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President : Mr. J. MICHALOWSKI (Poland).

Present :

Representatives of the following States: Australia, Brazil, Colombia, Denmark, El Salvador, Ethiopia, France, India, Italy, Japan, Jordan, Poland, Senegal, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers for the following Member States: Austria, Belgium, Bulgaria, Canada, Cuba, Ghana, Indonesia, Ireland, Mali, Romania, Sweden, United Arab Republic.

Observers for the following non-member States: Federal Republic of Germany, Holy See, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Universal Postal Union, Interim Commission for the International Trade Organization.

AGENDA ITEM 4

United Nations Development Decade (E/3613 and Corr.2 and Add.1-3, E/3658, E/3664; E/L.957 and Corr.1, E/L.958 and Add.1, E/L.960)

GENERAL DEBATE (*continued*)

1. Mr. EL-FARRA (Jordan) said that the Development Decade marked a new phase of international economic co-operation which should be faced with a new spirit. Irrelevant political issues should not be raised in the discussion of item 4, which was concerned with the future, and not with the past. Further, the discussion of the merits of rival ideologies was a matter for other bodies than the Council, which was a technical organ of the United Nations.

2. General Assembly resolution 1710 (XVI) embodied the principle of partnership between the developed and the developing countries. Whether people liked it or not, they lived in a shrunken world, and they were all

interdependent; they would have to move towards co-operation, simply because the alternative was complete annihilation. Interdependence, and partnership between equals, not communism or capitalism, could capture the mood of the nationalists of Asia and Africa, and the peoples of those continents would play an important part in the emergence of a new world; their countries had immense resources and potentialities.

3. The new States Members of the United Nations, as well as some older Members, continued to face many obstacles in their economic development. They had a low level of technical knowledge and organizational efficiency, and were also beset by the pressing problem of population growth, which was particularly rapid in many parts of Asia and Africa.

4. The increase in population hindered plans for development, a fact which had been repeatedly recognized in responsible quarters. In Asia, Japan had succeeded in keeping population growth within reasonable bounds by various methods; it might be advisable to urge the Special Fund to sponsor a study of the international problem of population growth, or a seminar to be conducted at Tokyo or some other suitable place.

5. Another serious problem was the exhaustion of natural resources, which would deprive some developing countries of their income. Unless a means were found of safeguarding the economic development of those countries, it would be difficult for them to achieve economic independence.

6. In the Arab world of that time, there was a keen interest in the promotion of higher levels of living. Planners were seeking the most effective methods of pursuing a balanced social and economic development. Their pressing demands outreached the financial and scientific resources available and the Development Decade could be a great help in that respect.

7. The thorny problem of achieving balanced social and economic development had faced the twelve Arab States participating in the Conference on the Social Aspects of Development Planning in the Arab States, organized by the United Nations at Beirut from 6 to 12 November 1961. It had been shown at that conference that social justice and economic considerations were inseparable.

8. Within the framework of the Decade, special attention should be given to scientific knowledge and its application. For instance, many developing countries were dependent on weather conditions, particularly rainfall, and with the advance of technology, ways and means might be found to control rainfall.

9. The 1960 United Nations *Statistical Yearbook*¹ revealed the alarming fact that the industrial nations were getting richer and that the developing countries were receiving relatively less for their products. The value of world exports had reached a record level of \$1,125,000 million in 1960, but the under-developed nation's share of world trade had decreased by 30 per cent in the previous ten years. Even more alarming was the fact that poorer nations were spending a higher percentage of their gross national product on their peoples' needs, thus sharply curtailing their ability to provide investment funds. In order to fill that gap, grants and loans, which in 1960 had amounted to \$4,000 million, had been given to the developing countries. The contributors of those grants and loans deserved the thanks of the developing countries, but it would be unfortunate if that situation were to continue for many years to come. That problem should be given attention within the framework of the Development Decade.

