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Chairman: Mr. Pierre FORTHOMME
(Belgium).

GENERAL STATEMENTS (continued)

1. Mr. PARDO (Malta) said that the attitude of his delegation towards the items on the Committee's agenda would be determined by the usefulness of the activities envisaged from the standpoint of the poor countries — a term which seemed to him clearer and more exact than "developing countries" — since the problem was that the "developed" countries were developing faster than the so-called "developing" countries.

2. His delegation was therefore in favour of the fusion of the Expanded Programme of Technical Assistance and the Special Fund into a United Nations Development Programme, which would make it possible to reduce overhead costs and simplify procedures, thus cutting the cost of assistance for the recipient Governments and enabling them to use it more effectively. There must be no formal or informal understanding by which a certain percentage of the funds available was earmarked either for technical assistance, pre-investment projects or any other type of activity.

3. In order to ensure that the new Programme attracted contributions at least equivalent to those previously received by the Expanded Programme and the Special Fund, there must be adequate representation in its governing council of the major donor countries, that is to say, according to the definition advocated by his delegation, countries contributing more than a certain percentage of the total amount pledged. The representation of the recipient countries should be based on an equitable geographical distribution. The membership of the governing council should be reasonably limited and, if his suggested definition of major donor countries was adopted, the percentage entitling them to be represented, and thus the number of representatives of such countries, could be determined on the basis of the number of representatives of recipient countries (if thirteen recipient countries were represented, for example, the minimum contribution should be 7.5 per cent, and if there were twenty-six, 3.75 per cent). The membership of the council would thus vary from year to year from a minimum number (equal to the number of representatives of the recipient countries) to double that number (when the contributions of the major donor countries together represented 97.5 per cent of the

total amount pledged). The minimum percentage could be adjusted at will and a donor State could, if desired, have a number of votes equal to the number of times its contribution was greater than the fixed percentage. That proposal, while sufficiently flexible, was fair to the donor countries, since it ensured that all the major donor countries would be represented, and advantageous for recipient countries, since it would encourage the donor countries to contribute at least the minimum percentage in order to assure themselves a seat on the governing council.

4. Turning to item 100 of the agenda, concerning the general review of the programmes and activities in the economic, social, technical co-operation and related fields, he stated that Article 55 of the United Nations Charter clearly established a link between those activities and the maintenance of international peace and friendly relations among nations, a link that was fully justified, since, as Mr. Paul Hoffman, Managing Director of the Special Fund, had recently written, the survival of the civilized world was largely dependent on nations acting in concert to find a solution to dangers such as might be created by a widening of the gap between the living standards of the poor and the rich countries. The gap was unfortunately continuing to widen, despite the activities which the United Nations and its family of agencies had been carrying on for twenty years in all economic and social fields and despite the regular increase in the resources available to the United Nations family, which, although still very inadequate, now totalled several thousands of millions of dollars. The reasons for that failure were complex and would take long to analyse, but it would be well to consider whether the skills and financial resources available to the United Nations family were always used to the best possible advantage.

5. His delegation had considered the question, but since its means were limited, it had not been able to study in detail the policies and operations of the Bank and its related agencies. Excluding those agencies, it could be expected that a sum of \$500 or \$600 million would be contributed in 1966 to the various programmes undertaken by the United Nations and its agencies under their regular budgets, of which some \$273 million would come from compulsory contributions. Although the latter figure was not very large in absolute terms, it was considerable in relation to the income of the poor countries which paid compulsory contributions and which were thus entitled to expect that the funds would be used wisely to provide them with the modest aid they needed in order to improve conditions for their people.

