



CONTENTS

	Page
General statements (continued)	
Agenda items 12 and 40:	
Reports of the Economic and Social Council (A/7603, chapters I to VII, X, XI (sections C, D, F, G, H and J) and XIII; A/7203, paragraphs 764 to 770) (continued)	63
Second United Nations Development Decade: report of the Preparatory Committee for the Second United Nations Development Decade (continued)	

Chairman: Mr. Costa P. CARANICAS (Greece).

**GENERAL STATEMENTS (continued)
 and
 AGENDA ITEMS 12 AND 40**

Reports of the Economic and Social Council (A/7603, chapters I to VII, X, XI (sections C, D, F, G, H and J) and XIII; A/7203, paragraphs 764 to 770) (continued)

Second United Nations Development Decade: report of the Preparatory Committee for the Second United Nations Development Decade (continued) (A/7525 and Add.1-3, A/7603, chap. I; A/7603/Add.1, A/7699)

1. Mr. ASANTE (Ghana) recalled that the First United Nations Development Decade had been launched in a climate of faith, hope and charity and that although it had produced some results it had been sorely disappointing to many of the developing countries. In Africa, the quality of statistics was such that it was not even possible to give an exact picture of economic conditions in the years 1960-1966; the Executive Secretary of the Economic Commission for Africa had told the Economic and Social Council at its forty-seventh session that production *per capita* had been increasing by less than 2 per cent in twenty-eight African countries in which 72 per cent of the population of Africa lived.¹

2. In Ghana the gross national product was growing at a rate of less than 1 per cent, while the population was increasing at a rate of 2.6 per cent *per annum*. That was why the Government not only was encouraging family planning and asking its creditors to be generous but also felt that the mobilization of the country's internal resources was an urgent necessity; it was not afraid to change internal structures which were impeding development or to take measures to ensure the equitable distribution of the

¹ See *Official Records of the Economic and Social Council, Forty-seventh Session, 1614th meeting.*

national income. It was prepared to make the necessary sacrifices to secure the economic, social and cultural advancement of the people; those sacrifices, however, would be fruitful more quickly if assistance was obtained from abroad. In that connexion, he recalled the statement addressed to the General Assembly by the Prime Minister of Ghana (see 1786th plenary meeting) and reaffirmed that his Government, like that of other developing countries, could not fail to commit itself to the mobilization of its internal resources and agreed to take all measures which would make it possible to implement international economic policy more effectively; it would then be for the developed countries to commit themselves to the fulfilment of their part in the joint venture, in the interests of the advancement of all mankind. That would seem to be obvious, and it might therefore be asked why the Trade and Development Board had failed to work out its contribution.

3. Before answering that question it was necessary to note that the outlook was not entirely hopeless; for example, the Netherlands and the Scandinavian countries were making every effort to ensure that the aid targets which had been recommended were reached; Austria and Switzerland, as well as the member countries of OECD, attached the greatest importance to the problems of the Third World. At the ninth session of the Trade and Development Board the socialist countries had conducted negotiations at a high level on the expansion of trade between countries having different economic systems, especially between socialist and developing countries. It was therefore not owing to the absence of political will that it had not yet been possible to elaborate a strategy for the Second Development Decade; the reason was rather to be found in the existing political and economic impasse. The developed countries were confronted with balance-of-payments problems and commodity markets were unstable; economic statistics and theories were contradictory; pressure groups were multiplying. When the international community moved from generalities to concrete issues it was not able to take specific decisions and lapsed into futile recriminations; opportunities such as the unique one to link the Special Drawing Rights to the development needs of the Third World were not being seized.

4. In the Trade and Development Board the developing countries had stressed the need for external assistance, while the developed countries insisted on the adoption of adequate measures by the developing countries and tended to put forward certain policies, such as that of family planning, as the sole remedy for the ills of underdevelopment. It should be realized that in some parts of Africa population growth would, on the contrary, be desirable. In Ghana, where the economy could not keep pace with the present rate of population growth, steps were being taken to maintain the latter within reasonable limits;

external assistance was not required for that, but for the creation of a higher standard of living which was the most effective curb on population growth. Therefore, in the context of the Decade one problem should not be given higher priority than another, for the situation differed from one part of the world to another. The only convincing argument for population control was not an economic one but the scientific conclusion reached by the German scholar Konrad Lorenz in his studies of animal behaviour, namely, that if human beings did not have a certain amount of living space they would resort to violence to eliminate the excess population.

