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Chairman: Mr. Richard M. AKWEI (Ghana).

## GENERAL STATEMENTS (continued)

and

## AGENDA ITEM 37

United Nations Development Decade: report of the Secretary-General (continued) (A/7203, chap. III; A/72551, E/4496, E/AC.54/L.25, E/AC.54/L.28, E/AC.54/L.29/Rev.1, E/AC.54/L.30, E/AC.54/L.31, TD/B/186/Rev.1)

1. Mr. CHTOUROU (Tunisia) said that the success of the Committee's efforts depended primarily on the organization of its work. Delegations were becoming increasingly aware of the difficulty of discussing all matters relating to economic development; indeed, the Economic and Social Council at the forty-fifth session, in which those same questions were debated, had been unable to complete consideration of its agenda. It was unfortunate that the work of the Committee would have to be interrupted for a period of three weeks to accommodate the resumed forty-fifth session of the Council, and the suggestion that the Council should defer consideration of certain items to a later stage was no solution. It was questionable whether the reports of the various other United Nations bodies concerned with economic matters needed to be submitted to the Council, even though that procedure was laid down in the Charter or the United Nations and in various resolutions, and there should be much better co-ordination between the Second Committee and those bodies. Another important question was that of duplication; the same matters were sometimes discussed in different bodies whose membership overlapped. For example, the question of external financing, which had often been discussed in the Second Committee, had been considered for two months by the Third Committee of the United Nations Conference on Trade and Development (UNCTAD) at its second session. The UNCTAD Committee on Invisibles and Financing related to Trade also continued to devote considerable attention to that question, and it was surprising that there was so little co-ordination in the documentation submitted to those bodies.

2. The aim of the Second Committee's work should be to outline the general policy to be followed by economic bodies of the United Nations, the effectiveness of which would depend on proper co-ordination. In that connexion, it was gratifying to note that the problem of co-ordination was also a matter of concern to the Secretary-General and the Under-Secretary-General for Economic and Social Affairs. Questions of organization and co-ordination would become increasingly acute as an international order within which each country would have specific obligations was developed. The complex and difficult task of creating such an order would depend on the attainment of world peace based not on a balance of power between blocs, but on an atmosphere of mutual confidence in which opportunities to build a better society were used to the full. The fact that an item on the conversion to peaceful needs of the resources released by disarmament was on the Committee's agenda (item 40) demonstrated that the question of peace was not one that should be left entirely to other organs.

3. The figures given in the World Economic Survey 1967<sup>1/</sup> and in the introductory statement of the Under-Secretary-General for Economic and Social Affairs (A/C.2/L.1002) were striking evidence of the gap between the developed and the developing countries. They showed that nearly half the population of the world — excluding mainland China — had only a one-eighth share in the world production of goods and services, that two thirds of the world's population lived in countries in which per capita output was less than \$100 a year, and that productivity in the developing countries had not kept pace with this extremely rapid population growth. Moreover, the net flow of resources from developed to developing countries was diminishing, while the reverse flow of capital from the developing countries had recently increased. In Africa, a continuation of the 1960-1966 growth rate of 1 per cent would mean that it would be another 110 years before that continent achieved self-sustained growth. It was time to make those facts known to the public at large, rather than the specialist circles in which they were now discussed. In that connexion, public information would have a prime rôle to play, and a pamphlet might be prepared with the aim of bringing the situation to the notice of public opinion in the developed countries and encouraging the peoples of those countries to make the necessary sacrifices for the advancement of mankind.

4. Such a publicity campaign should form part of an over-all plan of action for the second Development Decade. Despite its poor results, certain important

<sup>1/</sup> United Nations publication, Sales No. E.68.H.C.2.

lessons could be drawn from the current United Nations Development Decade, which had, after all, been only a first attempt. The establishment of a global strategy for development involving the whole world was immensely difficult, and his delegation agreed with those who objected to slogans and excessive simplifications of extremely complex matters. Nevertheless, the main aim of the second Development Decade should be to give an over-all picture of world development for the next ten years, in which each component element would have a specific task to perform. It was recognized that the developing countries would have most to do, and that development was not only a matter of trade, goods and capital but also involved people and modernization through such measures as the elimination of all obstacles to up-to-date agricultural exploitation and the reform both of economic and trade structures and of administrative and political procedures and practices. It was essential that the developing countries should achieve full mobilization of all their resources.

