



CONTENTS

	<i>Page</i>
Agenda item 4:	
United Nations Development Decade	
General debate (<i>continued</i>)	61

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, Uruguay, Yugoslavia.

Observers for the following Member States: Argentina, Austria, Belgium, Cuba, Greece, Iraq, Ireland, Mali, Mexico, Netherlands, 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 Bank for Reconstruction and Development, World Health Organization, Interim Commission for the International Trade Organization.

The representative of the International Atomic Energy Agency.

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. DEMUTH, International Bank for Reconstruction and Development, reaffirmed the support pledged at the thirty-third session by IBRD, IDA and IFC for the objectives of the Development Decade.
2. General Assembly resolution 1710 (XVI) was timely, and provided an opportunity to plan for the future, for which purpose the Secretary-General's report (E/3613 and Corr.2) would be a useful guide. It was impossible to predict with certainty to what extent the goals suggested in the Secretary-General's report would be reached by the end of the Decade, but the experience of the 1950s indicated that with determination, good will and con-

ted action, it would be possible, even in the relatively brief span of a decade, to make substantial progress.

3. A little more than ten years previously the industrialized countries had not yet recognized the necessity of furthering the economic and social advancement of the less developed, very little organized assistance for development had existed and only limited resources had been mobilized for such assistance. Certainly, in the early 1950s, a report such as that of the Secretary-General would have been inconceivable. The change in attitude had taken place since the establishment of IBRD and was dramatically illustrated by changes in IBRD itself, which, as a co-operative institution, necessarily reflected the views and philosophies of its members.

4. When IBRD had been set up in 1946, attention had been focused on the restoration of war-damaged economies. At that time, few voices had been raised in the more developed countries to urge the necessity, in the interests of the world community as a whole, of raising living standards in the less fortunate countries, and scant attention had been paid to such urgings. Even in 1948, when the European Recovery Programme had caused a shift of emphasis from reconstruction to development financing, progress at first had been disappointing. By the end of the following fiscal year IBRD had made only three development loans, aggregating slightly more than \$100 million. That state of affairs had been largely due to circumstances prevailing in the less developed countries; lack of projects fulfilling IBRD standards, limited administrative and technical skills, limited resources of domestic capital, unsatisfactory economic and fiscal policies, political insecurity and other causes. But to some extent at least, the slow pace of initial activity had reflected the attitude of the industrialized countries toward economic development. They had shown no sense of urgency, only a bare awareness of the difficulties and ramifications of the problems involved, and little inclination to tackle them.

5. However, during the succeeding decade, great progress had been made. The apathy of the industrialized countries had given way to a recognition that they had a direct concern with the economic well-being of the rest of the world. Concurrently, the less developed countries had come to realize better that they themselves should take economic and financial measures, build institutional foundations and accept the disciplines required to make economic development a reality. Economic development had been recognized as being in the interests of every country, and the capital-exporting countries had accepted the responsibility for promoting the development, and as a consequence vigorous action had been taken to discharge the responsibility. Development assistance

had been increased enormously in volume and scope, and increasing emphasis had been placed on international agencies and international co-operation as a means of promoting development.

6. Comparison of IBRD operations at the beginning and the end of the past decade showed that in the fiscal year ending 30 June 1952, IBRD loans had amounted to less than \$300 million. In contrast, during the latest fiscal year IBRD and IDA had provided finance in excess of \$1,000 million. Currently, the total IBRD and IDA loans outstanding amounted to almost \$6,800 million, representing 343 loans and credits to sixty-three countries.

7. In 1952, IBRD had had fifty-one members with subscriptions totalling \$8,500 million, as against seventy-five members with subscriptions of over \$20,000 million in 1962. Whereas in the early 1950s IBRD had sold its bonds only in the United States, Switzerland and Canada, its securities had since been marketed in Belgium, Germany, the Netherlands and the United Kingdom.