5. Agreement had not yet been reached on the nature of the commitments to be undertaken by the developed countries. He referred in that connexion to a statement by the Chairman of OECD's Development Assistance Committee to the effect that a number of measures forming a broad and sturdy framework for the new Decade should be applied. Mandatory commitments could not be requested, but neither could the strategy of international development consist only of empty words. As the Under-Secretary-General for Economic and Social Affairs had said in his statement to the Committee at its 1252nd meeting (A/C.2/L.1058), the success of the Second Development Decade could be assured only by the privileged nations. The burden of foreign aid was never as great as figures seemed to indicate; for example, it had been stated that every pound sterling spent by the United Kingdom for bilateral aid brought the country export orders to a value of thirty shillings; some of the problems faced by the developed countries could be solved only by enlarging world trade and increasing prosperity. Moreover, in all countries there were thousands of people who were eager to serve the cause of development and to help raise mankind out of poverty, disease and ignorance. It was not so much public opinion which had to be mobilized as the opinion of leaders.

6. The developing countries were therefore ready to take the necessary action to promote development but they wished to be assured that they were engaging in a joint venture and not a futile exchange of words. For example, they would like to be assured that the developed countries would institute a system of generalized non-reciprocal preferences for the manufactures and semi-manufactures of developing countries. They wanted to believe that international co-operation was entering on a new era of joint sacrifices and benefits.

7. Mr. VIAUD (France) said that according to the concept which had dominated the preparatory work, the Second Development Decade constituted a privileged framework within which Member States could better co-ordinate their economic policies for the benefit of the developing countries and within which the objectives to be reached within the next ten years were accordingly defined. That was a complex task which would require of Governments not only an imaginative technical effort but also a heightened sense of co-operation.

8. However, attention should not be confined to the purely economic aspects of the undertaking but should likewise be directed towards the social aspects of development in both the industrial and the under-developed countries; thus the Second Development Decade would be

conceived of as a co-operative effort not only to promote the development of the less-favoured areas but also to prepare throughout the world the material and spiritual conditions in which the man of 1980 would have his being. His delegation based its approach on those two concepts, both equally essential to the achievement of that solidarity among human beings to which the Decade should lead.

9. The first concept, according to which the Second Development Decade was a factor of economic development, placed emphasis on the point of departure, i.e., the means required to reduce the considerable gap between the rich and poor countries, a phenomenon which in the long term was a threat to peace. Accordingly, a ten-year programme should be drawn up with a view to accelerating economic growth in less-favoured areas so that they would be able to offer their peoples living conditions in conformity with the ideal of the Charter of the United Nations. The goal having been accepted by all, though there was still some discussion as to its quantitative expression, an inventory was now being made of the means by which that goal could be attained within the desired time-limits. In that connexion, the Preparatory Committee for the Second United Nations Development Decade and UNCTAD were struggling with the problem of the commitments which Member States would be called upon to undertake. As the end of the year 1970 drew nearer, the less advanced countries tended to increase their demands and the industrial countries to emphasize their reservations. The former should realize that the Decade could not be a mere programme of demands, the latter that the Decade could not be a success if they failed to make a positive contribution to it.

10. The acceptance of an average growth rate of 6 per cent for the gross domestic product of all the developing countries would mean, first, that domestic savings would have to be increased gradually from 14 to 18 per cent of income. In other words, the major effort would have to be made by the countries concerned themselves; otherwise, the benefits derived from foreign aid or the expansion of trade would not be sufficient to provide the necessary resources. If that goal and the policies necessary to attain it were not included in the programme for the Second Development Decade, the latter would lose much of its credibility. However, the economic development of the less developed countries would also depend on the contribution made by the industrial countries, which should help them alleviate the vulnerability of their economies both by providing additional resources and by protecting them against the risks of excessive competition. In that connexion, France's policy was based on the following main principles: economic and technical assistance amounting to more than 1 per cent of the gross national product, international action to stabilize primary commodity prices at a remunerative level, development of a system of general and non-discriminatory tariff preferences applicable to manufactures from the Third World, and support for the developing countries' regional integration schemes. That programme could be included in the plan for the Second Development Decade. Another point to be noted was that France's policy in that field was characterized by its continuity, and continuity was precisely one of the principal merits of the Decade. The commitments of the developed countries would not of course have binding legal force but, if they

were assumed by the majority of the industrial countries during the Decade, they would offer the under-developed countries the type of assurance they needed in order to establish their own plans with a sufficient degree of precision.