10. The question of industrial development was of great importance to the developing countries and also deserved special attention. In that connexion, governments could promote the establishment of industrial development corporations, as had been done in Jordan. Such corporations could help in ascertaining the needs of developing countries and the opportunities available. Similar corporations in the developed countries could help to overcome difficulties in finding the experts needed for technical assistance and research. The Economic Committee of the Council might therefore consider the idea of establishing an effective system of co-operation, through such bodies as industrial development corporations, between developing and developed countries.

11. In order that all those ideas should prove fruitful, it was essential that the developed countries should not take steps or agree on measures which would make co-operation in the developing countries expensive and impractical. Groupings which might prejudice the rights of others and bring about unfair competition should be discouraged, particularly if the very governments which championed those groups did not permit such trade practices within their own territories among private organizations. It should be realized in the developed countries that prosperity could not be achieved in a divided world and that investments in the developing countries were an investment in peace, in prosperity and in the common good.

12. He noted with appreciation that a United Nations coffee conference was being held that month, and that a conference on cocoa was planned for the spring of 1963. Many Member States were also calling for the convening of a United Nations conference on international trade. All those conferences, if properly timed and arranged, could be helpful in improving the trade outlook of the developing countries and in seeking remedies for the problems of primary commodity markets.

13. The Secretary-General's report (E/3613 and Corr.2) contained some very constructive proposals, to which his delegation would revert in the Economic Committee.

14. Mr. WALKER (Australia) said that, before considering the Secretary-General's report containing proposals for action, it was appropriate to recall that General Assembly resolution 1710 (XVI) was addressed in part to Member States, and called for measures on the part of both developed and developing countries. Member States were called upon to pursue policies and adopt measures calculated to assist the developing countries. Those countries would set their own targets within — according to the introduction to the report — the general objective of doubling their standard of living in twenty-five or thirty years, an objective which it was heartening to see was regarded as feasible.

15. He had been particularly struck by the statement in the second paragraph of the introduction to the report: "Development is not just economic growth, it is growth plus change." In fact, even in the wealthy countries, economic growth brought with it important changes; one of the consequences of economic progress was the re-allocation of labour and resources between different sectors of the national economy. Resistance to those changes often prevented even modern communities from taking full advantage of technical progress: much of the agricultural protectionism of the industrialized countries reflected their unwillingness to adapt themselves to some of the changes produced by technical progress in countries having natural advantages in agriculture.

16. In the case of many developing countries, the problems of growth were even more complicated because far-reaching social changes had to be carried through before any considerable economic growth became possible. Those countries frequently had to establish entirely new industries and adopt new ways of life and new attitudes. The main responsibility for economic development should therefore remain with the individual countries concerned, which alone could assess the readiness of their peoples to accept the changes in social organization and habits of life that economic development entailed.

17. In considering the report, the Council should give special attention to the question of priorities, a matter to which the Australian Government had already drawn attention in its comments (see E/3613/Add.2). It was perhaps one of the shortcomings of an otherwise excellent report that it did not provide much assistance on that question of priorities. It was not, of course, altogether silent on the subject, and he noted the reference in the penultimate paragraph of chapter I to six important tasks "which have to be completed to make our hopes come true". Those six tasks might well qualify for inclusion in a list of priorities, on the grounds that it was a good principle to finish what had been started.

18. His delegation hoped that when the Council came to formulate its resolution on the Development Decade, it would indicate priorities for the guidance of the United Nations and associated international organizations, priorities which would recognize the need for special emphasis on certain activities, particularly in the earlier stages of the Decade.

19. In attempting to indicate certain kinds of action which should receive special emphasis, he would leave out many activities which should undoubtedly continue as integral parts of the Development Decade. For

¹ United Nations publication, Sales No. 61.XVII.4.

example, the Director-General of FAO had presented a most convincing case for ensuring that specific targets were set both for improvements in nutrition and for agricultural production (see E/3613/Add.1), targets which would be consistent with the over-all objective of a 5 per cent per annum growth proposed for the Development Decade. The Australian Government's reply had likewise stressed the urgent problems of nutrition and agricultural development. Similarly, his delegation did not underestimate the importance of industrialization or of the promotion of health. It was not his intention to suggest a rigid scheme of priorities to be applied within each country, or to assess the relative importance of various factors in the over-all process of development, but merely to focus attention on certain immediate priorities within the scope of United Nations action in the Development Decade.

