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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/7251, 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. CHRISTIANSEN (Norway) said that his delegation was gratified to note the steadily increasing role played by the United Nations system in economic development. The problems were of such magnitude and complexity that isolated actions were bound to fall short of success. It was clearly of the utmost importance to identify the responsibilities of the United Nations, other international bodies and the developed and developing countries. The organization of the work for the second Development Decade posed a problem of unusual dimensions. His delegation shared the Secretary-General's view that public opinion must be associated with the preparation and implementation of a strategy for the Decade. The Committee would have to give considerable thought to ways of increasing such active participation. At the present stage it was natural that the institutional framework and methods of work of the United Nations should be examined to ensure that they corresponded to needs and constantly changing conditions. Studies had been initiated within the United Nations system in that connexion and his delegation would be ready to accept even radical and far-reaching suggestions if they were likely to further the activities of the second Decade and help in avoiding wasteful duplication.

2. The basis for current planning must be regional or possibly sub-regional and it was essential that each country should establish its own development plan, formulating definite development objectives. If those plans were to be successful, they should be fitted into a general regional plan allowing for the complete mobilization of regional resources and a rational division of labour. The regional economic

commissions would have an extremely important role to play in that regard. His delegation had welcomed the emphasis placed by previous speakers on the need for regional co-operation and planning.

3. He endorsed the observation made by the Under-Secretary-General for Economic and Social Affairs at the 1180th meeting (A/C.2/L.1002) that an over-all view of the Decade should include all the determinants of development. Education and technical and vocational training were determinants which must be an essential part of a comprehensive development plan. He also supported the Under-Secretary-General's statement with reference to the consequences of malnutrition and protein deficiency. That was an area in which more systematic efforts were urgently required at the national and international levels and there were great opportunities for progress towards solving the problem through an international programme. His delegation looked forward to suggestions from the Secretary-General as to future action.

4. Development assistance was now recognized as an integral part of Norway's foreign policy. A considerable expansion of aid would probably be possible without serious repercussions on the Norwegian economy, although certain important national objectives would have to be implemented over a longer period than would otherwise be the case. To achieve such expansion his Government had adopted a number of policy measures, such as recommending new targets for the allocation of public resources for development purposes and the establishing of new guide-lines. The Norwegian Parliament had recommended that such appropriations should be increased to approximately \$75 million by 1973. His Government was planning to reach a level of foreign aid corresponding to 1 per cent of the net national income by 1973 and official appropriations should reach a level of three fourths of 1 per cent of the national income during the period 1969-1973. Between 60 and 70 per cent of Norway's assistance had so far been channelled through international programmes and, although an effort would be made to expand bilateral programmes in the coming years, support for multilateral programmes would be continued. Norway would give high priority to increasing technical assistance for agriculture, fisheries and nutrition with special emphasis on the possibilities of making better use of fish resources for human consumption. His Government would endeavour to co-ordinate its bilateral aid activities with those of a multilateral programme and would explore the possibilities of co-operation through associated aid and joint financing of projects. In addition, special measures were being introduced to stimulate the flow of private capital from Norway to the developing countries and the maximum amounts under

the governmental guarantee system for exports to and investments in developing countries had recently been doubled.

5. Mr. DAMBADARJAA (Mongolia) said that the economic and social problems facing the world were complex and contradictory. The basic feature of development was the conflict between the old and the new, between reaction and progress. In an effort to raise living levels in the developing countries, the United Nations had adopted many resolutions to strengthen their economic independence and modernize their outmoded social and economic structures—which were a heritage of their colonial past—through such measures as industrialization, economic planning and the training of national cadres. However, there were many obstacles to the implementation of those resolutions: the wide gap between living levels in the developed and the developing countries—a result of past colonialism and the emergence of neo-colonialism—was clearly demonstrated by the fact that the per capita national income of the developing countries was fifteen times lower than that of the industrialized countries.

6. The consequences of colonialism and neo-colonialism constituted the main obstacles to economic development in the developing countries. Foreign monopolies extracted huge amounts from those countries in the form of profits, interest and dividends. The growth of the reverse flow of capital from the developing countries, to which the Secretary-General had rightly drawn attention in his annual report on the work of the Organization (see A/7201, p. 118), should be halted by appropriate international measures, so that the developing countries could utilize their resources to the full for their economic and social advancement. In that connexion, the Mongolian delegation attached particular importance to the matter of national sovereignty over natural resources.