11. The rich countries should also ensure a regular and steady expansion of their own economies, as that was another essential condition for progress in the less advanced regions. They should therefore announce their intention of pursuing policies during the Decade which would be designed to increase their own gross national product by a total of 50 per cent. The General Assembly might recommend the Governments of Member States to prepare projections for the period 1971-1980 with a view to adjusting the growth targets which were bound initially to be expressed only in approximate terms, and then to verify the results achieved as the years passed. That precaution would be particularly necessary in cases where abrupt changes occurred in all the elements on which the original forecasts had been based, and where even the familiar motives of human behaviour had therefore to be re-examined.

12. Those considerations led him on to the second underlying concept of the Decade according to which it was considered as an observer of the evolution of societies in the sense that it was trying to discover what the destination would be—namely, the concept of man which would be generally accepted in ten years' time. The discussions in the Preparatory Committee had already revealed the importance of social objectives. The need to devote extensive resources to education, public health and vocational training was already sufficiently recognized. But it should not be forgotten, either, that the implementation of the strategy might be endangered by the rapid evolution of the modern world. The spectacular advances which had been made in science and technology had been accompanied by a questioning of political, social and religious values. The accumulation of discoveries contained the germ of a radical change, which might perhaps take the form of a second Renaissance. The future was no longer merely a prolongation of the past. As the President of the French Republic had said, "new scientific, technological and—in many areas—materialistic doctrines had led people to reconsider the concept of man which had virtually dominated modern society since the sixteenth century. In one way or another it was essential to find a new explanation and new *raison d'être* for human life and its goals." The Second Development Decade should therefore provide an opportunity for identifying and analysing the essential problems likely to confront mankind as a whole in such different fields as the maintenance of full employment, the future of youth, demographic expansion and the protection of the human environment.

13. The ILO World Employment Programme indicated that there would be 226 million more persons coming on to the labour market in the developing countries during the Decade. Even if the growth rate of the national product reached the level of 7 per cent, only a third of them would have serious chances of actually finding employment. During the same period, 56 million persons would be looking for employment in the industrial countries. The existence of a certain number of unemployed in the

industrial countries might perhaps make it more difficult for those countries to pursue an active policy of assistance to the developing countries. In that case, the maintenance of a high rate of activity in the more diversified economies should be accompanied by a reduction in working hours and a change in social transfer systems which would operate to the advantage of those who were no longer able to find full-time employment.

14. The occasionally disorderly demonstrations by youth against the established order had induced Governments and international organizations to prepare new programmes of action on behalf of youth, although the real need was rather to reform the existing administrative and social structures. Even at the present stage youth should certainly be given some share in the exercise of responsibilities but he wondered what obstacles present-day youth would have to face when it came to take over control during the third decade. For example, should the right of access to higher education be regarded as universal, or would it be better even at the present stage to consider a university reform which would protect the individual from social discrimination but would at the same time oblige him to follow a course which he had not himself chosen?

15. The problem was particularly serious when one considered that in certain regions the population was increasing at a rate out of all proportion to the possibilities of economic growth. That was a danger against which the Governments concerned must take advance precautions with foreign aid if necessary; but the problem was not universal, and the solution consisted primarily in ensuring that, as each new generation was born, its need to consume and its capacity to produce were used to the best possible advantage for economic progress. The problem was certainly a suitable subject for a long-term development strategy, since the factors to be taken into account usually extended over a period of twenty-five years.

16. Lastly, the planners should give some attention to the constant deterioration of the human environment. The United Nations Conference on the Human Environment to be held in 1972 did not seem to be of any immediate interest to the developing countries, since its objective and scope had not yet been defined. However, the pollution and other hazards of the modern world were just as dangerous for the working proletariat in the urban centres of the Third World as they were for the over-crowded population in the major industrial centres. The Conference should try to consider how the deterioration of the human environment would affect the course of the Second Development Decade. The cases he had mentioned were only some examples of modern trends. Others were the increased mobility of labour, changes in housing, the loosening of family ties, etc. As technical progress opened up new horizons, man himself was tending to become an anonymous element in large social groups.

17. In conclusion, he said once again that France was offering a programme of specific and coherent measures relating to economic aid, primary commodities, manufactures and regional integration, and it was proposing that that programme should be included among the objectives of the Second Development Decade. It was ready to express its firm intention of pursuing—in all those four fields

simultaneously—policies which could help the developing countries to increase their external resources. However, it also hoped that, in an international co-operation endeavour so vast as the Second United Nations Development Decade, some attention would be given to the improvement of man's condition. It was essential to bequeath to the world of the third decade a way of life in which man's free will was respected and his security guaranteed. The main function of the United Nations was surely to foresee where events were leading and, in so far as it was able, to alter the course of events for the greatest possible benefit to mankind.