5. The advanced countries also had certain obligations, and the reciprocal obligations of developed and developing countries should be spelt out for the second Development Decade. It was gratifying that the important question of regional development was being given its proper place in the plans for the next Decade. Many other problems, particularly questions of methodology, would have to be considered, and, in view of the fact that the comments of Governments on the relevant documents had been requested, the Committee might not be in a position to discuss the subject in detail until its next session.

6. Mr. VRATUSA (Yugoslavia) said that preparations for the second Development Decade should now be accelerated and improved, and proposals should be formulated for the establishment of an international strategy and an international development policy. Political decisions by Member States were required, and Governments should participate directly in those preparations. His delegation therefore welcomed the fact that the Economic and Social Council and the Trade and Development Board had decided to set up preparatory bodies for the Decade; it was to be hoped that the activities of those two bodies, as well as the other United Nations organs concerned with economic and social problems, would be fully co-ordinated. If the second Development Decade was to achieve greater and more rapid progress than the first, agreement on a well-defined programme of international co-operation for development, with attainable and quantifiable objectives and practical measures to implement them, should be reached. It was time for the international community to engage in a dialogue to determine how the key questions of international co-operation for development during the next Decade should be solved.

7. Although the first United Nations Development Decade had failed to yield tangible results, it had provided valuable experience and had spread awareness of the interdependence of the economic interests of developed and developing countries, and of the need to discard outmoded principles in international economic relations. It had also demonstrated that development problems could not be solved through

ad hoc or piecemeal measures, but required the concerted efforts of the international community in a large-scale programme of national and international action.

8. Despite impressive advances in science and technology, the contrast between the prosperity of the industrialized countries and living conditions in the developing countries was more glaring than ever. The developing countries themselves must assume responsibility for carrying out structural changes which would enable them to take advantage of scientific and technological progress in order to accelerate their economic development. In so doing, they would need outside co-operation and support, which should be extended on the basis of respect for the principles of sovereignty, non-interference in domestic affairs and equality of the countries concerned.

9. The first Development Decade had brought an awareness that development was a matter of common concern because of its political implications. Equally, the economic aspects of the problem were of great importance to developed and developing countries alike; for example, a more liberal policy on the part of the industrialized countries towards imports from developing countries would enable them to expand their own trade and other forms of economic co-operation.

10. The second Development Decade should be not merely a world plan of targets and of programmes for their achievement, but an instrument for the continued improvement of national and international conditions and for facilitating the attainment of the various goals and targets set. It should ensure the more rational and effective utilization of resources, and serve as a mechanism for the efficient co-ordination of the activities of various organizations within the United Nations system. The Decade must not be regarded as merely one of many United Nations ventures, but must be seen as a challenge to poverty and the other evils besetting the world, and as the framework for concerted efforts to narrow the gap between developed and developing countries.

11. Two vital components of the second Development Decade had emerged so far: an international development strategy and an international development policy. The first would provide for a programme of action and for supervision of its implementation, and would include the establishment of specific targets and acceptance of as many specific commitments as possible, while the second would serve as a guide for the actions of developed and developing countries in the forthcoming period of international co-operation for development. International co-operation within the context of the development strategy, which must be guided by considerations of economic development and based on the principles of the Charter of the United Nations, should serve not only to support the efforts of developing countries, but also to establish a new international economic system in which those countries would gradually become competitive and attain genuine equality with the industrialized countries. It should comprise convergent measures covering all essential aspects of development, so as to achieve a proper balance and co-ordination of actions in different spheres. Family planning,

educational programmes and personnel training were examples of such convergent measures.

12. During the first Decade, institutional machinery in such spheres as international trade, industrialization and financing had been established. The United Nations Development Programme (UNDP) had successfully discharged its basic functions, and his delegation therefore whole-heartedly supported the Secretary-General's appeal to Member States to increase their contributions to UNDP. Since, however, its activities were confined to technical assistance and pre-investment financing, it was essential that the United Nations Capital Development Fund should be enabled to take part in the financing of investment projects in developing countries. That would enable the United Nations to participate more effectively in the world development process, in co-ordination with the major international financing institutions. A realistic view must, of course, be taken of the possibilities of such an endeavour, but it would be of great political significance in mobilizing resources for development. The activities of the United Nations Industrial Development Organization (UNIDO) were also restricted because of the scarcity of available resources, and the international community, especially the developed countries, should provide that organization with sufficient resources to discharge its functions effectively.

