned a United States economist to carry out a study of international corporations. On the basis of that study and the conclusions reached by a special committee of ICC, the ICC Congress had adopted the conclusions which had been circulated to the Economic and Social Council (E/C.2/674). Those conclusions showed that the trend towards internationalization of business activity was not limited to the manufacturing industry, but was also to be observed in all types of industry and commerce, in banking and other services and in agriculture, and that a growing number of countries was involved. There was also a widespread desire in host countries to participate in the management and capital of those companies, and international corporations should try to meet that desire. One of the greatest impediments to the development of international economic relations consisted in the many barriers to free capital movement. In that connexion, ICC had recommended that Governments should give high priority to the

removal of those barriers. Finally, the ICC Congress had reiterated its belief that that mutual understanding, backed by agreement on specific issues affecting the relationship between business and Government, provided the best basis for fruitful economic co-operation.

6. During the past year, ICC had continued its work on suppliers' credits and had formulated important recommendations on company taxation with a view to eliminating double taxation. Much work had also been done in regard to industrial property and transport.

7. Mr. AHMAD (Pakistan) said that the deliberations of the Council had a very special significance at the present time, when a new decade of hope for the less developed countries of the world was about to open. When nearly three-quarters of the world's population were living at bare subsistence level, the development of the less developed countries presented the greatest challenge to mankind. The progress of science and technology now made it possible to ensure a decent standard of living for the entire human race, given the will to achieve a minimum of economic advance in developing countries.

8. The setting of specific targets for the development of the less developed countries in the first Development Decade had been a great step forward and had shown the international community's willingness to adopt practical measures to resolve the problem. The first Development Decade had had successes and failures. Its most significant feature had, however, been the idea of an international co-operative effort designed to set the less developed world on the road to progress; that idea should also inspire the Second Development Decade.

9. The results obtained during the 1960s had not been as encouraging as might have been hoped, but the average growth rate of 4.7 per cent achieved in the developing countries was very close to the target of 5 per cent. The fact that all the developing countries had not benefited equally from that growth rate showed the need for more intensified efforts in the future.

10. In that connexion, Pakistan provided an example of reasonable success in the development effort. The average growth rate of the gross national product had exceeded 5.5 per cent during the 1960s; agricultural production had increased by about 4 per cent per annum and industrial production by 8.6 per cent. Exports had been growing at about 8 per cent per annum or at about one and one-half times the rate of the gross national product. In considering those results, it should be borne in mind that Pakistan's *per capita* income was under \$100. The progress it had achieved proved that, contrary to the impression that might be given by certain pessimistic remarks concerning the results of the first Development Decade, the task undertaken, although enormous, was nevertheless manageable.

11. As the Second Development Decade approached, there was a growing awareness of the right priorities in

development planning. But although the developed countries showed a greater awareness of their obligation to help the developing countries, the over-all net flow of their assistance remained under 1 per cent of their gross national product. It was still hoped that resources would be released through a reduction in military expenditure. It was gratifying to note that IBRD had done much to improve the climate for foreign assistance. His delegation was anxiously awaiting the report of the IBRD Commission on International Development and hoped that its recommendations would have a decisive influence on the results of the Second Development Decade.

12. Efforts were continuing to formulate an integrated plan for that decade. It was to be hoped that the Preparatory Committee for the Second United Nations Development Decade, set up by General Assembly resolution 2411 (XXIII) to draft an international development strategy for the 1970s, would reach agreement at its subsequent sessions on the various problems still pending (see E/4624 and Add.1). He noted with satisfaction that the Committee for Development Planning had come to certain conclusions about the international development strategy described in paragraphs 83 to 98 of the report on its fourth and fifth sessions (E/4862). He hoped that the machinery set in motion would produce a programme of bold action and would suggest practical measures for its implementation.

13. The formulation of targets was certainly important, but it was not enough. It was more important that countries should assume firmer commitments to attain those targets than they had in the first Development Decade. To put the urgent problems of poverty and the population explosion in proper perspective, the United Nations should draw up a charter of international development. The transfer of material and human resources could be based on the principle of an international welfare concept.

14. As a practical objective, the United Nations might adopt the goal of raising *per capita* income in the developing countries to a minimum of \$200. To do so would, of course, require a concentration of effort on the poorest regions of the world.

15. In order to achieve even reasonably modest growth targets in the Second Development Decade, there would have to be a significant increase in the flow of assistance from the developed to the developing countries. The target of transferring 1 per cent of the national income from the industrially advanced nations had certainly not been attained during the first Development Decade; the proportion had hardly been two-thirds of 1 per cent in 1968 and the net flow of aid was failing to keep pace with growing incomes. That trend must be reversed if the growth rate was to be accelerated in the developing countries, which were now in a position to absorb more aid than in the past.