18. Mr. CONDE (Guinea) said that his delegation had studied with keen interest the introductory statement by the Under-Secretary-General for Economic and Social Affairs at the Committee's 1252nd meeting, whose penetrating analysis of the world economy would be of great assistance to the Committee in its work.

19. Everyone agreed that decolonization was one of the most striking phenomena in the history of recent years. However, it should not be forgotten that, in the period of political decolonization, imperialist exploitation of the countries of the Third World was being intensified. It was against that background that his delegation wished to make its statement on the Second United Nations Development Decade. The Decade was already the subject of an abundant documentation concerning methods and strategy; but one point which remained to be stated in unambiguous terms was that there would certainly be no development decade without international economic decolonization. Any strategy designed to clarify certain aspects of development problems must at all costs include two major basic elements. It was essential, first, to restructure the obsolete system of the world economy which was based largely on the exploitation of the non-developed countries by colonialism and imperialism, and then to change the national economic structures which had been established by the colonizers and imperialists.

20. In his delegation's view, the success of the Second Development Decade would depend on the political aspect, which was closely linked to the economic aspect. That view was confirmed by various statements which had referred to what was, regrettably, the most obvious reason for the failure of the First Development Decade, namely, the lack of political motivation on the part of the rich countries to concern themselves with international economic development. The global development strategy should therefore take account of the relationship between the international economic system and the development possibilities of the countries of the Third World. That was what the Under-Secretary-General had called "practical internationalism". The essential element for the implementation of that idea was the backing of the rich countries, which should take the form of increased financial support and, especially, a willingness to change their attitude towards the development problems of the developing countries. Under the colonial régime the resources of colonies and dependent territories were exploited almost exclusively for the profit of the metropolitan countries. That had been the origin of the hateful gap separating the poor from the rich, on which so many speakers had dwelt. At the time, however, it had been hidden behind the screen of colonialism, which even

now hid from view the worst exploitation in Guinea (Bissau), Mozambique, Angola and South Africa, and was seeking to conclude neo-imperialist economic contracts elsewhere. Despite the reaction of imperialist circles, the survival instinct of peoples throughout the world was leading them to direct their efforts towards achieving material well-being, which was inseparable from freedom. That had been recognized by the Pearson report.²

21. The process of political decolonization which was nearing completion was paralleled almost automatically by an economic disengagement, and there was a growing conviction that the former colonizers would in future find it increasingly possible to do without the profits and wealth they had previously drawn from their colonies.

22. The gap between developed and under-developed countries had become the paramount problem in the present-day world. The question was how to bridge that gap at a time when part of the world was entering the space age while the great majority of mankind was struggling in vain against hunger, want and ignorance.

23. In his delegation's view, the First Development Decade would have been a success if the strategy adopted for it had consisted, first, of careful study to determine more precisely the real nature of that increasing lag in economic development and, at the same time, identification of its underlying causes, with a view to determining the parts played by the developed countries and those of the Third World in the world economic system and seeking to throw light on the resulting relationships before trying to find appropriate solutions. The 5 per cent growth rate and the goal of 1 per cent for the volume of assistance would not have been illusory if, instead of controversy about the interpretation of those goals, there had been an effort, first of all, to determine what the real relationships were between the developed world and the Third World in the fields of production, trade and movements of capital, as the Commission on International Development had just tried to do on a smaller scale. That would have enabled the world as a whole to visualize the problem of development clearly and the richer countries to see that it was necessary to expand and systematize the transfer of resources to the less developed countries, in a process of readjustment from which all would benefit in the end. In that way disappointments would have been avoided and political decolonization would have found its corollary in the economic field. Independence was a necessary condition, but did not of itself suffice, to ensure the dignity of which the countries of the Third World had so long been deprived; for that, systematic development was also required. Those countries had inherited colonial economic structures ill-conceived to satisfy the aspirations of their peoples. The specialization of the dependent territories had been dictated by the interests of the colonial nations, and it had been confined to the primary sector; the terms of trade for commodities were deteriorating and income from exports was diminishing. That resulted in a dualism in the economy of the dependent country, where an advanced "imported" sector existed side by side with an outdated or backward "indigenous" sector. To remedy that situation the under-developed countries

² Commission on International Development, *Partners in Development* (New York, Praeger Publishers, Inc., 1969).

had to carry out enormous tasks of structural reconversion at the national level, but that would require a spirit of international co-operation, with the impetus which that would give to man's solidarity and brotherhood. The Second Development Decade should be envisaged in the context of such international co-operation, and existing concepts and methods of assistance to countries of the Third World should be revised accordingly. IBRD loans should be granted on easier terms and the Special Fund component of UNDP should be given a larger role in international assistance. Bilateral assistance should be wholly disinterested.