6. According to the approximate figures reached after a thorough study of budgets which were unfortunately not comparable, it seemed that setting aside the other activities of the United Nations and its agencies, there should remain, out of the resources provided by compulsory contributions, a sum of over \$200 million to cover the cost of staff, documentation, equipment, public information, travel and general expenses relating directly or indirectly to the economic, social and human rights programmes undertaken within the United Nations system. Unfortunately, that relatively large sum, instead of being used entirely for technical co-operation programmes directly benefiting the poor countries and freely chosen by them, was largely absorbed by expenditure necessary to remunerate an ever increasing number of staff required to service an ever increasing number of organs and carry out the studies and research recommended by them, which, in its turn, required the publication of ever more abundant documentation. Such expenditure was rising more rapidly than the funds allocated to the technical co-operation programmes financed under the regular budget.

7. For example, in the case of the United Nations, the programme funds had remained for three years at about \$6.4 million while public information expenditure had risen over the same period from \$6.1 to \$6.5 million and thus now absorbed more than the technical co-operation programme itself. The public information expenses of FAO were twice as high as the funds allocated for technical co-operation programmes. Expenditure on travel had also undergone a striking increase and in 1966 would probably amount to \$16.5 million for the United Nations and the specialized agencies, that is, nearly as much as the funds allocated for technical co-operation programmes, which now amounted to about \$17 million. Still greater sums, probably exceeding \$20 million, were spent on the publication of documents of all kinds, which, despite their undeniable value, were much more than could be assimilated, or even read, by the civil servants that Governments, and particularly those of poor countries, had available for the purpose.

8. Under the United Nations Charter, the body responsible for supervising and co-ordinating the activities of all the organs and agencies of the United Nations system in the economic, social and human rights fields was the Economic and Social Council. It was therefore the Council which, directly or indirectly, controlled the use of the greater part of the contributions paid by Member States. The Council had been concerned for a very long time with the subject of co-ordination. It was not certain, however, that the progress achieved was proportionate to the efforts made, or, incidentally, the funds spent. The Administrative Committee on Co-ordination had begun to study in 1948 the question of a uniform presentation of the budgets of the agencies in the United Nations system. That attempt at standardization, which had been abandoned in 1952, had just been resumed, but in the meantime the differences between the budgets had become still more marked. Some interesting suggestions had been made in the third report of the

Special Committee on Co-ordination^{1/} and during the debates of the Economic and Social Council at its thirty-ninth session, but no one seemed to have raised the fundamental question whether the Council was able, in the situation it now found itself in, to play the central role given it by the Charter nor the vital question of the relative usefulness of present programmes and activities compared with other ways of using the skills and scarce resources raised not from voluntary but from compulsory contributions.

9. Two developments appeared to frustrate the efforts of the Council: the proliferation of bodies having powers of recommendation within the United Nations family and the proliferation of priorities in the economic and social field. A rough idea of the number of bodies could be obtained from, *inter alia*, annexes 3 and 4 of the report of WHO to the Economic and Social Council,^{2/} the list of United Nations document series symbols^{3/} and the Directory of FAO statutory bodies set up under articles VI and XIV of that organization's Constitution. Although relatively few of the bodies in existence reported directly to the Economic and Social Council, he doubted whether the members of the Council could be capable of reading the report submitted during the two annual sessions, together with the supporting documentation, which totalled several thousand pages and which could not be overlooked if the effectiveness of the work of each organization was to be properly assessed. That explained why the Council invariably took note with appreciation of the reports of the specialized agencies and of the International Atomic Energy Agency, despite the veritable chaos of work programmes and priorities existing in the economic and social fields. Moreover, the Council had demonstrated unusual awareness of the importance of priorities by itself establishing in the past few years some 160 work priorities for the Secretary-General and by endorsing the work priorities of the regional economic commissions totalling, in the current year, in respect of three of them, 432 high-priority projects and activities; then there were some hundreds of priorities established by subordinate bodies, as well as those established by the specialized agencies.

10. Some of the programmes undertaken under the regular budgets of the United Nations and of the specialized agencies were not merely useful, they were essential: the work, for instance, of the United Nations High Commissioner for Refugees, of WHO in the field of malaria control, of the ILO in the establishment of labour standards and of UNESCO in organizing an international campaign to save the monuments of Nubia. Unfortunately, the major part of the financial resources was absorbed by programmes and projects of less obvious value: the number of publications was far from being limited to the minimum, as it should be, and he mentioned several works whose usefulness seemed to him doubtful and which revealed, in his view, an unfortunate predilection for

^{1/} See Official Records of the Economic and Social Council, Thirty-ninth Session, Annexes, agenda item 4, document E/4068.