16. With regard to the content of external aid, it was time to decide which were the real elements of aid and to

soften the hard terms of certain loans, which were creating serious debt-servicing problems. In a few cases, IBRD had had to organize debt rescheduling arrangements. The difficulties of debt repayment were being increased by the fact that the developed countries were continuing to apply trade policies directed towards restricting access to their markets for exports of manufactured goods from the developing countries. His Government had made several suggestions for softening the terms of assistance and hoped that the IBRD Commission on International Development would formulate practical and acceptable ideas on the subject. Attention should be drawn to the fact that repayment terms should be related to the repayment capacity of the recipient country; countries with a *per capita* income of less than \$100 should be accorded concessional terms.

17. The Second Development Decade would coincide with Pakistan's fourth and fifth five-year plans. During the fourth plan, his Government's aim was to achieve a growth rate deliberately limited to 6.5 per cent in order to ensure greater social and regional balance. More emphasis was being laid on self-reliance in the execution of the plan; 80 per cent of the necessary resources would come from domestic sources. The development of human resources would be given high priority. In that connexion, his delegation welcomed the initiative of the Shah of Iran in proposing the establishment of a corps of volunteers for development.

18. Man still continued to live in an ocean of poverty with a few islands of affluence, and that was a highly dangerous and explosive situation. The task was urgent; greater appreciation must be shown of the aspirations of the people living in the less developed parts of the world.

19. Mr. NICOL (Sierra Leone) said that, despite extremely useful contributions to the advancement of the developing countries, the results of the first Development Decade had fallen short of expectations. Aid might assume very varied forms, from tied loans to aid with no strings attached. It was necessary for the developed countries to specify to which category the aid they proffered belonged. Aid would always be necessary and welcome, but it should not in the long run cripple the recipient, either financially or morally. It was a hopeful sign that more and more developed countries were moving towards a more enlightened and liberal form of aid. It would be very useful if the Governments of the rich countries could persuade their nationals investing in the developing countries to show the same concern as was shown by their Governments for the countries in which they operated, so as to avoid the political clashes which too often occurred between the developing countries and foreign firms.

20. The developing countries had repeatedly urged that the profits made in their countries should be reinvested in the economy, particularly where tax concessions were offered. To quote one example, the sums deposited by nationals and companies of developing countries were too often used outside those countries by foreign commercial

banks and insurance companies, whereas they could have been put to very good use within those countries themselves. The developed countries might encourage their companies to reinvest in the developing countries, so that the Governments of those countries would not be forced to enact stringent legislation to that effect. It was only fair to note, however, that the situation was showing signs of improvement. Thus, his own Government had consolidated the position of its marketing boards through the intervention of a foreign commercial bank operating in its territory. But a great deal still remained to be done in the field of investment and reinvestment in the developing countries.

21. There was no need to emphasize the interdependence of economic and social progress. Any development plan should take account of all sectors, from education to public health and labour legislation, including population control and human rights.

22. Clearly, the development process could not proceed without a reservoir of skilled labour. For the developing countries, education in agriculture, commerce and technology should begin at an early stage and be both simple and practical. All school-leavers who remained without employment should be assured of openings. Lastly, the possibilities of adult education had too often been neglected. The replacement of specialists from the developed countries in fields such as mining technology and marine navigation by nationals of the developing countries had been one of the most encouraging features of the first Development Decade.

23. The delicate question of population control was of capital importance. Unless vigorous action was taken in the matter, development aid was in danger of losing its usefulness. From the practical angle, field workers should be nationals of the country concerned, in order to remove all suspicion of pre-natal genocide on the part of the world Powers. Research was also needed to discover simpler family planning methods. The problem had become more serious, particularly now that the developed countries were taking measures to check immigration.

24. His delegation fully sympathized with the reservations that had been made on the proliferation of committees and commissions and the expansion of the budget. It welcomed the fact that the Secretary-General and his staff had set about the necessary task of re-appraising and rationalizing existing organs. However, it might be several years before savings could be effected without loss of efficiency.

25. The problem of reorganization designed to improve efficiency and co-ordination also arose for the developing countries. Clearly, those countries must carry out regional schemes of trade co-operation and economic integration in order to achieve balanced growth in the shortest possible time. The region provided a better base than small countries for the starting of industrial enterprises. In fact, some countries and multilateral agencies had insisted

that aid must be supplied at the regional level in order to be effective.