13. Since the role of UNCTAD in the second Development Decade would depend on its ability to carry out operational activities, it should undertake forthwith a process of exploration, consultation and negotiation. The need to enhance UNCTAD's negotiating function had become very urgent, since the second session of UNCTAD, held at New Delhi, had referred a number of questions to the Trade and Development Board for consideration. The Board would therefore be fully engaged in preparations for the second Development Decade; in that connexion his delegation strongly supported the views expressed by the representative of Brazil at the 1183rd meeting.

14. The establishment of organizations such as UNCTAD, UNIDO and UNDP necessitated a review of the Committee's organization and methods of work. At the twenty-second session of the General Assembly, the Yugoslav delegation had stated that the Second Committee should embark on a thorough examination of the reports submitted by the main United Nations organs concerned with economic problems and a consideration of specific major problems of development. The Committee should first of all consider the preparation and drafting of its agenda; it was time to abandon the practice whereby the same question was considered several times at different levels, and the Committee should concentrate on examining the activities of other subsidiary organs concerned with economic questions and formulating directives and guide-lines for their future work. There should be a permanent constructive dialogue, rather than a confrontation, between developing and developed countries, and the Committee's work should be modernized so as to produce jointly formulated decisions and resolutions.

15. Mr. SOMAVIA (Chile) said that the failure of the first United Nations Development Decade was a

reflection of the severe crisis in international co-operation. The situation demanded a realistic appraisal of what the United Nations, and the developing countries in particular, could expect from the second Decade. If the prospects were discouraging, the developing countries would be forced to revise the concept of the process of development which they had accepted in the past. Accordingly, the Committee should not begin its discussion of the detailed planning of the second Decade until it had made an honest analysis of the causes for the failure of the first; it was important to recognize that all countries and all the institutions involved bore some degree of responsibility for it.

16. His delegation believed that among the major causes of the disappointments of the first Decade were the continuing rejection by some countries of the concepts underlying the type of measures proposed as well as a lack of understanding on the part of the prosperous countries. Useful concepts, such as planning and general preferences, had been opposed merely because they were outside the range of acceptable traditional measures. Moreover, the developed countries had shown themselves profoundly unaware of the psychological, cultural, social, political and human determinants of under-development and had therefore taken little interest in the success of the Decade. Fortunately, some of the developed countries had recently shown themselves in full sympathy with the demands of the Third World.

17. As the Minister for Foreign Affairs of Chile had pointed out at the 1685th plenary meeting of the General Assembly, the developing countries themselves had failed to achieve that consistent unity which would have enabled them to exert continuing, intelligent and imaginative pressure on the developed countries. Moreover, they had not, generally speaking, initiated the process of profound structural change which was fundamental to development.

18. Finally, the international machinery for dealing with development problems was overburdened and therefore lacking in efficiency. A full review was clearly required, even if it meant amending the Charter of the United Nations.

19. The result of all those factors was that the Development Decade had, in fact, lacked a development policy, and the situation might well persist into the second Decade unless direct remedial action were applied to each of them.

20. It was essential, first, that the useful innovations proposed in recent years should be fully accepted. Such measures as the proposed link between the creation of international liquidity and an increased flow of development capital, the replacement of the concept of the "transfer of technology" by that of the "assimilation of technology", and the elimination of unfavourable shipping practices should no longer be resisted by members of the international community. The need for a reform of the international monetary system had become increasingly obvious in recent years, when the measures taken by the major developed countries to deal with balance-of-payments difficulties had adversely affected the development of the developing countries. His delegation believed, in

fact, that an international conference should be convened to analyse the international financial system in its relation to the interests of the developing countries, with particular emphasis on their real participation in the making of decisions.

21. The indifference of the peoples of developed countries to the problems of the poorer nations should be overcome by intensive efforts on the part of their Governments, with the support of the information services of the United Nations, to educate public opinion on the subject; the idea of development must be "sold".