^{2/} Official Acts of the World Health Organization, No. 139. Transmitted to members of the Economic and Social Council by the Secretary-General in document E/4041.

^{3/} United Nations publication, Sales No.: 65.1.6.

indexes, bibliographies and research of limited value. Many of the major programmes showed a certain lack of awareness of immediate needs: those, for example, of the UNESCO Division of Philosophy and the FAO Food Consumption and Planning Branch for what most of the poor countries wanted was not so much knowledge concerning their nutrient requirements as more and cheaper food.

11. Vast sums were also expended annually on the organization of conferences, symposia, seminars and similar meetings, and it might be asked whether the results obtained were commensurate with those sums: the standardization of geographical names, for instance, did not seem of immediate import to poor countries. Other conferences, such as the International Conference on the Peaceful Uses of Atomic Energy and the United Nations Conference on New Sources of Energy, dealt with highly interesting subjects, but the resulting documentation was often too scientific or technical to meet the immediate needs of the poor countries, which above all wanted the practical application of existing knowledge to the solution of the problems facing them. That was a point which could not be stressed too strongly for, while none of the programmes financed under the regular budgets of the organizations in the United Nations family was purposeless, the majority of them did not appear designed to make a practical contribution to the solution of immediate problems confronting Member Governments.

12. His delegation did not consider that a single penny contributed to any organization in the United Nations family was "wasted", nor did it wish to reduce the budgets of those organizations. But it did believe that it was the vital interest of both the prosperous and the poor countries that the money should be utilized either directly in action programmes designed to raise the standard of living of less developed countries, or indirectly to provide background support for such programmes. That would unfortunately not appear to be the case at the present time.

13. The United Nations family of organizations could be expected to utilize in 1966, for their technical co-operation activities, funds totalling between \$250 and \$300 million, of which less than \$20 million from assessments and the remainder from voluntary contributions. The small technical co-operation programmes financed under the regular budgets of the United Nations and the specialized agencies were very numerous, and administrative costs were usually high. A typical example was the three programmes conducted by the United Nations Office of Public Information, which together totalled \$44,300, while the cost of administration was \$52,720. There also existed a number of small programmes of that kind financed from voluntary contributions. The net benefit to recipient countries of those very small programmes, whether financed under regular budgets or from voluntary contributions, did not appear obvious. The time had therefore come to undertake a thorough review of all those activities which, while ascertaining the number of objectives and funds available, could also investigate whether the needs to which they catered could not be more profitably met by con-

solidating the majority of them in the new United Nations Development Programme.

14. Similarly, it was important that the work undertaken by the new United Nations Institute for Training and Research and the other international and regional institutes should be truly complementary. However, co-ordination between the institutes, though highly desirable, was not sufficient. There must also be close co-ordination between the planning and research activities of the institutes and those organized by the secretariats of the specialized agencies and of the United Nations. In that field also a thorough review of the present situation appeared to be urgently necessary.

15. His Holiness Pope Paul VI, in the address he had delivered on his return to Rome, had stressed the flagrant inequalities which persisted between classes and nations and which, he had said, represented perhaps the most serious menace to peace. The United Nations could have no lesser goal than the construction of peace through active charity.

16. The time had come, at the mid point of the Development Decade, to review and appraise the effectiveness of the programmes and activities of the whole United Nations family in the economic, social and technical co-operation fields. Such a review might reveal that everything was being done in the most effective manner possible, or that only somewhat greater co-ordination was required. But it might also reveal the need for structural changes in the system to enable the United Nations family more effectively to pursue the goals indicated in the Charter.