24. In short, development required action at the international level, but above all, at the national level. It was the State's responsibility to create an awareness, a development mentality, and to bring about a radical transformation of the social and economic structures inherited from the colonial system. Guinea had formulated a philosophy of economic development and a realistic strategy based on its possibilities and oriented towards the natural region to which it belonged. It had been shown that in the process of economic development, the establishment of productive capacity, the creation and transformation of institutions designed to stimulate producers and to raise levels of living and productivity, were as important as the over-all growth rate. In other words, the structures that would make development possible had to be set up, and Guinea's efforts since attaining independence had been directed towards that conditioning of the environment in which development was to take place.

25. Guinea had introduced a non-capitalist planning system which ensured the co-ordination of production, consumption, trade and services. It had defined three major sectors of investment and adopted a code applicable to foreign investment. In that connexion he mentioned the Boké agreements recently concluded for the working of bauxite deposits, under which the purely Guinean character of the undertaking was ensured by such means as the distribution of the shares of the international company concerned, the membership of the board of directors, the distribution of profits. With those agreements, Guinea became a fully-fledged international competitor in respect of industrial techniques and organization. When that great complex was launched, Guinea would be the largest bauxite exporter in the world. Equally important schemes were planned for Kindia, in co-operation with the USSR.

26. Guinea looked forward to the Second Development Decade with great hope, for its projects would be carried out during that period. It was in a position to ensure that the general tenor of any recommendations made in connexion with the preparations for the Second Development Decade would be reflected in the non-capitalist development strategy which it had formulated, but it was aware that the goals of the Decade would only be attained if the undeveloped countries included in the struggle social considerations which could not be expressed in quantitative terms.

27. It was to be regretted that the socialist countries had not taken part in the preparation for the Second Development Decade, and Guinea hoped that a compromise

solution would be found which would enable them to take part.

Mr. Amirmokri (Iran), Vice-Chairman, took the Chair.

28. Mr. KHANACHET (Kuwait) regretted that the Preparatory Committee for the Second United Nations Development Decade had not yet succeeded in formulating an international development strategy. It could already benefit from the experience of the First Development Decade. In the field of aid and trade, UNCTAD had already adopted some recommendations which, if they had been implemented, could have established a new world economic order and reduced the gap between the developed and developing countries. No international development strategy could succeed unless it took account of the needs of the developing countries in financing, the transfer of technology, training, and trade outlets. Specific goals should be established in those fields, and the policy measures for attaining them should be clearly defined. The report of the Committee for Development Planning on its fourth and fifth sessions (E/4682) showed yet again that what had been lacking thus far was the political determination on the part of the developed countries to make the strategy work. Some developed countries had criticized the report, and had given the impression that they wished to reduce their own commitments and leave the developing countries to shoulder the main burden. But that was contrary to the whole philosophy of the strategy. It was undeniable that the success of the Second Development Decade would depend largely on a steady inflow of funds and technical assistance, and on a radical change in the pattern of international trade. The aim of the strategy should be to enable the developing countries to become self-sufficient by increasing their export earnings and diversifying their economies. The advanced countries should relax their monopoly over world trade. They should reduce the gap between commodity prices and the prices of manufactures. Commodity arrangements should be expedited to protect developing countries against fluctuations in world markets. The advanced countries should reduce the high tariffs on manufactures from developing countries, including processed and semi-processed agricultural products. Time-tables should be laid down for achieving the aid target of 1 per cent of the gross national product of the developed countries set by UNCTAD in its decision 27 (II).³ Aid should, to a large extent, be multilateral and should be channelled through United Nations agencies. It should be distributed equitably among the developing countries, and should not be governed by political considerations.

29. Yet at its fourth session the Preparatory Committee had not even begun to consider most of those questions, and had been concerned with secondary issues, such as the preparation of a declaration for the new Decade (see A/7525/Add.3 and annex), as such a declaration was inextricably linked with policy measures and action programmes, it had not been possible in the existing circumstances to get beyond the stage of generalizations. The Preparatory Committee had also studied the question of

³ See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No.: E.68.II.D.14), annex I.

mobilizing public opinion (see A/7525/Add.3, paras. 7-10). Many advanced countries wanted public opinion in the developing countries to accept greater sacrifices. But it seemed impossible to call for additional savings from peoples which were still at the subsistence level. It was in the developed countries that public opinion should be mobilized, in order to influence the Governments which had thus far been indifferent to development problems.