8. Early in the 1950s, it had become apparent that, however important loans by IBRD might be, additional financial tools were necessary to meet the varied capital needs of the developing countries. First, and largely as a result of the Council's deliberations, IFC had been created in 1956. Recently the IFC investment authority had been broadened to include the purchase of equities and the underwriting of security issues, and both the scope and scale of IFC investments were steadily increasing. In 1960, IDA had been set up.

9. Growth in the volume and variety of financing had been accompanied by growth in many other directions. Economic development depended upon more than capital; it could not be achieved without wisdom and skill. The IBRD had accordingly devoted considerable effort to enhancing the ability of its members to make the most effective use not only of development assistance, of whatever origin, but also of their own resources. The emphasis had been on assistance in the selection, preparation and execution of projects, help in development programming, and advice on economic and financial policy and management. Various techniques had been used according to circumstances: survey missions, the services of resident advisers and resident representatives, training programmes, and the fostering of development banks. In addition, IBRD had created a staff college for senior development officials, the Economic Development Institute, and had established the Development Advisory Service, consisting of a corps of experts to provide economic and financial advice, especially in the preparation and execution of development programmes. It had used its good offices, upon request, to facilitate the settlement of disputes both between governments, and between governments and private parties, and was considering the possibility of creating some kind of arbitral machinery. It had published a study concerning proposals for multilateral investment insurance.¹

10. The IBRD, having begun as a purely financial institution, had become the keystone of an integrated

complex of development assistance agencies, able to offer a wide range of financial and technical help. Together with the United Nations and other bodies, they provided a variety of well-tried instruments for fostering the objectives of the Decade.

11. However, two important limitations had to be noted. In the first place, the world-wide shortage of experts placed severe restrictions upon the plans of all agencies, national and international, dispensing assistance; in the case of IBRD, it was one of the major obstacles to the further expansion of activities. Through many different training programmes, efforts were being made to increase the numbers of skilled and experienced personnel, but, clearly, for years to come the supply would not meet the demand. As was indicated in the Secretary-General's report, every new programme and institution was a further burden on the already limited supply of trained manpower. It was probable that new programmes or institutions, through being inadequately staffed, would fail to be fully effective and that at the same time the effectiveness of existing programmes would be impaired as a consequence of the additional obligations imposed upon the existing personnel. Therefore, it would be better to concentrate on making better use of existing machinery for development purposes than to strain constantly after new approaches and new institutional arrangements.

12. The second limitation was one of capital. The IBRD and IDA could be expected to be the principal channels for the financing of multilateral programmes proposed in the Development Decade. The former had had no difficulty in recent years in raising, through the sale of bonds and in other ways, the funds needed even for its greatly expanded lending operations. But its opportunities for lending were necessarily circumscribed by the creditworthiness of its members — their ability prudently to incur additional foreign exchange debt on conventional terms — and, to some extent, by the types of project which IBRD was designed to finance. Accordingly, while IBRD would try to maintain its high level of lending, the bulk of any additional finance needed to achieve the objectives of the Development Decade would probably have to come not from IBRD, but from IDA.

13. The IDA, as pointed out in chapter IV of the Secretary-General's report, was well fitted to play just such a role. Not only could it provide financing on the "lenient" terms which balance-of-payments considerations often necessitated, but it was also authorized to finance any type of project, as long as it was of high priority, including both directly productive projects and those relating to technical training programmes, education, water supply and so on.

14. However, if IDA were to play a key role in the Decade, its resources would have to be promptly and substantially increased. The President of IDA had recently told its executive directors that, on the basis of commitments already made and projects contemplated, the initial capital of \$760 million would be fully committed by mid-1963. Accordingly, if there was not to be a serious interruption in operations, its member governments would soon have to decide upon the replenishment of the resources of IDA and the period

¹ *Multilateral Investment Insurance — A Staff Report*, International Bank for Reconstruction and Development, Washington, D.C., March 1962.

which the additional resources were intended to cover. To a considerable extent, the measure of support given to IDA would be an earnest of governments' intentions to make the Decade a period of notable advance, and of their faith in the effectiveness of multilateral channels to achieve that objective.