17. Mr. DAVIES (Nigeria) said that he could not but express deep concern at the widening contrast between the increasing prosperity of the developed countries and the worsening misery of the developing countries. As the latter had realized, political sovereignty was futile if not accompanied by economic emancipation. But the progress so far achieved towards the targets of the Development Decade suggested that the 5 per cent growth in aggregate annual income was unlikely to be reached by the end of the Decade. The exports of the developing countries faced falling prices and shrinking markets. As the Secretary-General had stressed in the introduction to his annual report on the work of the Organization: "Once again, therefore, it has to be recorded that the terms of trade are moving against the developing countries."^{4/} That fact should impel the world community to tackle with greater imagination the problems of underdevelopment. The establishment of the United Nations Conference on Trade and Development and of its permanent organ, the Trade and Development Board, showed that the international community had accepted its responsibilities in that field. His delegation urgently appealed to all the developed countries to give their fullest support to the Conference and to its subsidiary organs so that it might succeed in the effective implementation of the recommendations adopted at Geneva.^{5/}

^{4/} See Official Records of the General Assembly, Twentieth Session, Supplement No. 1A (A/6001/Add.1), sect. iv.

^{5/} See Proceedings of the United Nations Conference on Trade and Development, volume I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

18. The regular programme and the Expanded Programme, and the Special Fund, continued to play a very important role in the training of personnel of the developing countries and in the field of pre-investment. Over the past three years, Nigeria had increased its contributions to the Expanded Programme and the Special Fund by 25 and 30 per cent respectively, to indicate the degree of importance it attached to them. As far as the United Nations Institute for Training and Research was concerned, emphasis should be placed on practical research rather than on research for purely speculative or academic purposes. Nigeria was particularly interested in the Institute and had offered an initial sum of \$28,000, \$14,000 of which had already been made available. It was encouraging to note that the United States of America had announced its intention of contributing \$300,000 to the Institute.

19. The merger of the Special Fund and the Expanded Programme was likely to result in an increase in the total resources available for development purposes and to improve administrative efficiency. It was to be hoped that the proposal would be put into effect without further delay.

20. His delegation noted with concern that the capital flow from developed countries had been levelling off since 1961, while the terms of multilateral assistance remained onerous. At the present time the developing countries were using 12 to 18 per cent of their export earnings on interest payments and amortization of loans; and that had an adverse effect on their balance-of-payments position. His delegation therefore appealed to all the developed countries to transfer 1 per cent of their national income to the developing countries in accordance with the pertinent resolutions adopted by the General Assembly and the United Nations Conference on Trade and Development. It hoped that the terms of multilateral loans would be softened, and it noted with satisfaction the improvement in the over-all terms of bilateral official lending. The average rate of interest had fallen from 3.6 per cent in 1963 to 3.1 per cent in 1964.

21. While it appreciated the efforts made by the Centre for Industrial Development, his delegation was convinced that better results could be obtained by setting up a specialized agency with the specific task of promoting industrial development. It was to be hoped that a positive decision on that matter would be taken during the twentieth session.

22. As to the economic situation in Nigeria, the gross domestic product had increased from £900 million in 1958-1959 to £1,072 million in 1962-1963; that represented a modest average growth rate of 4.5 per cent. The situation regarding foreign capital investment had been a little disappointing. Of a total capital expenditure of about £150 million in 1962-1964, only £18 million—or 13.8 per cent—had come from foreign sources. His country would continue to make strenuous efforts to attract foreign capital in order to attain the objectives of rapid economic development. It would continue to offer incentives to foreign investors in the form of temporary tax relief and exemption from duty. As evidence of its good faith, Nigeria had recently subscribed to the International Convention on the Settlement of Investment Disputes

between States and Nationals of Other States under the aegis of the International Bank for Reconstruction and Development.

23. Efforts to modernize and diversify Nigerian agriculture had suffered from the effects of shrinking markets and falling prices for primary commodities. The stabler and more equitable commodity prices became, the less the developing countries would have to depend on foreign aid.