30. The appraisal machinery should make it possible to determine whether the contributions of the developed countries were in line with their commitments, and with the recommendations of UNCTAD and other United Nations agencies. It should also examine whether the developing countries were making the proper use of the funds they received. Such machinery could not function unless the developed countries accepted the principle of solidarity and co-operated with the developing countries to achieve specific targets. There could be no question of establishing machinery to supervise the activities of the developing countries alone. It did not seem necessary to establish new organs; the functions of review and appraisal could be entrusted to a subsidiary organ of the Economic and Social Council.

31. If the level of activity of the developing countries was not high enough, it was because those countries had been refused the resources essential to their economic and social development. Nevertheless, some developed countries, such as the Nordic countries, had once again shown their goodwill and their appreciation of the needs of the developing countries. It was to be hoped that other countries would follow that example. However, development was not a purely international process; it must also be founded on firm national and regional bases, and an important place should be assigned to the social aspects. As a programme of investment in man, it should benefit the community as a whole, and not any particular group of society.

Mr. Caranicas (Greece) resumed the Chair.

32. Mr. FERNANDEZ (Venezuela) said that the results obtained during the First Development Decade had been inadequate. The gap between rich and poor countries had increased. Some developing countries had achieved progress in the economic and social field but that progress, which had been induced by growth in the developed regions, could not be attributed solely to international co-operation. Some developed countries in Western Europe, notably the Scandinavian countries, were making a substantial contribution, which should be imitated by the great developed nations of the world. The results produced by the Preparatory Committee for the Second United Nations Development Decade seemed inadequate, but it was to be hoped that that Decade would respond to the economic and social requirements of the Third World. During the First Development Decade the major developed countries had not shown the political determination required for achieving specific agreements and supervising their execution in order to attain the goals established. The demonstration of such a political determination was still the key problem of the Second Development Decade. It was also regrettable that an important group of countries had not participated in the work of the Preparatory Committee. The argument that

those countries had no colonialist past could not absolve them from the obligation to contribute as much as they could to development efforts. His delegation considered that that argument reflected a lack of political determination on the part of those countries too. It would be absurd and illogical to require the developing countries to shoulder the main burden in an endeavour designed to enable them to remedy their own backwardness. Instead, the two groups of countries should make more vigorous efforts to establish sincere and honest co-operation, within the limits of the possibilities open to them.

33. Bilateral co-operation programmes should not contain unacceptable conditions or impose ties of ideological or political dependence. Many so-called "aid" programmes were merely commercial operations from which the countries in the position of strength often reaped the main benefits. Multilateral aid was still preferable. On that point the Commission on International Development, which consisted mainly of nations of the industrial countries, had suggested in its report that countries should make more use of multilateral agencies, and had recommended that by 1975 the industrial countries should be making at least 20 per cent of all their aid transfers in the form of multilateral aid.⁴ It was only fair to recognize that some developed countries were already resorting mainly to multilateral agencies, but it was to be hoped that the new recommendation would further strengthen the multilateral system, to the benefit of the international community. International relations could not be left to the free play of national interests. If a more equitable international order was to be established, economic and political relations should be established on a multilateral level.

34. With respect to means of financing, the developing countries had very low levels of savings, and depended largely on external sources of finance. Private capital investment was useful only when it was adapted to the needs of the recipient country. Furthermore, the interest rates on bilateral loans, and even on loans made by multilateral agencies, seemed too high. The reverse flow, in the form of dividends, interest and loan repayments, now absorbed at least half of the net capital inflow to the developing countries. If the outflow continued to increase at the same rate, there might well be a total reversal in the flow of aid. Venezuela was therefore interested in the recommendation contained in the report of the Commission on International Development to the effect that the developed countries should pay in to IBRD an amount equivalent to at least half the total sum they were receiving from the developing countries as interest on bilateral loans.⁵ The Bank could thus establish a fund that would enable it to grant interest rebates on certain loans it accorded for specific purposes. That important proposal should receive the sincere support of the major developed countries of the world. The recent establishment by the International Monetary Fund of Special Drawing Rights might lead to an increase in international liquidity which should make for additional possibilities of financing new economic activities by reducing the risk of inflation to the minimum. The great successes achieved in space research

⁴ See Commission on International Development, *Partners in Development* (New York, Praeger Publishers, Inc., 1969), p. 215.