22. The developing countries themselves would have to assume new and heavier responsibilities during the second Decade. Above all, they would be required to carry through the necessary domestic reforms to secure efficiency and social justice. Almost as important, they should develop means of united action which, while respecting the interests of individual countries, would enable them to bring combined pressure to bear on the developed countries. If, for instance, the producers of the most important primary commodities were able to agree on the outline of a common trade policy, supply and price levels could quite easily be controlled by them and the terms of trade could well become favourable to the developing countries. A similar policy might subsequently be devised for each individual commodity.

23. The success of all future international action was, of course, largely dependent on the ability of the international organizations to perform the tasks assigned to them. For that reason, his delegation believed that a thorough and objective review of their performance should be carried out, not as a criticism of their work, but with a view to enabling them to make the most effective contribution possible to the common task. The developing countries, for their part, should consider the possibility of joint representation in international organizations.

24. His delegation was convinced that UNCTAD should have a central, decisive and equal role in the preparation and implementation of the second Decade. The preparatory work should, in any event, begin at the earliest possible moment. One proposal to be considered in the course of that work, namely, that machinery should be established to supervise the results and the progress of the Decade, was most important. Such machinery would permit the Decade to be launched without necessarily specifying all the details of its content; it should, in his delegation's opinion, be independent both of Governments and of the international agencies.

25. The discussions of the Decade at the current session should cover some of the guide-lines to be followed by the participating organs. It was generally agreed that the formulation of a global development strategy aimed at the creation of a new international economic structure was one of the chief aims of the discussion. There was, however, one further guide-line which was of the greatest importance, namely, the generalization of the idea of tariff preferences.

26. In conclusion, he appealed to all developed countries which believed in innovation to help the developing countries in their effort to generate

in the international community the political will which was required to revitalize international co-operation through the acceptance of such concepts as the global strategy, convergent measures and general tariff preferences.

27. Mr. ZADOK (Israel) said that, in spite of the efforts made since the adoption of General Assembly resolution 1710 (XVI) on the United Nations Development Decade to narrow the gap in per capita incomes between the economically developed and the less developed countries, the gap had again widened. In some forty of the world's poorest countries, the average annual per capita income was \$120, or one twenty fifth of that of the United States. At the current annual rate of growth of 1 per cent in per capita income in the developing countries of Africa, it would take some seventy years to double an African's income. The more encouraging picture provided by a comparison of the rates of growth of gross national product was deceptive; for the rate of population growth reduced per capita annual growth to about 1.5 per cent in the less developed countries, as compared with about 3.5 per cent in the developed countries. The inevitable conclusion to be drawn was that the Development Decade had failed in its principal objective.

28. The two main obstacles to the achievement of self-sustained growth in the less developed countries were insufficient capital and insufficient skills.

29. The ratio of per capita investment in the developing countries to that in developed countries was 1 to 12. Moreover, the flow of capital to developing countries had declined in recent years, at a time when the International Bank for Reconstruction and Development (IBRD) had estimated that they could productively absorb from \$3,000 million to \$4,000 million over and above the current level of capital transfers. In fact, unless the flow of capital to those countries increased substantially in the years to come, at some time in the 1970s service payments on the developing countries' existing debts would equal, and perhaps exceed, the inflow of new capital.

30. For a variety of reasons, the principal source of such development capital would continue for many years to come to be bilateral and multilateral aid. The proposed increase in the lending capacity of IBRD did not, however, offer a solution to the developing countries, few of which could afford the high interest rates or provide the kind of security required by the market. The Horowitz Proposal which was submitted to UNCTAD in 1964,<sup>2/</sup> was designed to overcome those obstacles. Its effect would be to provide an interest subsidy, drawn mainly from budgetary allocations of the developed countries to an Interest Equalization Fund, which would enable IBRD or a similar institution to lend to the developing countries on "soft" terms money raised on the capital markets at normal commercial rates. The subsidy would amount to the comparatively modest sum of between \$50 million and \$60 million per annum for every \$1,000 million lent to develop-

<sup>2/</sup> For the text of the proposal, see documents E/CONF.46/C.3/L.5/Rev.1 and E/CONF.46/C.3/2; see also International Bank for Reconstruction and Development, *The Horowitz Proposal — a Staff Report* (Washington, D.C., 1965).

ing countries. Under the scheme, the developed countries would also provide, through a system of guarantees, additional security for the repayment of such loans.