7. The most important way of mobilizing the developing countries' internal resources for development financing was to expand their foreign trade and export revenues. Unfortunately world market conditions were extremely unfavourable for them; while the prices of their primary exports continued to fall, those of the manufactures which they imported were rising. In addition, the debt-servicing burden was growing. Since 80 per cent of the developing countries' foreign exchange resources were derived from export revenues, fluctuations in world commodity prices clearly had an extremely detrimental effect on their economies.

8. Trade between the Mongolian People's Republic and other socialist countries was carried out largely under long-term agreements, based on the principle of mutual advantage. The assistance given to Mongolia by the socialist countries was prompted by a genuine desire to further its economic development, and not by considerations of possible advantages for the donors.

9. The formulation of a global strategy for the second Development Decade would be of tremendous significance for the economic development of the developing countries. Special attention should be paid in the strategy to industrialization, which was a prime factor in

overcoming economic backwardness. In Mongolia, industrialization had been accompanied by a reorganization of all sectors of the economy, leading to a significant change in Mongolia's role in the world economy. The creation and development of a State sector in which the key elements of the economy were concentrated had helped Mongolia to solve the problem of predatory foreign capital, which had formerly been a serious obstacle to its economic growth, and the role of the State sector should be included in any global development strategy.

10. Another important problem was that of agriculture and the need for land reform. In Mongolia, the process of replacing small-scale individual peasant farms by large diversified agricultural co-operatives had been completed in 1959. As a result, productivity had improved and it had been possible to introduce modern machinery and agricultural planning. The income of the agricultural co-operatives had increased more than tenfold between 1957 and 1967, and Mongolia was now able not only to meet its domestic flour requirements but also to produce substantial surpluses for export.

11. Planning played an important role in developing all sectors of the national economy. Mongolia's four long-term plans had achieved significant results, and the plan for 1966-1970 provided for a 30 per cent growth in the national income, with increases in productivity of 38 to 40 per cent for agriculture and 70 to 80 per cent for industry. During its next five-year plan, Mongolia would complete the establishment of the over-all material and technical foundations of socialism through further industrialization, mechanization of agricultural production and raising the levels of technology in all branches of the national economy, thus accomplishing the transition to a mixed economy. As a member of the Council for Mutual Economic Assistance, Mongolia participated in consultations on the preparation and co-ordination of long-term plans in socialist countries, so that it was able to take full advantage of the international division of labour among those countries.

12. The Mongolian delegation would support all measures designed to achieve international progress and development in the interests of world peace and co-operation.

13. Mr. THAJEB (Indonesia) said that the introductory statement of the Under-Secretary-General for Economic and Social Affairs (A/C.2/L.1002) afforded a valuable basis for the Committee's work. In preparing for the second Development Decade, practical solutions to hitherto unresolved problems should be sought in the light of experience gained during the current Decade; a realistic appraisal of past performance was essential to identify shortcomings. His delegation was concerned and disappointed at the results of the international community's efforts during the current Decade. During the first half of that Decade the average annual rate of economic growth in developing countries amounted to only 4.5 per cent, a decline from the levels of the previous ten years which was aggravated by a simultaneous acceleration in the growth of population. Furthermore, the per capita growth in the gross domestic product of the developing countries had declined to

only 2 per cent during 1960-1965. The outcome of the second session of the United Nations Conference on Trade and Development (UNCTAD) had also disappointed the developing countries. In the matter of primary commodity trade, which accounted for more than 80 per cent of the export earnings of the developing countries, no convergent measures had been adopted with a view to expansion. The tariff and non-tariff barriers imposed by the developed countries on their primary commodities had not been lowered and no action had been taken to remedy violent short-term price fluctuations or the downward trend of commodity prices. His delegation hoped that the UNCTAD resolution regarding the granting of general preferences to semi-manufactures and manufactured products of the developing countries^{1/} would be implemented as soon as possible, preferably not later than 1971. It was also gravely concerned that no satisfactory solutions had been found to increase the volume of aid and ease the burden of debt servicing. The issues he had mentioned were generally recognized as the crucial determinants of the economic and social development of the developing countries.