15. Over the years, harmonious and fruitful co-operation had been developed between the United Nations and the Special Fund, on the one hand, and the IBRD group of institutions, on the other. Close relations had also been established with the other specialized agencies, particularly in connexion with their advisory missions. With the advent of IDA, which permitted the financing of a wider range of projects, including many falling within the fields of interest of other specialized agencies, co-operation had been intensified. The satisfactory way in which those common efforts were proceeding augured well for their work together in the many programmes of the Decade for which they shared responsibility.

16. The IBRD and its affiliated bodies welcomed the opportunity of participating in the debate, not so much because it would initiate new programmes and institutions, though some might become necessary, but because it would encourage governments to try to increase the efficacy of existing machinery by making available increased resources of funds and personnel. Given those resources, the challenge presented by the Decade would be successfully met.

17. Mr. DIOP (Senegal) said that his country had supported General Assembly resolution 1710 (XVI) concerning the Development Decade because political independence should not be considered by the young nations as an end in itself, but as a means of raising standards of living. If they had to contend with chronic poverty, the political independence of the countries concerned would become a dangerous illusion.

18. The development of those nations was so heavy a task that they could not carry it out unaided. In Senegal, for example, the entire budget resources would be absorbed if schooling were provided for all its children of school age. That situation showed what difficulties confronted the State in the discharge of its responsibilities to society. A second-best solution would be to provide schooling for half the young Senegalese instead of about a third, as was the case currently. But the repercussions of such a step might be disastrous on the training of the workers and of senior personnel. It was generally recognized that a country's successful development depended as much on human skill as on the physical means of production, that is, capital and equipment, and that it needed highly skilled labour and management. Accordingly, it was evident from Senegal's educational problems that assistance from the developed to the less developed countries was indispensable; similar conclusions could be drawn from the evidence concerning other social and economic sectors.

19. The United Nations Development Decade would be the most promising venture of modern times provided the aid given to Africa was so planned that it produced the maximum benefit and that development was effective. In the first place, the African countries should have ample latitude to prepare their development plans and

particularly to settle the order of priorities: development should not be confined to large urban centres, but should extend also to the villages which were the basic cells of the African society. Secondly, the African States themselves should realize that they would develop only in so far as they succeeded in generating internal savings on a scale which would attract foreign investments. The donor countries should earmark 1 per cent of their national income for assistance to the less developed countries; in that connexion Sweden's decision to raise its contribution to the Special Fund to \$5 million was welcome. That aid should not, however, jeopardize the political independence of the recipient countries. Thirdly, schemes affecting more than one country should receive as much attention as strictly national projects; for example, a scheme similar to the Mekong basin project was needed for the Senegal River. It would be desirable to integrate national plans into an over-all regional plan, and at the same time to establish a co-ordinating body for Africa as a whole, for economically the countries of Africa were complementary and should not compete with one another in the world markets. At the same time, the developed countries should establish a plan for the protection of primary agricultural and industrial commodities and facilitate their marketing.

20. The decentralization of United Nations activities at the regional level was a happy move, and it was to be hoped that a regional economic development and planning institute, an African development bank and an institute for the training of senior industrial and business executives would be set up in Africa. The ultimate goal was to raise the rate of expansion of the African countries to 5 per cent by 1970, to build 20 million dwellings, to increase by 50 per cent the food ration of the under-developed world's 1,500 million inhabitants, to double their medical care, and to give them an education that would enable them to benefit by and to maintain, what the society of nations, in an immense effort to construct what President Senghor had called "the civilization of the universal", would achieve for them during the Decade. That was the best safeguard of international peace and security.