20. On the basis of the report, there could be no doubt that first priority for United Nations action in the next few years must be assistance to the developing countries in the training of personnel; in one context after another, the report referred to the need for more trained staff in those countries. Despite all efforts, the lack of skilled persons might prove to be the most formidable obstacle in the near future to progress in many countries. Of course, the United Nations and its specialized agencies, particularly the ILO, had long been engaged upon important training programmes. However, it was not only industrial training that was needed; training in agriculture and in many other fields was of prime importance, and one of the greatest disabilities from which the developing countries suffered was the lack of educational facilities from the primary stage upwards. As suggested in the section on education of the Australian Government's reply, there seemed to be "scope for a re-orientation of educational systems towards the real needs of the under-developed countries themselves".

21. For young people, problems of education and training were closely related to employment. Special emphasis should therefore be given in the Development Decade to assistance requested by countries facing serious difficulties in the employment of young people and in their adaptation to the new conditions created by economic development. With regard to training generally, it would be helpful to the Council if the Secretariat could prepare a summary of what was being done in various fields by the whole United Nations system, indicating how much money was being devoted to training and the approximate line of demarcation between different kinds of training. That information would help the Council to consider whether additional resources should be devoted to training in general or to certain kinds of training in particular.

22. Another very high priority for United Nations action was assistance to the developing countries in the exploration, assessment and exploitation of their natural resources. Some of the most promising possibilities of work in that field involved a regional approach; the Mekong River project (E/3613 and Corr.2, annex II) was no doubt the forerunner of similar joint enterprises elsewhere.

23. The growth and adaptation of science and technology to the needs of developing countries should also

receive special emphasis in the Development Decade. In that connexion, he had been struck by item eight in the list of "new approaches" contained in the introduction to the report. In the Economic Committee, the application of non-conventional sources of energy for the benefit of the developing countries had been under discussion, but that was only a small part of the field, and he looked forward to the 1963 United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas; the work so initiated would play an important strategic role in the development of many countries.

24. With regard to improvements in the institutional machinery for development, the matter varied in importance from one developing country to another; it should, however, receive special emphasis in the Development Decade. There would undoubtedly continue to be many requests from developing countries for technical assistance in economic and social planning, in connexion with requests for international financing and also for assistance to governments in their attempts to guide the course and direction of development. Under that heading, mention should also be made of action to assist governments to improve the collection and publication of statistics, which was essential both for development planning and for the conduct of economic policy. Equally important, and urgent in many countries, was the need for assistance in the reform of taxation systems and other methods of mobilizing domestic financial resources, a matter to which perhaps insufficient attention had been given in the report.

25. As to international trade, he had not given it first priority because he had been discussing priorities for United Nations action, not the relative importance of various factors in development or the responsibilities of governments. From the latter point of view, international trade policy was, of course, a matter to be given very high priority.

26. It was significant that the list of six major outstanding tasks mentioned at the end of chapter I of the report included "An increase, and subsequent more vigorous growth, of the export earnings of under-developed countries." The same point was emphasized in operative paragraph 2 (a) of General Assembly resolution 1710 (XVI). Rapid advance in that field was a top priority for government action in the Development Decade. It did not necessarily follow, however, that new kinds of action by the United Nations system were urgently needed. What had been lacking was not so much machinery as a sufficient will on the part of governments to make the existing machinery work for the good of all countries, including in particular the developing countries.

27. In a recent study (E/3628), FAO had reached disquieting conclusions as to the outlook for major agricultural commodities in international trade and the prospects for food production and demand generally. Even under the optimistic growth assumption of 5 per cent per annum in gross national product, the FAO projections indicated that nutritional deficiencies would still be widespread in 1970.

28. Any plans for development must take into account the need for the developing countries to increase pro-

duction in order to feed their own peoples and at the same time produce surpluses which could earn foreign exchange to further their development plans in all sectors of the economy. However, as the depressing trade history of the last decade had revealed, it was not enough to solve the problem of production. In the absence of satisfactory access to markets and stable remunerative prices, the terms of trade had turned steadily against the primary producing countries, making it impossible for them to finance development plans from their export earnings.