14. The main causes of the failure to take the necessary remedial measures to narrow the development gap between rich and poor countries were: first, the fact that some major industrialized countries were becoming politically less committed to the whole idea of assistance; secondly, the absence of a broad but coherent international framework for co-operation; thirdly, the absence of a well-organized mobilization of public opinion in developed and developing countries alike regarding the necessity for convergent international action. The Committee should accord priority to those underlying causes.

15. It was evident that the preparatory work for the second Development Decade should be intensified to involve to a larger degree the activities of the organizations of the United Nations system, including the regional economic commissions, to associate the Governments of Member States with those preparations and to intensify the efforts being made through international institutions and regional organizations. A more precise and coherent set of priorities for the forthcoming Decade should be worked out so that efforts could be concentrated on areas where the need was greatest and which would contribute most to economic development, namely food production, promotion of export industries, infrastructure and tourism. Export industries must be stimulated by devoting more attention to the problem of access to world markets and the stabilization of commodity prices. There must also be concerted action to stimulate financial resources. The volume, nature and sources of the aid required must be carefully re-evaluated as to multilateral and bilateral sources. It was imperative that all sources of aid should be co-ordinated and integrated within a comprehensive framework with appropriate supervisory machinery. He stressed the absolute necessity for the developed countries to review their responsibilities to the world community and to respond to the requirements of the period which must witness a much larger scale of

developmental activity. His delegation hoped that a special session of the General Assembly, to be held in the latter half of 1970, would serve to launch the second Development Decade, underline its importance and focus world attention on the magnitude of the problem.

16. The Charter of Algiers,^{2/} which was adopted at the ministerial meeting of the group of seventy-seven developing countries, held at Algiers in October 1967, stipulated that the responsibility for developing their economies rested primarily with the developing countries themselves. Indonesia had formulated a new five-year development plan to begin in 1969. The priorities included agricultural development, infrastructure, mining, food and clothing. His Government had concluded that external assistance was needed in its efforts to accelerate economic growth and had therefore promulgated foreign investment legislation to attract foreign investments in capital and technology. In addition, it had signed investment guarantee agreements with several countries and had ratified the Convention on the settlement of investment disputes between States and nationals of other States. His delegation supported the convening of a panel on foreign investment as agreed upon by the Economic and Social Council at its forty-fifth session (see Council resolution 1359 (XLV)). His Government had increasing confidence in the effectiveness of international assistance through the United Nations and through multilateral financial institutions. He was gratified to note that the International Bank for Reconstruction and Development (IBRD) had adopted imaginative new policies both with regard to the objects of financing and the methods of financing applied, and he whole-heartedly welcomed the Bank's appeal to its members to replenish the funds of the International Development Association (IDA).

17. Conscious of the value of regional co-operation among developing countries, the members of the Association of South-East Asian Nations had done their utmost to improve the Association. As those countries were attempting to solve some of their problems on a regional basis, so must the larger world community work together to solve problems that were worldwide in scope. The United Nations could not afford to allow the second Development Decade to be a failure.

18. Mr. EL-ATTRASH (Syria) said that some indicators of economic performance in the developing countries in recent years would serve to show that, with the approach of the end of the United Nations Development Decade, the gap between developed and developing countries was continuing to widen. Their share of world exports had declined from 27 per cent in 1953 to 19.3 per cent in 1966; the deterioration in their terms of trade had amounted to 13 per cent between 1954 and 1966, or the equivalent of an average annual loss of almost \$2,200 million according to an UNCTAD estimate. Moreover, in addition to such long-term unfavourable trends in their exports, the developing countries continued to suffer from the short-term fluctuations which disrupted their development plans.

19. The trends in aid were no less discouraging. The over-all flow of development assistance still fell short

^{1/} See Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14), annex I, resolution 21 (11), p. 38.

^{2/} *Ibid.*, annex IX, pp. 431-441.

of established targets, despite the enhanced ability of the developing countries to absorb it efficiently, and the terms on which it was granted were still far too unfavourable. In such circumstances, it was not surprising that their debt-servicing burden had increased sharply during the 1960s. A more disturbing feature was the tendency of donor Governments and private suppliers to concentrate their aid upon countries with which they had affiliations or in which they had special interests, rather than basing their decisions on economic criteria.