21. Mr. FRANZI (Italy) said that there was no need to recall his delegation's view on General Assembly resolution 1710 (XVI) since it had been expressed at the XVIth General Assembly. The fact that the resolution had been adopted unanimously showed that there was no difference of opinion on its fundamental ideas or objectives; he had no intention of using the debate on so important a matter for propagandist purposes. The accelerated development of the young nations called for a concerted and harmonious effort on the part of all the countries concerned and it would be both dangerous and harmful to sow the seeds of mistrust of the donor countries in the minds of the recipient nations.

22. The excellence of the Secretary-General's report to the Council (E/3613 and Corr.2) was a first guarantee that the United Nations would do all it could to achieve the targets set for the Development Decade; it outlined the problems involved with remarkable conciseness and clarity. The Secretary-General and the heads of the specialized agencies were to be congratulated on

their co-operation in the matter, but it was regrettable that, in fact, only four countries of the less developed areas had replied to the Secretary-General's invitation to submit proposals for the programme of the Decade and its application in their national plans; however, the replies received would provide useful material.

23. The Secretary-General's report outlined the conditions created in previous years for the development of the young nations and representing the basis of their future advancement. It reaffirmed the idea that development could be achieved by general plans and programmes taking into account all the possible elements. The inference to be drawn was that it became a secondary and somewhat academic question whether, *a priori*, a demarcation line should be drawn between public and private initiative and whether the choice lay between, for instance, agricultural and industrial development or between heavy and light industry. The report also recognized the need for international measures to deal with the instability of the international commodity trade and for the better use of existing specialized bodies such as GATT and the Commission on International Commodity Trade. It further suggested an inventory of national resources and investment possibilities for each country and recognized the basic importance of the human factor, the chief problem of the developing countries being mainly one of capacity to produce. Lastly, it affirmed the trend towards regional co-operation. Accordingly, the achievements of past years served as signposts of trends and methods: they showed the path to be followed and the means to be used in the promotion of economic and social progress. One of the basic problems in that connexion concerned the development of better methods to ensure a more economical use of the resources of international assistance.

24. His delegation shared the Secretary-General's view that one of the basic problems was to find a way of translating into effective action the desire of the industrial countries to provide assistance, and supported the proposal for intensifying the studies relating to the flow of public and private capital towards the developing countries and for creating in those countries the right climate for foreign investment. The Secretary-General had rightly drawn attention to the need to establish a balance, which was still most inadequate, between the weighing up of industrial and agricultural production problems, and it was to be hoped that his appeal would be heeded. The true problems of development were saving, technical training and planning, and they should be viewed in the general perspective of judicious planning. The Decade should be placed, as the Norwegian Government had suggested, under the sign of planning both for an increase in production with regard to current and future opportunities in domestic and world markets, and for a solution of problems relating to the structure and diversification of economies.

25. Although the question of human rights had not received due attention in the report, doubtless the Secretary-General and the Member States bore that problem in mind, since no one denied that development was a concept embracing all economic and social aspects. A rather greater emphasis might also have been placed on the specific needs of children — and not only on

the training of skilled manpower — since children, although not the builders of the Development Decade, would be the builders of the ensuing decade and deserved as much consideration as their parents.

26. With the necessary goodwill, it should be possible to find the means required to achieve the purposes of the Decade. The Italian Government was prepared to contribute its full share within the limits of its economic and financial resources and of the needs of its domestic policy.

27. Mr. DUPRAZ (France) said the true object of the Development Decade, as the United States representative had said at the 1214th meeting, was to give expression to a common determination to rise above national, racial or ideological divisions in carrying out a great human venture. The programme of the Decade would be valueless or doomed to failure unless based on the intention of Member States to contribute separately or jointly to improving the lot of humanity and unless it promoted the necessary frame of mind. All countries were agreed on targets to be set, and France accepted the Secretary-General's list of priority tasks, which was the basis of a joint programme of action.