29. At the 1214th meeting, the United States representation had advocated a pragmatic commodity-by-commodity approach, and the Australian delegation supported that approach, which enabled the range of problems inherent in international bargaining to be narrowed down to measurable dimensions, thus offering the greatest promise for general agreement on satisfactory stabilization schemes. In recent years, real efforts had been made to work out international agreements dealing with a number of commodities such as coffee, cocoa, tin and rubber; cereals, including wheat, and meat, were also commodities for which such an agreement would be extremely valuable. His delegation considered that the following principles could be valuable guides in working out such arrangements: first, an increase in world market prices for primary commodities to bridge the gap between those prices and the prices paid to producers in importing countries; second, the possible need for some limitations on exports to prevent increased prices in exporting countries from leading to excessive increases in supply having regard to the market situation; third, the examination of international arrangements to take excess supplies off the market and make them available to less developed countries at concessional prices.

30. The developing countries would inevitably also seek to increase their foreign exchange resources by expanding their exports of semi-manufactured and manufactured goods. To achieve success in that effort, they needed liberal access to the international market and, above all, to the markets of the industrialized countries. In that connexion, the removal of tariff differentiation in the industrialized countries against processed raw materials should not prove too painful a process and it would help the developing countries by increasing the volume of processing taking place in those countries. Trade in manufactures, on the other hand, tended to be a somewhat different matter, particularly because developing countries often turned first to simpler and labour-intensive forms of manufacture, such as cotton textiles. The corresponding industries in the industrialized countries were often in a state of relative stagnation; and, deeply entrenched and long-established, they tended to react sharply against new competition from the developing countries. Any solution to that problem would entail adjustments in the internal structure of the highly industrialized countries to make room for a growing volume of the simpler forms of manufactured products by a progressive shift of their productive resources to the more intensive and complex forms of manufacture. In that connexion, international co-operative action was required: a progressive liberalization of import policies on the importing side and measures of restraint on the

exporting side designed to ensure that the impact of imports from developing countries would not be so sudden or so sharp as to cause dislocation or discontent in the industrialized countries.

31. Much study, consultation and negotiation were being conducted through bodies such as GATT, FAO and the Commission on International Commodity Trade to deal with those problems of international trade. A number of governments were actively engaged in negotiations at Brussels and other capitals relating to the admission of new members to EEC and the trading arrangements between the existing or enlarged Community and other countries. Against that background, it was not a simple matter to decide what further immediate action was required from the United Nations. The United States representative had also suggested a review by a group of experts of the entire international machinery concerned with trade problems. The Australian delegation looked forward to having further particulars of that interesting suggestion, since it had itself been considering the possibility of seeking, through the existing international machinery, some continuing review of the measures that it was to be hoped would be undertaken by Member States in pursuance of operative paragraph 2 (a) of resolution 1710 (XVI).

32. As to the problem of external financing for economic development, he would hope that a determined attack upon the trade problems of the developing countries would reduce the rather staggering estimates of the amount of international aid that might be required if existing trade conditions persisted.

33. In conclusion, he expressed the hope that other delegations would be willing to pursue further the problem of priorities in the course of the discussions in the Economic Committee with a view to arriving at recommendations that would enable the Council to make a significant contribution to the direction of the United Nations action programme in the Development Decade.

34. Mr. OKAZAKI (Japan) said that United Nations activities in the economic and social fields had become increasingly geared to operational activities in the form of rendering advisory services and technical assistance to the developing countries. That shift in emphasis had been further accelerated by the steady increase in voluntary contributions to EPTA and the Special Fund. Japan supported that trend in the work programmes of the United Nations and its related agencies and hoped that it would be further promoted under the United Nations Development Decade. However, care must be taken to ensure that the expansion of the activities of various organizations did not give rise to a proliferation of new uncoordinated programmes and projects, leading to wasteful duplication. Nor should it be forgotten that there was a close interrelationship between economic and social development and that the ultimate aim of economic growth was to raise the living standards of the people. The fact that the work programmes of the United Nations and the specialized agencies were based on the wishes or requests of governments was a sound principle, and their initiative and free choice should be respected during the development Decade.