20. The developing countries recognized that they themselves were primarily responsible for accelerating their economic growth and they had, in fact, intensified their efforts to mobilize their internal resources during the Decade. They could, of course, do still more, especially in taxation and agricultural reform, by improving their export performance, diversifying exports and combining their efforts in regional and sub-regional schemes for economic integration and trade expansion. Nevertheless, their development would still be hampered by the unfavourable external environment unless convergent measures were taken by the developed countries and the international institutions.

21. For many years, for example, the developing countries had been advocating an international buffer stock scheme which would help them to avoid the adverse effects of commodity price fluctuations. The compensatory financing facility of the International Monetary Fund (IMF) did, to some extent, offset the impact on foreign exchange receipts of short-term declines in exports but it was no substitute for a system of stabilizing primary commodity prices. The World Bank and IMF had recently published the first part of a study on the problem of stabilization of the prices of primary products, which contained an analytical survey of the problem and concluded that the buffer-stock technique was economically feasible. The second part, which was to contain recommendations, was anxiously awaited by the developing countries. In the meantime, however, his delegation wished to outline some suggestions concerning possible financing by IMF of buffer stocks. He believed that the Fund should introduce a new and separate facility for buffer-stock financing, that it should directly finance the commodity agency and should apply liberal terms to such financing, even if an amendment of its articles were required for that purpose.

22. In addition to such measures, the developing countries would still require a larger flow of external development finance if they were to achieve a satisfactory rate of growth. No increase in the flow could be expected, however, without a significant improvement in international liquidity. The coming into operation of the special drawing rights in 1969 was a welcome reform and would allow the deliberate creation of reserves to serve the growing requirements of world trade; the proposed inequitable distribution of the new reserves meant, however, that the benefit to the developing countries would be very limited. His delegation accordingly hoped that the members of IMF would consider at an early date the establishment of a link between the creation of the new reserves and the provision of external development finance to developing countries; the developed market-economy countries

might, for instance, contribute to IDA a proportion of the special drawing rights allocated to them. He also urged the Fund to consider favourably applications from developing countries for special increases in their quotas, so as to enable them to derive greater benefit from the special facilities of the Fund.

23. His delegation supported the recommendations of the second session of UNCTAD^{3/} concerning the target for the volume of aid transfers and improving the terms of aid transfers and improving the terms of aid. It is also hoped that Member States would pledge adequate contributions during the current session to the United Nations Capital Development Fund, which was viewed by the developing countries not only as a source of external development finance but as one through which capital could be channelled with no political strings attached, a condition which was not always met in the case of capital from bilateral and multilateral sources. In that connexion his delegation hoped that the conclusions of the Pearson Commission, established by IBRD, on the previous twenty years' experience of development activity would prove helpful in improving the volume and quality of development resources in the future.

24. In conclusion, his delegation hoped that duplication would be avoided in the current preparatory work for the second Development Decade. The most important feature of the proposed international development strategy was, in its view, the undertaking by developed countries of precise commitments with regard to trade and aid measures; without their firm commitment to implement certain specific measures, the strategy would be no more than theoretical international planning.

25. Mr. OGORODNIK (Ukrainian Soviet Socialist Republic) said that there must be a realistic evaluation of the extent to which the high hopes aroused by the United Nations Development Decade had been fulfilled. It was well known that no new and just system of international economic relations for promoting economic development had yet been set up, and that the principles enunciated at the first session of UNCTAD and supported at the second session had not been implemented because of the negative attitude of certain Western countries. Account must be taken, in determining the aims and targets of the second Development Decade, both of the efforts of the developing countries themselves and of their need for external assistance. That could be done only if the global strategy was closely linked with, and based on, national development plans. One of the principal shortcomings of the Development Decade was that insufficient account had been taken of the implementation of national plans of the developing countries. To study each developing country's plan would be a long and complex process, but it was only on that basis that an adequate strategy for the second Decade could be prepared.

26. The socialist countries had often stressed that the attainment of targets should be assessed not so much on a percentage basis as in terms of how their attainment helped to eliminate the basic causes of those countries' present economic plight. The cornerstone of the global development strategy, so far as the developing countries were concerned, should be

^{3/} *Ibid.*, annex I.

national development plans, designed to establish independent national economies, industry and diversified agriculture, eliminate trade inequalities, strengthen the State sector and make widespread use of planning. The plans should also include radical agricultural reform and fundamental changes in the distribution of profits acquired by foreign monopolies from the exploitation of the developing countries' natural resources. The plans would be an excellent basis for setting specific targets during the second Development Decade, since they took account of the realities in, and interests of, the developing countries themselves.