28. One of those tasks was to give developing countries the technical assistance which they would need for a long time to come. To co-ordinate technical assistance activities, the United Nations had established EPTA and the Special Fund. France, too, had adjusted its own programmes of technical assistance as the needs of the recipient countries grew and became apparent, transforming such assistance into a concerted, and no longer a unilateral, instrument. From past experience it had become evident that, to be effective, technical assistance should form part of development plans covering the main economic sectors and should be adjusted to the phases of plans fixed by governments, for they alone could speak on behalf of the recipient countries. That presupposed a great familiarity with the problems to be solved and an administration capable of establishing and co-ordinating economic and social development; co-ordination should not take away what independence had given, but should be an additional element of national viability. In view of the vast potential scope of technical assistance, all the vital forces of a country should be enlisted in support of development. The needs of the less developed countries were so great and called for the deployment of such great resources, that United Nations technical assistance and bilateral aid together would scarcely suffice.

29. In that connexion, the Secretary-General in his report had expressed his hope for an increased volume and a greater regularity in the flow of foreign capital to the developing countries. Since 1956, France had, on the average, provided annually to those countries more than \$1,000 million, a figure which was equivalent to between 2 and 2½ per cent of the gross national product; thus, France was amongst the most important contributing countries. Out of that total, 65 per cent had come from the public sector. The contributions made by France to multilateral assistance bodies, including the Development Fund of EEC, would probably exceed \$100 million in 1962. His government would also consider what place there should be in the programme of the Decade for

the proposal to increase the resources made available to IDA, but would not let that cause any slackening in its own efforts to assist the newly independent States.

30. Another essential task of the Decade should be to increase the export earnings of the under-developed countries. Though agreement on generalities was easy, opinions differed concerning methods; some thought that the countries in question should be encouraged to industrialize, others that primary commodity prices should be revised upwards. The researches of the United Nations Secretariat and of FAO showed that what was needed was a concerted commodity policy. France favoured higher levels for the prices of primary commodities as a means of relieving private producers and States from the incubus of marginal prices. It was argued that such a course would encourage countries which were already producing foodstuffs on favourable terms, and would need increasing state intervention. Actually, the French approach involved only the broader application of methods which had proved their worth in a narrower context. His delegation appreciated and supported the demands being made to guarantee the export earnings of the primary producing countries, though it felt they were only short-term palliatives and the real problem was how to remove the causes of the situation. Moreover, unless there was a world reorganization of agricultural trade, the world food programme adopted by the United Nations and the Freedom from Hunger Campaign launched by FAO would not enter the revolutionary phase which the Development Decade was supposed to represent and would simply constitute two praiseworthy methods for disposing of surpluses.

31. Similar considerations applied to manufactured goods. In that connexion, however, a special difficulty arose: the new industrialization of the young nations would be added to the productive capacity of the industrial countries. If the latter were to open their markets to the goods produced by the former, international agreements like the arrangements relating to the trade in cotton textiles signed in 1961 under the auspices of GATT would have to be concluded to avoid the disorganization of the markets. Furthermore, countries undergoing industrialization would have to seek new outlets and also, perhaps, certain regional forms of trade organization.

32. The fear that the resources available for assistance to countries undergoing development would be inadequate had induced the United Nations to study the economic and social consequences of disarmament and to inquire whether new resources could be released. The study on that subject transmitted in the Secretary-General's report (E/3593 and Corr.1) was based on an ideal which should be maintained without discouragement, but also without illusion, for disarmament was hardly in immediate prospect. Still, the study showed that disarmament would have a generally favourable effect on the economic and social development of the countries concerned. Two problems remained: the problem of disarmament itself, and the problem of estimating what resources so released could be applied to development. Whether there was disarmament or not, however, the industrialized countries had adopted a policy of assistance to the less developed countries,

and their immediate concern was that the means available for that purpose should be used in ways which satisfied the needs as effectively as possible.

33. In that connexion, all resources would be fruitless if the recipients could not profit by them. France attached great importance to the human aspects of development, and considered that steps should be taken to ensure the physical and mental health of the human beings responsible for building their country. So far as physical health was concerned, France was participating in the campaign against endemic diseases in Africa, was helping the Congo (Leopoldville) to institute a medical service and was following with interest the efforts made by FAO and WHO in the fields of nutrition and malaria control. It also supported the UNICEF recommendation (E/3658, annex) that Member States should give the problems relating to children their due place in development plans.