31. The group of seventy-seven developing countries in UNCTAD and the secretariat of the Conference itself had approved the provisions of the Proposal, and the Secretary-General's report entitled External Financing of Economic Development: International Flow of Long-term Capital and Official Donations 1962-1966<sup>3/</sup> had described it as especially interesting in the content of the urgent need for measures to improve the terms on which the developing countries could borrow from the capital market. The developed countries were admittedly reluctant to undertake such a departure from orthodox budgetary practices; in his delegation's view, the time had come for those countries to overcome their reluctance and support a plan of action which would, in the long run, yield them practical dividends in the form of increased purchasing power in the developing countries and a growth in the volume of international trade.

32. The creation of new liquidity by the special drawing rights scheme on the International Monetary Fund (IMF) could, if wisely administered, promote international trade. The proposed arrangements for the allocation of the new rights would, however, merely perpetuate existing allocations. His delegation believed that, in order to meet the very special needs of the developing countries, a formula should be devised under which those countries would be allocated a proportionately larger share of the new reserves, possibly by allocating part of them in equal shares to all members, while maintaining the existing proportions for the remainder.

33. Although it was true that many of the problems of the developing countries were related, as he had said earlier, to insufficient skills, technical assistance—the supply of skills from outside—should not be presented as a substitute for capital. His country's experience was that "on-the-job" training was one of the most useful instruments for the acquisition of agricultural and industrial skills. The experience of personnel training which Israel had acquired pragmatically was probably responsible for the success of its programme of technical co-operation with other developing countries. Since 1958, some 1,700 Israel experts had served in over sixty countries and some 9,000 persons from those countries had completed training courses in Israel. Other developing countries could certainly undertake similar schemes for sharing their skills and experience with one another. Indeed, their experience of specific development problems might well be more useful than methods evolved by a developed country in different circumstances. His delegation recommended that UNDP should set up a working group to explore ways of increasing co-operation among developing countries in training and research schemes of that nature.

34. In food production, his country had achieved spectacular results through the application of modern technology. There was no reason why, given the necessary capital and technical instruction, similar results

should not be achieved by other countries. If success in that sphere could be achieved by the end of the forthcoming Decade, the developing countries, instead of facing the threat of famine, would be able not only to feed their own populations but to release a substantial proportion of their farming population for industrial development.

35. The agricultural revolution of the past twenty years gave ground for hope that the race between food and population could be won. Such progress, it should be remembered, was the result of international action embarked upon in a common cause. Similarly, a valid strategy for combating under-development, while necessarily country-based, required the additional dimension of the common good. It called for the pooling of resources for a common objective by the entire international community. The protein crisis was one instance in which an approach of that kind was required, and the results of the efforts of the United Nations to remedy the situation would provide a significant demonstration of the ability of the international community to engage in a successful common effort.

36. The economic and social development of the less developed countries was basic to international peace and security. For that reason, the Committee, by advancing the cause of economic development, was also advancing the cause of peace.

37. Mr. KASPRZYK (Poland) said that the World Economic Survey, 1967 showed clearly that the world economy was characterized by the same negative phenomena that had typified it for a considerable time. The technological and economic gap between the small group of highly developed industrialized States and the large group of developing countries was widening and there was no indication that it would be overcome in the foreseeable future.

38. One objective of the current United Nations Development Decade was a minimum annual rate of growth of aggregate national income of 5 per cent. General Assembly resolution 1710 (XVI) had called upon Member States to pursue policies aimed at helping the developing countries to achieve that goal. A feature of the Decade was the deep economic inequality between the various regions of the world. Two thirds of the world's population lived in countries in which per capita output was less than \$100 annually, whereas the gross product per capita in the developed industrialized countries was some eleven times higher than in the developing countries. In addition, the birth-rate of the Third World had long been extremely high; during the first Decade, it had been about 25 per 1,000, as compared with 12 and 16 per 1,000 in capitalist and socialist countries, respectively. It was noteworthy that the most densely populated countries had the lowest growth rates. The agricultural production of the developing countries was in a particularly serious situation, and no practical progress had been made in agriculture in those countries during the current Decade.

39. A major problem of the developing countries was their economic dependence on the centres of economic power. According to a recent study by

<sup>3/</sup> United Nations publication, Sales No. E.68.XII.10 (E/4438).

IMF, a change of 1 per cent in the index of industrial production of the developed countries meant a variation of between 1.6 and 2 per cent in the developing countries' receipts from exports of raw materials and manufactured goods. There was no doubt that any adverse change in the economy of capitalist countries affected the weaker economies of the developing countries; that was true in all fields of economic activity, but particularly in foreign trade.