27. The United Nations would have an important role to play in the second Decade in formulating a global development strategy that would take account of the developing countries' interests and create conditions for the normalization of international economic relations. If the strategy were well thought out, it could lead to tangible results and promote economic, cultural and educational progress in the developing countries.

28. One important aspect of development was industrialization, including the training of national technical cadres. It had been estimated that at least 400,000 engineers and scientific workers, and 1 million technologists, would be required by 1975 for the industrialization of the developing countries, but that goal was far from being attained. It was therefore not by chance that the role of the United Nations in training national technical personnel for the accelerated industrialization of the developing countries had been discussed by the General Assembly at its twentieth session (item 41) and its twenty-second session (item 44). In resolution 2259 (XXII), the Assembly had requested Governments and specialized agencies to communicate to the Secretary-General their observations and comments on his report on that subject.^{4/} Because only eleven Governments had so far done so, consideration of the item had been deferred to the Assembly's twenty-fourth session, but its importance should not be underestimated, and it should be given particular attention in the second Development Decade.

29. Several delegations had referred to the organization of the Committee's work. Since the Economic and Social Council dealt with a number of important aspects of international economic relations, it was natural that the Committee should devote considerable attention to the Council's report to the General Assembly (A/7203). It was, however, regrettable that the Committee's work was to be interrupted several times for the resumed forty-fifth session of the Council, as well as for two Pledging Conferences. In view of the close link between the work of the Council and that of the Committee, it might not be possible to avoid the interruptions entirely, but the work of the two bodies should be organized more rationally.

30. Mr. ASANTE (Ghana) said that the developing countries were living in poverty, misery, ignorance and stagnation, and must develop if they were to survive. The failure of the United Nations Development Decade could be seen from the fact that, at the present rate, the developing nations of Africa would

take an estimated 343 years to reach the present income levels of the very rich countries. Its failure was due to many factors, which varied in importance from region to region and country to country, and there was little point in isolating any one aspect. For example, the main problem in Africa was not, as was often stated, the high rate of population growth. The per capita gross domestic product of a densely populated country would not be low if its gross domestic product itself were high, but that could not be achieved so long as factories worked far below full capacity because of a lack of foreign exchange with which to buy the necessary raw materials. The international community should tackle the fundamental aspects of economic development, and each country should commit itself politically to an international development strategy.

31. The growth target for the second Development Decade should be not only realistic but also bold and imaginative, since cautious targets frustrated the very concept of a Development Decade. An average over-all growth rate of about 4 per cent of the per capita gross domestic product should be chosen: the target would not be attained by all developing countries, but the more advanced among them should exceed it. In the light of that target, the regional economic commissions might be asked to suggest targets within each region, or even for each developing country. The international development strategy should also include measures for attaining the targets set. In that connexion, the Economic Committee might wish to consider inviting representatives of such bodies as UNCTAD and the United Nations Industrial Development Organization to participate in its intersessional meetings, so that a coherent body of comprehensive recommendations could be transmitted to the General Assembly. Extensive preparations for the Decade were already in progress in UNCTAD, which had a vital role to play, and the specialized agencies and other interested organizations should also begin detailed planning in their specialities before the global strategy was approved. The work of all the bodies concerned should be properly co-ordinated, and the Secretary-General should be requested to submit only one document on the Development Decade, since a proliferation of documents would lead to confusion and delay.

32. The development strategy for the second Development Decade would be meaningless without firm commitments by both developed and developing countries. The former should not only agree to transfer 1 per cent of their gross national product to the latter but should also develop machinery for achieving that target, while the developing countries should undertake to carry out the reform of their economic and social structures that was essential for rapid economic growth. The strategy should also include an effective system of periodic review, so that progress could be evaluated and obstacles identified. A criterion for measuring progress would have to be established, and the strategy should therefore indicate how much progress should be made by certain periods of the Decade.

33. Once a worth-while strategy has been evolved, it should be proclaimed well in advance of the Decade. It should publicize not only the objectives and commitments of the developed countries, but also the ef-

^{4/} See Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 44, document A/6855.

forts of the developing countries themselves, thereby ensuring a wider understanding of development problems.