24. The position of the Economic and Social Council as the centre of gravity in the economic and social activities of the United Nations family was not open to doubt. However, owing to the increasing complexity and diversity of its work, the technical knowledge which the Council required in a number of specialized fields was often lacking. The establishment of the Trade and Development Board had made it essential to revise the Council's programme of work so that it could devote more time to policy-making. The secretariat of the United Nations Conference on Trade and Development should provide the focal point for the study of commercial trends, needs and policies. It was consequently very important that the programmes of work of the Economic and Social Council should be co-ordinated with those of the Committees established by the Trade and Development Board, so as to avoid duplication of effort. On the other hand his Government believed that a realistic review and reappraisal could be undertaken only after the new Trade and Development Board and its Committees had functioned for some time. The Secretary-General might appoint an expert group to submit a report on that subject for consideration at the General Assembly's twenty-first session.

25. Mr. AL-RASHID (Kuwait) said that the division of the world into rich and poor countries was a source of instability and discontent, and a threat to peace and security. Political freedom and democracy had no meaning when a firm economic foundation was lacking. The economic and technical assistance which the developing countries needed in order to take the road of economic advancement would, in the long run, undoubtedly benefit the developed countries themselves. In the existing state of their economy and with the purchasing power of their peoples at its present level, the developing countries could make no significant contribution to the expansion of international trade. Their export earnings were not large enough to finance the expansion of their economy and meet the increasing cost of the machinery and manufactured goods which they had to import. It was enough to recall the proceedings of the United Nations Conference on Trade and Development in order to realize the importance of the problem created by the trade gap of the developing countries. However, the resources needed to assist those countries were available. Expenditure on armaments amounted to \$120,000 million per year, while the total volume of assistance provided to the developing countries represented less than 1 per cent of the national income of the economically advanced countries.

26. It would be wrong, however, to assume that foreign aid was the magic cure for all the ills of development. Equitable trade relations were just as important, if not more important; the application of

science and technology was also of great importance; and lastly, it was necessary to keep in mind what the developing countries could do to help themselves. Some of them could do more than others, but the emphasis should in every case be laid on the full utilization of their human resources and the building of their economy on sound and practical foundations. At all events, foreign aid and international co-operation were no substitute for national action.

27. The economic aspects of development must not be allowed to obscure the political and human elements of the problem. The developing countries were at present trying to reconcile the concept of freedom with the imperative need for economic planning and government initiative. The role of the Government varied from building a proper infra-structure to direct administration of the economy, but it was always one of the basic factors in the situation. Aid provided on a multilateral basis and channelled through the competent United Nations agencies was vastly preferable to bilateral aid, since the multilateral approach would help to divorce economic priorities from political ends. Further, it was easier for an international agency to insist upon conditions for assistance without offending national sensibilities or arousing suspicions that the assistance had a political motive. Effective multilateral economic aid could thus become a powerful instrument of peace. In that connexion, there were grounds for optimism regarding the projected merger of the Expanded Programme of Technical Assistance and the Special Fund, which would enable the United Nations to improve the co-ordination of the various existing aid programmes. He realized that the plan for voluntary contributions to a capital development fund in recommendation A. IV. 7 of the United Nations Conference on Trade and Development would depend for its success mainly on contributions from a number of highly developed countries, but he hoped that the proposal would be given careful and sympathetic consideration.

28. The General Assembly had decided to call the 1960's the Development Decade. The aim of that programme, however—a 5 per cent annual increase in the national income of the developing countries—was nowhere near achievement. As the developing countries industrialized, their growth rates steadily declined, and the productivity increases achieved would very likely be cancelled out by the natural increase in their population.

29. As to international economic co-operation, it was to be hoped that the increase in the membership of the Economic and Social Council would enable the Council to play a still more effective role in that activity.

30. His country attached special importance to regional development. Its economy depended on oil revenue which was a major factor in the nation's rapid economic transformation. Royalties from oil—of which Kuwait was the fourth largest producer and the second largest exporter in the world—accounted for 90 per cent of State revenue. The disbursement of that income was channelled through the Government, which used it to finance construction, industrialization, social services and education, and to provide economic assistance to other countries.