40. Despite its criticisms of the current world economic situation, his delegation was far from pessimistic as to the outlook for the second Development Decade. In order to avoid some of the mistakes and difficulties of the past, it was of the utmost importance to decide forthwith exactly how the second Decade should be prepared, what methodology should be used and what its main purposes should be. The second Decade was an economic and social initiative of great importance for all countries, irrespective of their degree of economic development or their political systems. Poland, like other socialist States, could not share any responsibility with the capitalist Powers for the current economic situation in the Third World. A colonial tradition was quite alien to the socialist countries, which had always been on the side of the people in developing countries fighting for their national independence against imperialist forces.

41. His delegation thought that a decentralized approach to the methodology of the second Decade would be more realistic and efficient. There were three fundamental stages in such an approach. First, the various developing countries would submit their own economic development plans for the Decade to the respective regional economic commissions. Secondly, the regional commissions, having collected the necessary data, would prepare regional development plans for submission to the United Nations Secretariat. Thirdly, the Secretariat would prepare a general plan for the second Decade on the basis of the reports from the regional economic commissions.

42. The United Nations system played an important co-ordinating role on the world economic scene, and his delegation was gratified that increasing emphasis was being laid on economic planning in United Nations social and economic activities. His delegation fully supported that tendency. It should be emphasized, however, that planning could not replace development policy, which had to be elaborated by the Governments of the developing countries themselves. It had been argued that external financial assistance to the developing countries was the paramount factor in their economic development. However, the current Decade had proved that the external conditions for the development of the Third World, as determined by the developed capitalist countries, were now worse than between 1955 and 1960. The Secretary-General of UNCTAD had indicated that, owing to bad terms of trade, the Third World had lost over \$13,000 million, or about 38 per cent of the whole official assistance from the developed countries. Although the inflow of capital to the developing countries in 1961-1965 had amounted to \$8,430 million annually, the corresponding outflow

in dividends and profits had amounted to \$4,300 million. Financial assistance to developing countries by highly industrialized capitalist Powers was not simply friendly aid. The basic purpose of a private foreign investor was to extract as much profit as possible in the shortest time. The developing countries should therefore do their utmost to assert their economic independence during the next Decade.

43. The problem of sovereignty over natural resources was of the utmost importance, and the profits from the natural resources of some developing countries should be channelled into their own economic development. The relevant paragraphs of General Assembly resolution 2158 (XXI) should be kept fully in mind when planning for the second Decade.

44. His country's own experience had shown that the best way of developing the economy was to assure the best use of national productive resources and to establish the base for self-sustained economic growth. A prime requirement for rapid economic development was the mobilization of domestic resources and appropriate social reform. A prerequisite for development was agrarian reform, and many countries, including Poland, had experience which could be utilized in developing countries. His delegation agreed with the Under-Secretary-General for Economic and Social Affairs that progress in countries with primarily agricultural economies depended essentially on increasing agricultural productivity, adjusting production to the requirements of foreign markets, diversifying the domestic economy through industrialization, and opening up international markets (see 1180th meeting, para. 11). Consequently, it was important to find proper means to achieve those ends.

45. His delegation regarded the co-operative movement as an especially useful instrument for economic improvement in developing countries. It could play an important part in the realization of agricultural reform, in craft industries and small-scale industries, and in trade and services. The lack of experienced staff was currently one of the most important obstacles to the development of co-operative movements in developing countries, and his delegation considered that such United Nations organs as the Economic and Social Council and UNDP had a special role to play in that connexion. The International Co-operative Alliance and countries with extensive experience of the co-operative movement should also increase their assistance to developing countries, particularly with regard to staff training.

46. Mr. SALAS (Philippines) said that his delegation agreed with the statement made by the Under-Secretary-General for Economic and Social Affairs at the 1180th meeting (AC.2/L.1002) that the essential problem of the second Development Decade was that of implementation. There was no doubt that the decade would be one of crisis in respect of external aid to the developing countries and the political will of the developed countries to extend such aid. Unless there was a genuine change of heart on the part of some advanced countries, the second Decade was destined to failure. The disappointing results of the second session of UNCTAD, which had done little to remedy the inadequate flow of development aid

and the unfavourable terms of trade, were one reason for taking that view. Developed countries, with the notable exception of a devoted minority, were displaying a growing disaffection with respect to foreign aid. One such country had recently appropriated the lowest percentage of its budget for foreign aid in two decades, while simultaneously allocating the largest amount in its history to armaments and defence.