34. In response to operative paragraph 5 of General Assembly resolution 2305 (XXII) on the United Nations Development Decade, the Committee should therefore adopt the following specific decisions at its current session. A growth target—perhaps 4 per cent of the per capita gross domestic product—should be agreed upon, and the 1 per cent target for the flow of financial resources from developed to developing countries should be confirmed. All countries should be invited to formulate broad preliminary plans, which would be forwarded to the regional economic commissions and thence to the Economic Committee. It might be suggested that the Economic Committee should invite the various bodies concerned to send their representatives to its meetings, so that a comprehensive draft strategy of development could be submitted, through the Economic and Social Council, to the General Assembly at its twenty-fourth session. The Second Committee might further suggest that the Assembly should invite all countries, specialized agencies and interested bodies to prepare detailed plans, including publicity and evaluation measures and machinery. Finally, the Committee might recommend that the Assembly should, at its twenty-fourth session, establish machinery for reviewing progress made in the course of the Decade, and, at its twenty-fifth session, decide on arrangements for the launching of the second Decade in January 1971.

Mr. Mužík (Czechoslovakia), Vice-Chairman, took the Chair.

35. Mr. MEHTA (India) said that Member States were all too familiar with the sombre economic conditions in developing countries. Even in 1967, the slight gain in the flow of financial assistance to those countries had been nullified by a slower rate of growth in their exports. The predominance of tied aid had been such that only a very marginal proportion of financial resources had been made available in "untied" form. The multilateral aid agencies had found themselves seriously handicapped in fulfilling their basic minimum responsibilities towards developing countries by a scarcity of resources. That situation inevitably created doubt about the ability of international institutions continuously and steadily to meet the demands made on them.

36. There were some success stories to tell, however. Some developing countries had achieved a fairly satisfactory rate of economic growth. India, for example, had in two decades achieved a rate of growth which was not only impressive in statistical terms, but had also enabled it to make enormous strides in education, health and the provision of food and shelter. In the preceding year, agricultural production had increased by 20 per cent and national income by over 9 per cent. The objective of the United Nations in the coming Decade should be to secure similar advances in all of the developing countries.

37. Full recognition also had to be given to some commendable policy measures adopted by developed countries: some of them had introduced legislative changes which would make it possible for aid to be provided on a longer-term basis, thus protecting the

continuity of development plans; some were making the bulk of their aid available on an interest-free long-term basis; one had instituted a scheme of preferences for developing countries and another had taken steps to "untie" aid in order to enable purchases to be made by the recipient in other developing countries. Accordingly, although a new world economic order was still a remote prospect, many of the ideas of the post-war years had been abandoned and development had come to occupy a definite place in the economic and commercial policies of many developing countries.

38. Slow progress in aid and trade policy had induced some to suggest that there should be a shift of emphasis from those areas of international co-operation. His delegation believed that, apart from the commendable achievements he had already mentioned, the entire proposed international development strategy would be an empty shell unless it was underpinned by adequate trade and aid policies; the fact the cost of aid-tying alone amounted to \$1,000 million per annum, the cumulative financial losses caused by deteriorating terms of trade, and the debt crisis in the developing countries were ample evidence of the fact that the pressure for favourable trade and policies could not be relaxed. Moreover, in the light of UNCTAD's estimate that the fulfilment of the 1 per cent target for the transfer of resources during the coming decade would enable the developing countries to achieve a 6 per cent growth in their economies and an increase of 3.5 to 4 per cent in per capita incomes, it was unthinkable that such a basic determination of economic development as aid availability should be ignored in the international strategy.

39. The many suggestions recently made concerning changes in development priorities, both sectoral and regional, should be considered in the light of the basic factors he had just mentioned; obviously, the expansion of activities in education, health, employment, science and technology, and of agricultural productivity was directly dependent on the availability of resources and on absorptive capacity, in the creation of which financial resources played a crucial role. A technological break-through, such as had occurred in agriculture in India, steeply increased the demand for investment; indeed, the cost of transferring science and technology was far too high to be borne by most developing countries. It was significant, in that connexion, that efforts to bring technology to bear on discovering new uses for natural products from which the developing countries derived the bulk of their export earnings were still meeting with strong opposition.