26. Sierra Leone was one of many countries to have benefited from the assistance of UNDP, which had helped to set up its Economic Planning Unit. It was to be hoped that UNDP would draw the attention of the developing countries, particularly in Africa, to regionalization and to the success achieved elsewhere, as in the case of the Central American Common Market. When drawing up their development plans, the developing countries should take account of regionalization plans, as the central pillar in any programme for the conservation of foreign exchange reserves, the establishment of industries and a specialization determined by resources of raw materials and energy.

27. In connexion with such plans for economic integration, his delegation wished to pay a tribute to the work done in recent years by the regional economic commissions and by UNESOB. It hoped that those bodies would be closely associated with the planning of the Second Development Decade. In that respect, the Council should give favourable consideration to the guidelines enunciated in ECA resolution 187 (IX) (E/4651), which were of fundamental importance to the Second Development Decade.

28. Mr. BOGLIETTI (WFTU), speaking at the invitation of the President, said that the social situation had deteriorated in recent years both in the economically backward and in the developed countries. As the spokesmen for millions of workers had pointed out at the fifty-third session of the International Labour Conference, the realization of the right to work remained—except in countries with a socialist system of government—the chief objective for the next few years, particularly in the case of the developing countries.

29. The ILO World Employment Programme should therefore reflect something more than a clearer awareness of the magnitude of the problems to be resolved: it was not a question of planning to keep unemployment down to a certain level over a number of years, but of eliminating the causes. As stated in chapter I of the *World Economic Survey, 1968* (E/4687/Add.1), government programmes of a public works nature had proved to be mere palliatives; industrial growth and capital accumulation did not automatically resolve the employment problem, and employment, as a social objective, was still considered as liable to inhibit industrial growth. In those circumstances, the ILO and the other specialized agencies concerned should redouble their efforts to ensure the success of the World Employment Programme. Structural changes and radical reforms would also have to be made, particularly with regard to the system of land ownership. Without such reforms, it was very difficult to formulate and implement development plans and employment programmes.

30. Intervention by the public authorities should be focused on well-defined areas within the context of a

development and employment programme, with a view to launching a development movement which did not depend on the national and international choices of private industry. Such action should aim at the radical transformation of the economic environment. Programmes relating to the infrastructure would have to be carried out in the light of development plans and programmes. The control and selection of investments and consumption formed an integral part of that general policy. Moreover, the granting of all incentives, assistance and concessions should be subject to very specific undertakings with respect to production and employment, and special measures would have to be taken in the field of financing, taxation and foreign trade. Having regard to the importance of those questions, the Council should become a world centre for the regular exchange of information on experience relating to the role of the public sector and the State in economic and social development strategy.

31. As had been pointed out in the preparatory document for the seventh World Trade Union Congress to be held in Budapest from 17 to 31 October 1969, the main characteristic of the present era was the growing desire for profound changes in the society of the developed capitalist countries; the struggle of the workers and trade unions was being increasingly directed against the economic and political domination of the monopolies with a view to removing the key sectors of the economy from their control.

32. The five most representative unions in the iron and steel, engineering, electrical and electronic industries of France and Italy had declared that radical changes were necessary in order to ensure that international financial groups did not pursue their own private interests to the detriment of the general good. The iron and steel workers of Latin America had demanded, *inter alia*, a moratorium on the continent's external debt in order to facilitate larger investments and the creation of new employment openings.

33. Trade union and solid worker support was necessary for the implementation of such a policy. Without it, development would lead to growing imbalances which had direct repercussions on employment.

34. The United Nations and, in particular, the Council must ensure respect for civil rights and democratic freedoms in all Member States. During the celebration of the fiftieth anniversary of the founding of the ILO, the Chairman of WFTU had drawn attention to the close interdependence of civil rights and trade union rights and to the fact that the dialectic development of such rights would characterize social development in the forthcoming decades. In that connexion, it should be pointed out that, in its interim report, the ILO Study Group to Examine the Labour and Trade Union Situation in Spain had questioned the possibility of much progress in the peaceful development of the labour and trade union

situation in that country so long as imprisonment or other forms of detention remained recognized penalties for acts which, in other countries, would be considered as legitimate trade union activities, but which were regarded as illegal under Spanish law. The legislation in question also conflicted with ILO conventions Nos. 87 and 98, which had not been ratified by the Spanish Government.

35. The implementation of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights was, of course, in the interests of all. Those covenants remained the common denominator for all members of any society, whether industrially developed or developing.

The meeting rose at 4.25 p.m.