35. The Secretary-General's proposals were designed to mobilize and make the best use of resources available to mount a concerted attack on the problems hampering economic development. In the formulation of an action programme for the Development Decade, therefore, steps should first be taken to determine those areas of activities which were of the greatest strategic importance for economic growth and establish concerted action programmes.

36. The Secretary-General's report rightly emphasized the important role that the United Nations system could play in assisting the developing countries in formulating their development programmes, improving their planning techniques and training their local personnel in planning. In that connexion, his delegation welcomed the establishment of the Economic Projections and Programming Centre in the United Nations Secretariat. Training facilities in the field of development planning had also been increasing within the United Nations system. Japan, as a member of ECAFE, attached great importance to the proposed Asian institute of economic development, which, when established, would render valuable services both in training Asian planners and in giving advice to Asian countries on the formulation of their national development programmes.

37. The economic development of the less developed countries depended largely on their capacity to export, and it was widely recognized that trade was far more important than aid in promoting their development. The most effective means of expanding international trade appeared to lie in the promotion of freer multilateral trade relations among the trading nations of the world through the relaxation of import restrictions and the lowering of tariff barriers. Primary commodities would long remain the major exports of developing countries, but as exports of semi-processed and manufactured goods had assumed increasing importance, he hoped that the developed countries would refrain from applying discriminatory measures against such products from developing countries.

38. The emergence of EEC had given rise to some apprehension on the part of non-member countries, which felt that preferential treatment might be given to the developing countries associated with the Community. Representatives of the members of EEC had, however, given assurances that EEC did not intend to be a closed economic bloc; his delegation had confidence in their statements and hoped that they would adopt an outward-looking trade policy. Japan, which was highly dependent on foreign trade, hoped that a free and multilateral trading system would be maintained in as wide an area as possible, and wished to co-operate further with the developing countries in trade. Its capacity to import primary commodities and to give financial assistance to the developing countries would increase as its economy expanded and its exports increased, especially to the developed countries. His delegation therefore hoped that the developed countries would give due consideration to Japan's position in formulating their trade policies. The work of GATT, the only international trade organization, had an important bearing upon the work of the United Nations in that field. For that reason, his delegation felt that the discussion of trade problems in the United

Nations would be greatly facilitated if a concise annual report on the activities of GATT were made available to it.

39. His delegation recognized the urgent need for further expanding the total flow of capital and assistance from the developed to the less developed countries. It was therefore gratifying to note, from a recent report of OECD, that the volume of such assistance was still increasing. In that connexion, the total outflow of Japanese financial resources to the developing countries had increased in 1961 by over 50 per cent above the level of the preceding year, amounting to 1.08 per cent of the national income. His government would continue to make efforts to increase its aid to the developing countries.

40. However, the achievement of the objectives of the Development Decade depended primarily upon the self-help of the developing countries. The aid-receiving countries themselves should co-ordinate the multilateral and bilateral assistance they received, while the TAB resident representatives should play a greater role in co-ordinating the technical assistance provided by the United Nations.

41. In the Development Decade, the regional economic commissions were to play an increasingly important role. The ECAFE had gradually evolved as a central and unique forum of regional co-operation in its region, and Japan wholeheartedly supported its work. However, in view of the serious efforts at self-help being made by the ECAFE countries, of their large populations and development needs, and of the absence of any regional financial institution, his delegation hoped that they would receive a larger share of the financial and technical assistance from the developed countries and international organizations.

42. He welcomed the decision reached at the eighth session of the Governing Council of the Special Fund to authorize its Managing Director to provide, on an experimental and *ad hoc* basis, and at the specific request of a recipient country, advisory services on follow-up investment in the Special Fund-assisted projects (E/3646, para. 63(e)). The existing working relationship between the United Nations on the one hand, and IBRD and IDA on the other, should be further strengthened and better co-ordinated in the Development Decade. His delegation also hoped that exchanges of information and consultations on the subjects of common interest to the two groups would be promoted by using for the purposes of liaison the Advisory Committee of the Special Fund, which, if convened regularly, would help to promote follow-up investments in Special Fund projects and to dovetail the operations of the two groups.