47. His delegation was gratified that the Committee was to discuss the conversion to peaceful needs of the resources released by disarmament (agenda item 40). An amount equivalent to at least two thirds of the total national income of all the developing countries was being spent by the developed countries for armaments. In a nuclear age, no amount of investment in arms could ensure the safety of any country. Investment in the economic and social development of the poor countries could alone provide the foundation for international stability. The statistics from the World Economic Survey, 1967 quoted by the Under-Secretary-General shocked the conscience of decent men. The advanced countries had added \$440,000 million to their national income in the past eight years—more than the total income of all the developing nations of Asia, Africa and Latin America. Those were some of the facts showing the economic and social imbalances which needed to be redressed during the second Development Decade.

48. There was a need for a basic change of attitudes and renewed determination on the part of all countries, developed and developing, to fulfil their respective responsibilities and commitments within the framework of a global strategy for development. That strategy should include an outline of defined goals and realistic quantitative targets. A cause of failure during the first Decade had been an inability to relate international action to the concrete goals and targets set by individual nations. He hoped that the discussion of the strategy of the second Development Decade would result in a synthesis of principles, practical ideas and targets.

49. The basic responsibility for development lay with the developing countries themselves, since roughly four fifths of the cost of development was borne by domestic financing. The development process involved a variety of related factors, and the developing countries must endeavour to abolish traditional structures which impeded progress, in such critical areas as land reform, tax reform, the development and reform of public administration, and regional and community development.

50. His delegation considered that the basic rate of development growth should be raised. The target for the first Decade had been 5 per cent, and twenty-three countries, including the Philippines, had exceeded that rate. The growth target could therefore be raised to between 6 and 7 per cent for the second Decade, but it should vary from region to region or country to country, as it would be unrealistic to set a uniform target.

51. Agriculture would continue to be the main economic activity of the developing countries during the

second Decade and should be given priority attention. The decade would witness the results of the revolutionary advance in food production resulting from the development of new varieties of cereals in Asia and Latin America. Following the introduction of a new high-yield variety of rice, his own country had been transformed from a rice-importing to a rice-exporting country for the first time in eighty-three years. His delegation therefore welcomed the particular emphasis placed on agriculture in the five-year plan of IBRD. Nevertheless, industrialization should not be neglected; it would continue to expand with the adaptation of science and technology to local conditions and the full utilization of domestic resources.

52. The full development and utilization of human resources should form an essential part of development strategy for the forthcoming Decade. The Philippines had been taking positive steps to reorient its educational system to the needs of economic and social development; some 6 million students and school children were being involved in development projects such as reafforestation. It was hoped that that involvement would lead to the advent of a new generation committed to development.

53. The second Development Decade would require a co-ordinated, integrated and co-operative effort on the part of developing and developed countries alike. The affluent countries must decisively increase the volume and quality of their aid; at the second session of UNCTAD, it was only after intense debate that they had accepted the target of 1 per cent of their gross national product for external assistance. The date for reaching that target had been left unspecified; his delegation believed that it should be reached as soon as possible, but not later than 1972. The terms and conditions of aid should also be eased. The developing countries were repaying some \$4,500 million in interest and principle each year to the developed countries, and at that rate development assistance would become negative by 1975. There was also a pressing need for remedial action with respect to tied aid, which usually characterized bilateral programmes. Almost 90 per cent of external aid was bilateral, and tied aid reduced the benefits to the developing countries by nearly 20 per cent.

54. The adoption of a generalized system of tariff preferences and the stabilization of commodity prices were important factors in the improvement of trade relations between the developed and the developing countries, particularly since the foreign trade earnings of developing countries were almost four times the amount they received from aid transfers.

55. Regional co-operation and understanding must be further strengthened; trade expansion and economic integration among developing countries were promising areas for such co-operation. Regional development banks and other leading institutions needed every support from the developed countries. His delegation regretted that the Asian Development Bank had not been given the financial support that it deserved by some developed countries. It also regretted that the Committee's agenda did not include an item on regional development and co-operation,