40. The preparatory work for the second Decade was to consist of the formulation of an international strategy for development, in other words, a body of specific measures to be undertaken on a balanced and rational basis in different sectors of economic development and on a concomitant and reciprocal basis by different groups of countries. The object was to use a set of convergent measures to avoid the temptation to frame national policies which were guided only by immediate short-term interests and thus to achieve better results with the same amount of effort. It might not be possible to reach agreement before the beginning of the Decade on all the specific components of the strategy but an effort should be made, through in-

tensive negotiation, to agree in principle on any outstanding issues and to fix time-limits for reaching agreement on details. His delegation hoped that it would, in fact, be possible in the very near future to solve the difficulties concerning institutional arrangements for the preparatory work and thereafter to tackle the substantive issues.

41. The results of the first Development Decade showed that it was essential that general targets for the second Decade should be broken down into sectoral and regional targets. His delegation believed that the work already done by the Committee for Development Planning and the UNCTAD secretariat provided a sufficient basis for decisions on such matters.

42. One of the major elements in the development strategy would be the commitments which the developing countries themselves would assume. Their action would, of course, have to be supplemented by appropriate measures by developed countries and international organizations aimed at helping them to achieve self-reliance, with particular emphasis on trade, "untied" aid and non-project aid. It was gratifying that the specialized agencies had recognized the need for better co-ordination of their activities and for gearing their action to the plans for the Decade, but the need to ensure that they had adequate resources to play their full part in the work of the decade was one of the urgent matters for negotiation in the coming months.

43. In conclusion, he said that one of the main functions of the Committee at the current session would be to consider, in the light of the reports of the second session of UNCTAD and of the seventh session of the Trade and Development Board, how the limited results of the second Conference could be consolidated and applied for the benefit of the developing countries. The attention of the international community would also have to be drawn to the need to resolve a number of outstanding issues. The Committee would also have to consider whether the Board's proposals concerning reorganization would make UNCTAD a really effective instrument for influencing trade and development policies.

44. Mr. MANN (Guyana) said that, in any economic plan, one input on which the country concerned must be able to rely was the skilled manpower necessary for the plan's execution. It followed that the drain of such manpower from the developing to the developed countries imposed a crippling limitation on the former's ability to frame and prosecute successful economic policies. To solve the problem, his delegation had proposed in the General Assembly (see 1680th plenary meeting) that UNDP should, wherever practicable, permit experts in its employ to serve in expert and executive capacities in the countries of their birth. An understanding of the environment in which the experts worked was as critical for the success of planning as the technical merits of the planning itself.

45. Economic growth, measured in terms of selective indicators, need not be synonymous with development or social advance. It was therefore imperative that priority in the commitment of United Nations resources should be accorded to those developing countries seeking genuine change in the distribution structure of their national products. It was the duty of the United Nations to ensure that its resources were used in such a way that the benefits were spread as widely as possible throughout the entire population of the recipient country. He endorsed the Under-Secretary-General's view that the determinants of development must include employment, education and health. His delegation therefore advocated programme aid, as opposed to project aid, as the desirable form of capital assistance.

46. In considering the external financing of development, special priority should be accorded to those developing countries which had formed themselves into economic groupings and were trying to rationalize their production and consumption patterns in a way which would maximize their internal development efforts. Such groupings, by lessening the market constraint on certain forms of economic activity, could provide an opportunity for the creation of viable enterprises. Their viability was to be measured not only in terms of income return on investment but also in terms of investment effects on employment, on reinforcement of the infrastructure or on foreign exchange savings. That kind of regional activity should be sponsored by United Nations agencies. Those agencies had played a leading role in the organization of the Caribbean Free Trade Area and the proposed Caribbean Development Bank.

47. Current interest rates added to the heavy servicing burdens of the developing countries; debt charges, expressed as a proportion of the gross domestic product, were reaching critical percentages in many of them. The situation was aggravated by the pernicious effect of procurement clauses in loan agreements which required recipients to purchase goods and services in donor countries rather than from the cheapest sources; quite frequently only foreign-exchange costs were being met by donors, while recipients were left to meet the huge local cost components of projects. Furthermore, the selection by donor countries of projects for financing did not necessarily reflect national priorities. If actual or effective rates of interest were falling, it was equally true that the reverse flow was expanding and the prices for primary commodities were falling rapidly. The flow of capital presented an unedifying spectacle which succeeding generations might well view as a racial conspiracy. His delegation therefore supported the Under-Secretary-General's view that a global development strategy required a structural frame of reference of which surveillance machinery would be the corner-stone.

The meeting rose at 12.55 p.m.