43. With a view to formulating an effective action programme for the Development Decade, his delegation suggested that the Council should consider the advisability of establishing machinery to identify, in co-operation with the specialized agencies, priority areas and projects requiring urgent attention. Subsequent detailed work could then be referred to a special *ad hoc* working body of the Council, which might be established during the current session and which might submit a progress report at the thirty-sixth session. At the same time, a small but efficient unit on co-ordination might be set up

within the United Nations Secretariat to assist that special *ad hoc* body and to serve as the focal point of communications and information on the achievements of the Development Decade's action programmes. His delegation hoped that its suggestion would be given further consideration in the Co-ordination Committee when it took up the co-ordination aspect of the Secretary-General's report.

44. Japan would continue to make due contributions, financially and otherwise, to the attainment of the goal of the Development Decade. So far as the United Nations was concerned, the successful implementation of its action programmes would depend largely on the funds available to EPTA and the Special Fund. Japan would therefore also continue, within the limits of its financial capacity, to make financial contributions to those programmes with the target of \$150 million in view.

45. Mr. WODAJO (Ethiopia) said that, as the Ethiopian delegation had been one of the co-sponsors of the proposal that eventually became General Assembly resolution 1710 (XVI), his government derived pride and satisfaction at having been associated with the idea from its inception. That resolution was universal in the sense that the basic precepts, aims and goals of the Development Decade represented a sum total of agreement, enlightened understanding and a symbolic synthesis of ideas. The concepts enshrined in the resolution had not, however, been achieved without a great deal of controversy, for example, concerning the role of private and public investment and of planning in the development of the economies of the under-developed countries. Those countries themselves, he noted, had played a role no less significant than the representatives of the two more predominant social systems in defining areas of agreement. Those areas of agreement on concepts and action in the economic and social field were clearly defined in the Secretary-General's report, which laid the basis for an effective and workable programme for the Development Decade.

46. Much of the groundwork for the action that was to be taken during the Development Decade had been done in the 1950s, through the creation and development of important instruments of international action and co-operation. Those instruments included the United Nations and the specialized agencies, the various international finance institutions and the many types of multilateral and bilateral assistance programmes. Important research in the critical area of economic and social development was also being carried out in a number of academic institutions, voluntary associations, and foundations, and, to a limited extent, those institutions were carrying out positive programmes of action. Without the debates, the agreements and the institutions set up in the 1950s, a Development Decade would have been impossible, and the impetus for international co-operation would have been lacking.

47. The Secretary-General's proposals contained in his report were based on a number of assumptions. First, they recognized that modern man had in his hands all the necessary means for creating better conditions of life and that the developed countries would give their effective assistance to that end. Secondly, it was recognized that, as the problems of economic development involved a

number of interrelated social, economic and political factors, the assault on the problems of economic and social development should be carried out on a number of fronts. Thirdly, it was recognized that the major responsibility for mobilizing resources, and for mapping out plans of operations, rested on individual countries.

48. He would suggest that, if the objectives of the Development Decade were to be achieved, certain conditions had to be met in the less developed countries. For example, as economic development was first and foremost a question of leadership, the leaders of each developing country should be imbued with a sense of social justice and capable of instilling into their people a sense of enthusiasm and hope. They should be capable of mobilizing resources, introducing a certain measure of discipline and explaining why self-sacrifice was needed. Economic development was also contingent upon the development of human resources and the ability of a population to utilize the benefits of technology and to explore new frontiers of knowledge. Although the ability of any country to expand educational opportunities for its people was limited by the forbidding costs of modern education, the effect of education in increasing the productive capacity of a country justified large expenditures on education. Further, a sustained growth of national income, in the final analysis, depended upon the ability of a country to maintain a steady expansion of the rate of investment. The capital required for that purpose, apart from foreign private investment and foreign assistance, entailed the selling abroad by the developing countries, at remunerative price levels, of more of their products, in order to realize sufficient resources to pay for their imports of capital goods.