34. Education meant more than the strictly utilitarian training of administrators, technicians and skilled labour; the true object of education was to produce human beings able to grasp and master all aspects of development, and to carry out in a peaceful and orderly manner the structural reforms which were both the condition and the consequence of development. It was by that criterion that the French delegation judged the parts of the Secretary-General's report (E/3613 and Corr.2) which dealt with the OPEX programme of the United Nations, with community development, occupational training, land reform and other matters affecting man and his environment.

35. In all circumstances, however, there had to be respect for human rights, without which development would create a new form of slavery more ruthless than all those from which mankind had ceaselessly striven to free itself.

36. Resolution 1710 (XVI) of the General Assembly called upon the Member States of the United Nations and specialized agencies to shape their policies in such a way that the Development Decade would be a sure success. Convinced that the immensity of the task and of the needs made rivalry and competition unnecessary and harmful, France intended to continue and to intensify its efforts. All countries had their part to play in that vast undertaking, each according to its genius: the successes and failures of the industrial countries would give material for reflection to all others; and the developing countries would have to adjust themselves to the demands of expansion and give their peoples faith in the future. The United Nations and the specialized agencies would have the function of stimulating effort and of acting as a clearing house of information. If, in the final reckoning, the Development Decade strengthened the ties between peoples, it would enhance the prestige of the United Nations and would above all give each of its Members the feeling of having made an effective contribution to a great human endeavour.

37. Mr. WINIEWICZ (Poland) said that economic competition between socialist and capitalist countries had been one of the contributory factors in the rapid growth of the previous decade, during which world output had increased at an unusually high rate. Co-existence was essential since an armed conflict might

annihilate whole nations and destroy civilization, whereas peaceful competition was becoming a major spur to world-wide development. His government, like those of other socialist countries, pursued a policy of peaceful co-existence and co-operation within the United Nations.

38. Recent economic development, however, had its dark side; the poorer countries were lagging behind, suffering from hunger and want and enjoying little of the benefits of scientific and technological progress. During the past decade, per caput incomes in the wealthy capitalist countries, already ten times greater than in the less developed, had continued to increase at a faster rate than the latter. Thus disparity between the favoured and the under-privileged had become ever greater.

39. The problem of the less developed countries was a central issue not only economically but politically and morally as well, and responsibility for its solution lay with the whole of mankind. As a matter of historical justice, the heavier part of the responsibility should be borne by those countries which owed their high standards of living largely to the exploitation of the under-developed areas, whether by means of colonial subjugation or by other no less brutal forms of enforced dependence. However, the progress of socialist countries had radically altered the pattern of the division of the world into privileged and under-privileged nations. Before the socialist construction, they had subsisted on an economic level comparable to that of the less developed countries and had often suffered from exploitation by foreign capital; but in a relatively short time, they had made an enormous advance, attained far higher economic levels and achieved a spectacular rate of growth. Their example should increase confidence in the possibility of rapid development elsewhere—a point he wished to emphasize particularly because some representatives had advocated methods usually applied in capitalist countries. It was to them that the United States representative might have addressed the remark which he had made at the 1214th meeting that no system could provide all the answers however much it might be tempted to claim that it had.

40. Poland presented an example of how under-development could be rapidly overcome. It had gone through an arduous phase of accelerated industrialization during the 1950s which had called for continuous self-denial and sacrifice, but in the end an economic level, far higher than that of the pre-war period, had been achieved and conditions had been created for balanced, sustained and swift growth. The economy was capable of an annual rate of increase in the national income of 7 to 8 per cent, with a balanced expansion of consumption and capital expenditure. The overwhelming majority of the less developed countries could probably attain the same rate of economic growth.