⁵ *Ibid.*, p. 222.

should not obscure the fact that some urgent problems had not yet been given the attention they deserved; and there was still a great deal of sterile and unjustifiable expenditure for military purposes.

35. In international trade, the terms of trade had continued to deteriorate, but UNCTAD had made great efforts which, it was hoped, would soon lead to the adoption of practical measures to promote a steady increase in exports from the developing countries at equitable and remunerative prices. One of the most serious problems was that of the transfer of technology, and continued efforts should be made in that field.

36. The problem of population growth was serious, but was not in itself the principal reason for the gap between developed and developing countries. It was dangerous to generalize on that subject and the problems should be studied in the light of the circumstances prevailing in each particular country and region. There were vast expanses of fertile land in Latin America which should be able to support a much larger population. IBRD statistics had been quoted in an attempt to show that if population growth rates in the developing countries could be reduced by 0.1 per cent, that would be tantamount to increasing foreign aid by \$600 million per year. That theory could be countered by quoting other IBRD statistics: a reduction of about 5 per cent in military expenditure would make it possible to double the annual volume of international aid. However, such over-simple measures could not be taken all at once. The new international order should recognize the unity and indivisibility of the future of mankind and the supreme dignity of the human being, and should be designed to promote the development of the human personality in all its aspects and of all mankind.

37. Mr. SENEVIRATNE (Ceylon) said that the report of the Commission on International Development indicated that the average annual growth rate of seventy low-income countries since 1960 had been in line with the 5 per cent target established for the First United Nations Development Decade and that some twenty countries had maintained a growth rate of over 6 per cent *per annum* in the 1960s.⁶ That should be set against the rate of 4.8 per cent for the same period in the industrialized countries. It was a matter of gratification that the target fixed for the First Development Decade had been attained. The achievement was all the more remarkable because the development efforts of the developing countries in the 1960s had encountered many obstacles, both internal and external. In Ceylon, a continuous deterioration in the balance of trade had more than offset the increase of foreign resources sought through foreign aid.

38. Increasing understanding of the process of economic growth and of its diverse components had materially assisted in accelerating the process of economic growth in the latter years of the Decade. Even more, the man-in-the-street's present interest in development had created a new potential for the Second Development Decade. Some issues were simple and pervasive and directly affected the lives of large masses of people. That was true in particular of the rapid advances made in agricultural productivity. Like some

other countries in south and south-east Asia, Ceylon had increased its rice production markedly in 1968. Such achievements were not, however, the happy accident of the introduction of new strains of seed, but rather the end product of efforts pursued over the last twenty years to improve the social and economic environment of the country's cultivators and peasants. The measures adopted to improve health and education and reform the infrastructure of land tenure had made it possible for improved seed strains to yield the expected results.

39. The successes and failures of development were matters of intimate concern to large masses of the people, who were no less aware of shortages of imports and foreign exchange and of the need to supplement foreign exchange earnings by the transfer of resources in the form of loans and grants. It could therefore be said that public opinion was relatively well informed on simple concepts and commitments. In that context, the results obtained by the Preparatory Committee for the Second United Nations Development Decade to mobilize public opinion provided a starting point for the work of the next Decade.

40. Expectations for the Second Development Decade could reasonably be founded on the achievements of the First. Yet, the average annual rate of economic growth of the order of 6 to 7 per cent proposed by the Committee for Development Planning (see E/4682, para. 17) required the total commitment of all countries. The poor could not cease to be poor by their efforts alone although those efforts had not been inconsiderable: 85 per cent of the total investments in the developing countries came from internal resources and those countries were adopting unpopular measures, for example, to halt consumption, in the hope of increasing internal savings. Their resources, however, were still inadequate. To supplement them, efforts must be made on several fronts. For many years to come, traditional primary commodities would remain the principal source of foreign exchange for many developing countries and the world community must maintain export earnings from those sources at a remunerative level. The attempts made by Ceylon and other countries in the 1960s to ensure sustained economic growth had been undermined by instability and a fall in the prices of primary products. Schemes for stabilizing prices of primary products were urgently needed and could not be concluded without the support of the world community. Consideration should also be given to the possibility of removing excise duties imposed by developed countries on agricultural imports from developing countries, and enhancing facilities from IMF for buffer financing.