49. The comments at the 1215th meeting of the Yugoslav representative on international trade problems had been admirable. There had been a steady and persistent decline in the margin of gain for the exporters of agricultural and industrial raw materials, while the margin of gain in international trade achieved by the industrial countries had increased. In the past three years, for example, the increase in value of the exports of the primary exporting countries as a group had amounted to only about 50 per cent of the increase in the volume of their exports. That downward trend was continuing. The annual expansion of exports by the less developed countries had not been accompanied by a corresponding increase in their value, and since just before the Korean hostilities, the purchasing power of an export unit in the under-developed countries had declined by 18 per cent. In 1960 alone, the losses sustained by the under-developed countries as a result of falling prices of primary commodities were nearly equal to the total amount of capital they had received from foreign sources.

50. The Development Decade should therefore start with an examination of international trade and of its implications for the economies of the less developed countries. A liberalization of trade, the reduction of customs and other fiscal charges should be the first goal, and countries which had formed regional groupings should be persuaded to pursue trade policies which did not damage the export trade of the under-developed countries. Prices of primary commodities should be maintained at a stable and equitable level, and workable

commodity arrangements should be worked out, preferably on a commodity-by-commodity basis.

51. It was equally important that the volume of international loans and grants from the industrial countries to the developing countries should continue to expand. The importance of that capital inflow was evident from the fact that a flow of capital representing 1 per cent of the incomes of the developed countries added about 10 per cent to the national incomes of the under-developed countries, and about 100 per cent to their existing net capital formation; if that amount were invested at the normal rate, it was capable of ensuring an annual growth of national income of at least 3 per cent.

52. The United Nations and the specialized agencies could contribute to the achievement of the goals of the Development Decade by continuing to act as effective platforms for the exchange of experience and the confrontation of ideas, thus enlarging the area of agreement on means and objectives. They could, moreover, cooperate in the elaboration of programmes and the establishment of targets, preferably in quantitative terms. The efforts of international institutions should be co-ordinated and unified. Historically, those institutions had grown up on an *ad hoc* basis, without relation to each other, and specifically to meet a certain set of problems. However, it had come to be realized that the problems of economic development consisted of interrelated, social, economic and political factors.

53. The operative activities of the United Nations must therefore be co-ordinated and administered in the most economical way. In that respect, there was much merit in strengthening the regional economic commissions as the executive arms of the United Nations. Moreover, technical assistance should be integrated in the development plans of the recipient countries. For that purpose, it might be necessary to introduce, in the technical assistance field, a system of programming over a number of years.

54. In conclusion, he would emphasize that, for the less developed countries, the crux of the problem in international co-operation was trade. The problem of trade was of such cardinal importance that his delegation was a co-sponsor of draft resolution E/L.958, which strongly recommended the convening of a world trade conference.

55. Mr. HESSELUND-JENSEN (Denmark) said his delegation agreed that the highest priority should be given to stimulating development in the low-income countries in the interest of international solidarity, and he was glad to inform the Council that the Danish people and Government had in principle accepted the idea that the Danish contribution to the developing countries should as soon as possible be increased to 1 per cent of Denmark's national income.

56. In deciding how governments should channel the greater part of the development assistance, two criteria should be borne in mind, namely, which channel would provide the most effective results at the lowest cost, and which channel was most likely to increase the volume of assistance which it was possible for an individual donor country to render at a given time. Acceptance

of the first criterion would in many cases lead governments to channel a greater share of their development assistance through the United Nations system. The specialized agencies had the necessary expert knowledge to decide upon the technical soundness of proposed projects and the regional economic commissions had the necessary local knowledge to guarantee that the projects could be effectively integrated into the development plans of the recipient countries. However, in view of the human element involved, he took the view that if the people of the donor countries were provided with visual and oral information on the scope and effect of a particular development project with which a specific contribution was to be associated, the result would be to increase enthusiasm and willingness to contribute and also the size of the contribution. The United Nations information services could be of considerable assistance in that respect by helping public and private information media in the donor countries.