The Government had recognized the need for a more balanced and diversified economy, and a five-year plan for the balanced utilization of Kuwait's resources was being prepared.

31. With progress and prosperity, Kuwait had become increasingly aware of its responsibilities towards the other Arab States. As a practical interpretation of its desire to share its wealth with them, a Kuwait fund for Arab economic development had been established in 1961, with an initial capital of \$140 million which had later been doubled. The Fund constituted a constructive economic measure in regional development. Kuwait had also provide \$350 million in direct aid to Arab countries and had helped to establish an Arab-African Bank through which regional development projects would be financed.

32. Technical knowledge played an important role in every stage of development. Kuwait had therefore a special interest in technical assistance channelled through United Nations programmes. In a joint effort with the Special Fund, the Kuwait institute for economic and social planning would soon be established to help fill the growing need of trained personnel for economic and social work. Realizing the importance of industrialization and of the utilization of science and technology in economic development, Kuwait would follow with interest the efforts to establish the Centre for Industrial Development as a specialized agency.

33. Mr. ENDESHAW (Ethiopia) said that there had been a growing awareness, throughout the international community, of the developing countries' problems and of their effects on the peace and stability of the world at large. That had prompted the community to seek new ways and means of harnessing the world's material and human resources in order to speed up the economic progress, and thereby raise the level of living, of the less privileged masses. The United Nations conferences, notably the Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas and the United Nations Conference on Trade and Development and on other global issues had made it possible to catalogue the problems involved in economic and social progress, to devise measures to facilitate the solution of those problems, and to install the necessary machinery.

34. As to the attainment of the Development Decade's objectives, it had to be admitted that, as the Secretary-General had pointed out, many of the poorest economies had continued to grow most slowly. A still more disturbing fact was that the *per capita* income of the developing countries had declined during the first two years of the Decade. The factors that had led to such a discouraging start were well known. First of all, despite the appeals made to them, the developed countries were still pursuing substantially the same economic and commercial policies that had been designed and perfected during the colonial era. As a result, virtually no progress had been made in applying the recommendations adopted at Geneva by the United Nations Conference on Trade and Development. Secondly, the annual net flow of financial assistance to developing countries had levelled off since the start of the Decade, and thirdly, the prices of primary commodities had resumed their decline after

a brief recovery during the first half of 1964. The aims of the Decade could be achieved only if the developed countries represented in the General Assembly fully supported the recommendations made in the Final Act of the Conference and in the General Assembly resolutions concerning the level of international assistance to developing countries. So far, the application of the Conference recommendations had come up against legal sophistry and reluctance to co-operate on the part of important trading countries. The developing countries were well aware that some of the major Western trading nations did not fully subscribe to the Conference recommendations, but the process of conciliation was still open and could be resorted to without further delay. As to those measures on which there was unanimity, there was no reason why immediate action could not be taken.

35. Another problem was that the Conference needed information in order to follow up the application of its recommendations. For lack of information from Governments, the Trade and Development Board had been unable at its second session to review the progress made in applying the recommendations concerning trade in primary commodities, manufactures and financing related to trade. The success or failure of the Conference depended directly on the faithful application of those recommendations and on the uninterrupted flow of information on the steps taken to that end.

36. The flow of international financial assistance to developing countries, far from reaching the recommended volume of 1 per cent of the gross national product of the developed countries, had remained more or less constant since 1961, and had even decreased, if the increase in the gross national product of the developed countries were taken into account on the one hand, and the population growth in the developing countries, on the other. The latter countries were thus deprived of a substantial contribution to their foreign exchange receipts. The General Assembly should urge the developed countries to do their utmost to reach the 1 per cent figure recommended in its resolution 1711 (XVI).