41. He endorsed the reading of the current world situation which had inspired the idea of the Development Decade, and was anxious that the programme should be positive and effective so as to match, at least to some degree, the magnitude of the problem to be solved. Unless the Decade resulted in considerable progress, the prestige of the United Nations might suffer.

42. The objective laid down in the Secretary-General's

report of creating conditions in which the national income of developing countries could increase by 5 per cent annually up to 1970, and that thereafter standards of living should double within a period of twenty-five to thirty years was a minimum if viewed in the light of possibilities and expectations. Dissatisfaction had been growing at the striking disparity between living standards of various nations and continents which was felt to be a blow at human dignity. It was paradoxical that those inequalities should be wider than ever in an age of unprecedented scientific and technological progress.

43. The contemplated annual rate of increase was low, not only in the light of the experience of Poland and other socialist countries, but also in the light of the expectations of improved economic conditions in countries of Latin America, Asia and Africa. Yet it would be hard to succeed with even that minimal programme unless certain essential and decisive prerequisites were satisfied. Both internal and external factors exerted an influence on economic development, and the main attention during the Decade should be directed towards creating favourable external conditions by improving the whole structure of international economic relations. The Secretary-General's report contained a series of recommendations to governments and United Nations organs, some of which involved indispensable institutional changes in agrarian structure and in other sectors, while others laid stress on industrialization as the most important vehicle of development. Indeed, industrialization had a special part to play because it created structural conditions favourable to self-sustained growth, to better relations with the rest of the world and to greater economic independence.

44. Measures undertaken by the United Nations to help the less developed countries shape their development policies should be maintained and expanded. But persuasion and advice were not enough in themselves. Some statements made during the discussion had been marred by a patronizing attitude towards nations who through their struggle for freedom and their will for national independence had displayed complete political maturity. What was needed was assistance which would enable those countries to take action. Accordingly, the United Nations programme should first provide for extensive studies and proposals concerning external factors of economic development; in that connexion, he awaited with interest the outcome of the deliberations of the working group set up under Council resolution 875 (XXXIII) to formulate a declaration on international economic co-operation.

45. From the standpoint of the less developed countries, the main importance of international trade lay in the fact that it created sound possibilities of capital investment, without which any development was inconceivable. Under the existing economic structure of those countries, more than 50 per cent of the capital equipment had in many cases to be imported from the industrially developed countries. Thus the development process, at least in its early stages, was accompanied by a growing demand for imports. To accelerate their economic development, the developing countries should therefore be given a chance to expand their exports and should have an assurance that they would command a proper price. In time, the

countries in question would be able to solve their capital investment problems through structural changes in their own economy; but for the next twelve years or so they would have to rely on foreign trade.

46. It followed that international trade was the major problem where the less developed countries were concerned. Yet the increase in the demand for their export goods was slight, and at the same time the terms of trade were deteriorating. That was a tendency which countries exporting agricultural and mineral raw materials were unable to counteract. It was a paradox that, the greater the desire of those countries to develop, the less favourable became the terms of trade for them, precisely because their development forced them to expand their exports towards a limited market. If the national income of the developing countries was to increase at an annual rate of 5 per cent, their importing capacity would have to increase at a still higher rate; yet the real value of their exports had risen by a mere 2 per cent annually during the past ten years.

47. It was therefore difficult to conceive that the objectives of the Decade would be implemented unless the conditions of world trade were drastically changed. The United Nations should therefore convene a world trade conference to consider, in particular, measures for promoting trade expansion and to culminate in the establishment of an international trade organization. It was difficult to understand those who, while voicing support for the Development Decade, claimed that such a trade conference would be premature.