57. For the above reasons, it was necessary to find new means of associating, under United Nations auspices, the advantages derived from bilateral programmes with those inherent in the United Nations systems of multilateral programmes. In that respect, chapter VI — on development financing — of the Secretary-General's report was of particular interest, and it was clear that the Council should find ways and means of ensuring close contact between all agencies interested in development financing. In the case of foreign private investment, the Council might help to find ways of reconciling the interests of foreign investors and those of the recipient countries with a view to an expanded flow of private funds.

58. His delegation noted with satisfaction that the Governing Council of the Special Fund had unanimously approved a decision by which the Special Fund would include financial advisory services in its aid programmes to the developing countries. Such services should be rendered not only in the form of documents, but by including, in United Nations courses and seminars for persons from the developing areas, relevant information on the possibility of acquiring different forms of development capital, including funds from private sources. The participants could subsequently assist their respective countries in implementing their economic development plans, deriving maximum benefit from available international sources as well as from private investments.

59. In that connexion, the Danish Government was considering the introduction of legislation to establish an insurance system to facilitate increased financing of development projects from private sources; his delegation had on several occasions drawn attention to the possibility of establishing a multilateral system for the insurance of private investments against non-business risks, such as nationalization and confiscation.

60. Another way of encouraging foreign private investment would be for the developing countries to provide foreign investors with adequate information on investment opportunities and conditions. The necessary services for that purpose could be provided by the proposed regional development banks. Pending their establishment, financial officials from the developing countries participating in United Nations seminars might, while receiving

instruction in available sources of development capital, provide adequate information concerning development opportunities in their respective home countries.

61. In that connexion, he referred to the meeting in May 1962 of the Committee for the United Nations Capital Development Fund, at which the Danish and Netherlands representatives had suggested new ways of bringing economic aid to the developing countries through the expansion of existing bodies, notably the United Nations Special Fund, rather than through the setting up of a new organization that would increase overhead expenses still further. His delegation had been encouraged to learn from the Managing Director of the Special Fund that Special Fund assistance was already in many cases associated with assistance received through bilateral channels.

62. A new venture in foreign assistance would shortly be launched in the form of a joint United Nations/FAO World Food Programme; whether it would be possible and advisable during the Development Decade to expand that programme would largely depend on whether the implementation of General Assembly resolution 1714 (XVI) proved that supplementary aid in the form of surplus commodities could be given and accompanied by adequate provisions for the legitimate protection of the trade and interests of producers in the developing countries.

63. Guidance on the best possible organization and distribution of available aid should come from the developing countries themselves. It was therefore encouraging to note that those countries attached the greatest importance to matters such as education, vocational training, land reform and transport; that appraisal coincided with the Danish Government's reply to the Secretary-General's communication (see E/3613/Add.2). The importance of education and training was obvious and his government had accordingly given priority to that question in its reply.

64. In the light of Danish experience, rural development

seemed to be impossible without appropriate land reforms, which could in many cases be achieved by applying appropriate taxation systems. In Denmark, agrarian institutional reforms had been instrumental in promoting rural improvements. Agricultural developments must be viewed as an important aspect of economic development and should therefore be given an adequate place in any national development plan.

65. His delegation was glad to learn that the Special Fund was prepared to assist the establishment of small-scale industries, serviced initially as part of the industrial estates under the Special Fund's auspices. It was also encouraging to learn that technological institutes had proved their worth in promoting industrial growth in the developing countries and that, in some cases, governments had established special institutes to assist cottage industries and small entrepreneurs.

66. It was gratifying that due attention was being paid to the important field of transport development, and he expressed the hope that the regional commissions would be instrumental in planning, improving and maintaining the transport systems of their respective regions. It was, however, alarming to learn that about one half of the total population of Latin America, Africa and Asia were homeless or lived in housing conditions that were a health hazard; Denmark was therefore glad to be able to contribute in some small way to better housing conditions in the developing areas through its participation in EPTA.

67. In conclusion, he said that United Nations community development programmes depended on the mobilization of popular support and offered the advantages of associating the population directly with the national development effort; for that reason, it was imperative to ensure the participation of all the groups involved.

The meeting rose at 1 p.m.