37. The main limiting factor for some of the developing countries was lack of capital, while others were short of competent personnel. The United Nations and its related agencies should therefore direct their efforts to the training of public administrators, engineers, technicians and other skilled personnel, and co-ordinate their plans of assistance in order to launch a concerted attack on all fronts of development. The developing countries asked nothing more than the fulfilment of the objective put forth twenty years previously in the United Nations Charter to "promote social progress and better standards of life" in every country of the world.

38. Mr. AMIRMOKRI (Iran) observed that, four years after the proclamation of the United Nations Development Decade, the economic situation of the developing countries remained difficult and alarming. Not only had there been no "take-off" for their economy, but in many areas they had even lost ground by comparison with the second half of the preceding decade. The statistics provided by the Secretary-General showed that economic growth in the develop-

ing countries had slowed down. The annual growth rate of those countries had fallen from 4.5 per cent in 1955-1960 to 4 per cent in 1960-1963. Throughout the period 1960-1964, that rate had remained well below the 5 per cent aimed at for the Decade. Such a failure was all the more regrettable in that, during the same period, the growth rate of the industrial countries had risen from 3.4 per cent to 4.4 per cent. Furthermore, the gap in per capita income between those two groups of countries had widened during the early years of the Decade. Yet the annual rate of growth of national income set for the Development Decade could not have been considered an ambitious target in the first place. As the Under-Secretary for Economic and Social Affairs had said (955th meeting), it had been arrived at on the basis of possibilities rather than requirements.

39. The setbacks encountered by the developing countries in their battle against under-development were often attributed to their lack of realism. It was suggested that they expected a rise in per capita income to accompany the investment effort from the start, instead of being its long-deserved reward. They were chided for undue haste to gather the fruits of economic development, whereas history taught that generations of labourers in Western Europe had found themselves worse off than they had been as peasants. Again, they were reminded of the sacrifices which the Soviet masses had made to industrialize their country.

40. Those who reasoned in that way often forgot one fact: that the under-privileged masses were becoming aware of their poverty, and of its accidental and unbearable nature. The abundance of statistics and the improvement of means of communication prompted international comparisons and brought the less-favoured populations to an awareness of their misery. The Governments of the developing countries were thus forced by the pressure of public opinion in their countries to set targets for the improvement of the people's living conditions.

41. As Mr. Prebisch, the Secretary-General of the Conferences had pointed out, the developing countries had to solve the two problems of capital accumulation and income distribution simultaneously. In the opinion of the Iranian delegation, the failure of the developing countries to achieve the goals of the Development Decade might be explained—leaving aside the problem of population growth—by: the very slow increase in the demand for primary commodities and the steady deterioration in the prices of those commodities; the substantial increase in imports unaccompanied, during the early years of the Decade, by a corresponding increase in foreign aid; the low level of agricultural output, when a rapid recovery of agricultural productivity was a prerequisite for accelerated economic development. In the countries of the ECAFE region, per capita agricultural production was still below the pre-war level. Food production by those countries from 1961 to 1964 had shown an over-all increase of only 5 per cent, or well below the rate of growth of the population. In order to achieve the goal of the Development Decade—an average increase of 4 to 5 per cent annually in agricultural production—those countries should substantially quicken the pace of their development. That required larger investments

in the agricultural sector, more intensive mechanization and wider dissemination of modern agricultural techniques.

42. Clearly, the battle against under-development could only be won by the developing countries themselves. However, under-development concerned not only the countries of the third world. The ferment which it produced could easily set off international conflicts. The battle thus became part of the struggle to preserve the peace, and it was the duty of the industrial countries to participate in that struggle. The financial and technical assistance which they could provide and their co-operation with the poorer countries in organizing a just and equitable system of international trade would be decisive factors in the struggle.