48. The influence of closed economic groupings like the west European Common Market made the convening of such a conference all the more urgent. The law of economic power, under which the strong became stronger and the weak still weaker, played a decisive role in the economic relations of the capitalist world. The economic reinforcement of the strongest parties in world trade through integration could not be expected to add to the strength of the weaker parties: quite the reverse. Although new in form, the integration in western Europe seemed to retain the old contents perpetuating the relations of economic dependence and exploitation; that was why the term "neo-colonialism" had been used in that respect. On the eve of the Development Decade, the stronger partners were resorting to protectionist methods and thus petrifying the existing international division of labour, so disadvantageous to the less developed countries. What he was saying could not be dismissed as propaganda; it was a situation that was plainly occurring. Protectionist tendencies would be unobjectionable if used by the weaker against the stronger, but there was no justification for them if used in the opposite direction.

49. He did not oppose the establishment of closer forms of co-operation between countries in the same region; Poland itself belonged to a sub-regional group consisting of several socialist countries. What mattered was the true character of such groupings: they should facilitate co-operation and should not damage the interests of others. The United Nations might well draw up a code of rules for regional or sub-regional groupings, to ensure that international economic relations followed a pattern which took into account the interest of the less developed countries and, indeed, the general interest.

50. With regard to the proposals for establishing common markets for geographical regions outside Europe, it would be preferable and more effective in the case of the less developed countries to start with a preliminary form of co-operation consisting of the regional co-ordination of development plans and of long-term trade agreements.

51. A fundamental change in the orientation of international trade and of economic co-operation between nations was obviously indispensable. Trade should become the major channel of co-operation between countries with different social and political systems and belonging to different geographical areas; politically, such co-operation could serve the cause of peace.

52. It followed from his arguments that the essential financial means for the economic development of countries should be sought in their own natural resources. Indeed, the fact that the less developed countries were in need of assistance was largely due to the circumstance that the economic relations of the past had forced the colonially exploited countries to accept a division of labour unfavourable to them and had turned foreign trade into a means of earning profits in the sole interest of the highly developed capitalist countries. Economic assistance was desirable, but the essential condition for accelerating the economic development of the less developed countries was the improvement of international economic relations.

53. History offered a great chance to mankind; for, if complete disarmament was achieved and a large portion of the resources so released was used to assist the less developed countries, they could achieve the existing economic level of the highly industrialized countries within one generation. Hence, anyone who was sincerely anxious for the success of the Decade should be an enthusiastic supporter of general and complete disarmament.

54. The forms and channels through which capital assistance was given were not without their significance. Assistance could be given bilaterally, but the multilateral method was more important. That was why the proposals for a special United Nations fund for economic development (SUNFED) and later for a capital development fund had been discussed for years in the United Nations; but those proposals had not materialized because of the adamantly negative attitude of the western Powers. The situation had not improved since the proclamation of the Decade.

55. Economic assistance should be concentrated on industrial development and on the creation of the conditions for such development. The desirability of industrial development had been recognized in the Secretary-General's report on the Development Decade and in other United Nations publications, and the Organization had set up a Committee for Industrial Development; but, in addition to capital assistance, technological assistance was equally necessary for industrial development. For example, the Secretariat should endeavour to obtain more information concerning the pre-investment needs of countries requesting assistance, and perhaps the United Nations might help to establish national and regional consulting firms for different industries.

56. The socialist countries, including Poland, had gained a wealth of practical experience in solving the problem of economic growth. He could not but feel that a great many of the ideas contained in the programme of the Development Decade, such as development planning, industrial development, and the need for economic diversification, were based on the experience of the socialist countries. Poland was ready to share its experience; Polish experts were employed in many countries, mostly under bilateral agreements. Poland could take a much larger part in multilateral assistance projects, were it not hampered by United Nations procedure, to the obvious disadvantage of the potential beneficiaries.

57. If the Development Decade programme was not to be a dead letter, it had to be carried out through a concerted common effort; if it was to be effective, it should not be confined to marginal action but should deal with essential problems; if it was not to become merely a bureaucratic scheme, it should be a continual process, within which the United Nations would constantly correct and supplement its programme of action in concert with all its organs, in particular the regional economic commissions and its affiliated organizations. The Council should approach so vital a matter in a critical spirit and without illusions; it should never content itself with words or resolutions alone.

The meeting rose at 6 p.m.