41. The developing countries needed time to restructure their production and direct it towards the export of new products, principally manufactured products which offered good prospects but for which markets must be found in the developed countries. While it was true that some developing countries had increased their exports of manufactured products, it was equally true that the developed countries had found it necessary to restrict the imports of many of those products. The developed countries had, however, acquired a dynamism which should make it easier to lift the barriers protecting their markets. Unless they decided to do so, there would be no hope of attaining growth rates of 6 to 7 per cent, since that would require an increase in import

⁶ *Ibid.*, p. 28.

capacity which could only be paid for through exports of manufactured products.

42. Assuming that the developed and developing countries took all the hard decisions necessary, there would still be a gap in resources, tentatively estimated at \$23,000 million, or about 1 per cent of the gross national product of the developed countries in 1980. It was therefore essential that the debt burden of the developing countries be contained to the lowest permissible proportion of the total external resources available to them, and that loan conditions be softened.

43. Development programmes were inherently medium- and long-term and could not be easily adjusted to the vagaries of annual budgetary allocations of foreign aid from the donor countries. It was therefore gratifying that one developed country should have announced the adoption of a policy of providing foreign aid financing over a period of years. The movement towards establishing more multi-lateral aid programmes was to be welcomed, though bilateral programmes had some advantages of their own. The greater acceptance of programme aid, which could be more effectively fitted into the recipient country's development programme, was a matter of satisfaction.

44. Tied aid might have given temporary relief to some balance-of-payments problems in the developed countries, but it had often reduced the effectiveness of aid and the developed countries should seriously consider untying it. Special problems were not unlikely to arise in connexion with food aid, particularly because of the growth of agricultural productivity and the surpluses in certain countries.

45. His delegation welcomed the agreement reached in the IMF to create additional liquidity in the form of Special Drawing Rights, which should lead to an increase in development aid. In that connexion, it welcomed the statement made by the United Kingdom representative (see 1256th meeting, para. 25).

46. In conclusion, he said that a successful development programme imposed harsh discipline on developing countries, in all sectors of their economic and social life.

47. Mr. WAPENYI (Uganda) said that the problems existing at the beginning of the First Development Decade remained unchanged. The developing countries had not been able to obtain satisfactory terms for their exports, and the majority were still exporting little more than a few commodities. It would not be surprising if the Second Development Decade encountered the same difficulties unless agreement on new standards of co-operation could be reached. Uganda, which was entering its eighth year of independence, faced the same problems as all the other

developing countries. Its debt service payments had quadrupled since independence. Its economy was based mainly on the export of coffee, cotton, tea and other agricultural commodities, and, to a minor degree, copper, tin and wolfram. While laying the foundations for industrialization, Uganda had to redouble its efforts to find markets for its new manufactures and semi-manufactures. It was co-operating with Kenya and the United Republic of Tanzania in the East African Community and with the neighbouring States of Zambia, The Democratic Republic of the Congo, Rwanda and Burundi. A language centre for the purpose of facilitating communication within the countries of the region was being set up at Kampala. Co-operation was being extended to the various transport networks, the exchange of economic information and the holding of trade fairs and missions. The East African Community had recently renegotiated associate membership in the European Economic Community.

48. The capital made available to the developing countries was sometimes in the unfavourable form of short-term commercial loans or tied aid. There were trade and political barriers obstructing access of the developing countries to new markets. Sometimes they even had to fight sales of agricultural products from the developed countries at dumping prices. Although their commodity production had doubled during the last ten years, the developing countries had been unable to increase their income because of the drastic fall in prices. Political stability, however, could only be founded on a realistic economic policy that produced results. As His Holiness the Pope had said during his recent visit to Uganda: "Development is a new name for peace". The report and recommendations of the Commission on International Development, especially with regard to the untying of aid and the refinancing of development aid funds,⁷ were worthy of incorporation into the aims of the Second Development Decade. The channelling of aid funds from IBRD and the United Nations agencies through the African Development Bank and the East African Development Bank should be approved. The role played by private investment from the developed countries could be made more effective if the enterprises concerned could be encouraged to take up long-term projects in partnership with organizations using local staff. His delegation appealed to all Members, including the socialist countries, to work together to prepare for, and ensure the success of, the Second Development Decade. It was to be hoped that the Trade and Development Board's recommendations for the Second Development Decade would be ready by the third part of its ninth session to be held in February 1970 and that the Preparatory Committee would shortly be able to complete its task.

The meeting rose at 1.20 p.m.

⁷ *Ibid.*, p. 167.