43. In the 956th meeting, the representative of France had warned the Committee against what he had termed "the mirage of aid". He had attacked the argument that the transfer of capital was the essential ingredient in any solution of development problems. The Iranian delegation fully shared that view. Moreover, the famous slogan "trade, not aid" advocated by the developing countries showed that they regarded trade as having definite advantages over aid as a means of fighting under-development. Although foreign aid could only be a contributory factor, the fact remained that at the present stage it had to be maintained and even increased. The refusal of the industrial countries to allocate 1 per cent of their national income for international aid was not unrelated to the failure to achieve the goals of the Development Decade. It was highly desirable that the developed countries should act on General Assembly resolution 1710 (XVI) and the recommendation of the United Nations Conference on Trade and Development by offering more flexible terms for loans to the developing countries. A not inconsiderable portion of the export earnings of those countries was at present being consumed in servicing their external debts. It was therefore indispensable that the period of grace for repayment of the loans granted should be fairly long and interest rates very low. Such a policy would definitely make for a great increase in the effectiveness of aid as a means of combating under-development.

44. Although its results had fallen short of the expectations of the developing countries, the United Nations Conference on Trade and Development had none the less helped to analyse their problems and to set up permanent machinery for implementing its decisions. However, the efforts to achieve the purposes of the Conference would be successful only if the highly developed and the economically backward countries managed to co-operate. But co-operation was becoming increasingly difficult owing to the negative attitude of the industrial countries and their stubborn refusal to comply with the Conference's recommendations. It was discouraging to note that nothing concrete had as yet been done to mitigate the trade difficulties of the developing countries and that their economic situation had continued to deteriorate. The representatives of the developed countries had tried to convince them that the deterioration

in the terms of trade was a temporary phenomenon and that an improvement was already in sight which, together with increased exports and a steady flow of capital, would enable them to stabilize their balance of payments. Those predictions had not come true, however: the terms of trade of the developing countries had continued to deteriorate and their balance-of-payments deficits had become more pronounced. It was difficult to expect a country to plan its economic development in detail when 90 per cent of its exports were subject to sharp price fluctuations. It was futile to increase the amount of aid to developing countries while at the same time pursuing a trade policy which cancelled out the effect of that aid. The problems of primary commodity trade had been discussed at length during the Conference. The limitation or elimination of protectionist policies governing primary commodities by the industrialized countries, the conclusion of multilateral trade agreements to stabilize the prices of those commodities, and the granting of preferences for specific commodities, had been recognized as measures which might cope with the existing situation.

45. It was undeniably in the interest of the developed countries to abolish inequalities in the distribution of wealth. If the developing countries could export more at profitable prices, the foreign exchange thus earned would enable them to buy the industrial equipment they needed from the industrial countries. On the other hand, if their export earnings continued to decline, their trade partners would sooner or later experience the after-effects. Consequently, it was urgent for steps to be taken to implement the recommendations of the Conference. Guided by the decisions adopted at Geneva, Iran had seriously embarked on a policy aimed at promoting trade and co-operation at the regional level. Immediately following the Conference, the Governments of Iran, Pakistan and Turkey had established a regional co-operation organ to develop trade among the three countries, to carry out joint industrial projects and to establish a shipping company to facilitate trade with the Western hemisphere. A number of joint undertakings had already been organized or were under study in the fields of technical co-operation: air transport, shipping, petroleum, petrochemicals, tourism, information, trade, etc. Within the framework of ECAFE, Iran had continued its efforts to promote the development and liberalization of trade in Asia and the Far East. Its trade with the socialist countries and its imports from other industrialized countries had increased substantially in recent years, although Iranian exports had remained stationary. Iran had also signed an economic and technical co-operation agreement with the Soviet Union.

46. Most economists and all the Governments concerned had reached the conclusion that only more industrialization could change the present situation. Without wishing in the least to underestimate the activities of the Centre for Industrial Development, the Iranian delegation considered that existing United Nations machinery for industrial development was inadequate. A new specialized agency for industrial development should be established to fill the gap.

47. Iran attached major importance to the activities of the Special Fund and the Expanded Programme of Technical Assistance. There was every indication that the proposed consolidation of the two programmes into a single United Nations Development Programme would help to increase their effectiveness. Conse-

quently, the Iranian delegation supported the principle of the merger, but reserved the right to revert to the matter when the Committee discussed how it would operate.

The meeting rose at 5.30 p.m.