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President : Mr. A. PATIÑO (Colombia)

Present :

Representatives of the following States: Argentina, Australia, Austria, Colombia, Czechoslovakia, El Salvador, Ethiopia, France, India, Italy, Japan, Jordan, 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: Algeria, Canada, Denmark, Greece, Iraq, Ireland, Luxembourg, Mexico, Norway, Portugal, Sweden, United Arab Republic.

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

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, International Monetary Fund, World Health Organization.

AGENDA ITEM 2

World economic trends

- (a) Surveys of the world economic situation (E/3761 and Add.1-3, E/3774; E/CN.12/659 and Add.1, E/CN.12/679, E/CN.12/680; E/ECE/493; E/L.1005)
- (b) Economic projections and development planning (E/3764)

GENERAL DEBATE (*continued*)

1. Mr. MATSUI (Japan) said that the moderate rate of expansion in world economic activities that was revealed in part II of the *World Economic Survey, 1962* (E/3761 and Add.1-3) appeared to be mainly due to a slackening

in the United States and in western Europe. In the first half of 1963, a rising trend in output had been observed, particularly in the highly industrialized countries.

2. During 1962, Japan's economy had shown some sluggishness due to a stringent monetary policy adopted in the latter half of 1961 in view of the rapid deterioration in balance of payments and of the rising trend in domestic prices. As a result, the increase rate of the main economic indices has declined considerably during 1962; equipment investment in the private sector had slowed down and wholesale prices had fallen. In the field of foreign trade, the value of exports had increased by 16 per cent in 1962 on a customs clearance basis, while the value of imports had decreased by about 3 per cent. As a result, equilibrium in the current account of international payments had been achieved about the middle of the year. It had thus become possible to lower the official rediscount rate twice in the previous autumn, terminating the stringent monetary policy. In the first half of 1963, a slow but clear increase had become evident in productive activities, due to the continued high level of exports and the increase in private consumption. It was expected that the increase rate of economic growth in the fiscal year 1963 would reach 6 per cent or more.

3. With regard to the basic policies of Japan in the economic and social fields, first, in recent years, investment in the social overhead capital, such as transport and housing, had been lagging behind the rapid expansion in the economic fields and there still existed an income gap between agriculture and industry, and a wage gap between large-scale and small or medium-size industries. His government was endeavouring to remedy such imbalances inherent in the Japanese economy.

4. Secondly, his government wished to make its domestic industries competitive in international markets, particularly those such as agriculture, small-scale industries and some of the heavy and chemical industries. In that connexion, there were still difficulties in regard to Japanese trade, such as the various types of discrimination applied to exports from Japan, and the chronic deficit in the invisible trade. He would urge the countries concerned to cease such unfair treatment as soon as possible. Nevertheless, Japan had been doing everything possible to implement the plan for acceleration of import liberalization. By April 1963, the figure of import liberalization, calculated on the basis of 1959 figures, had reached 89 per cent. The Japanese Government would accelerate not only the plan of import liberalization through discussions with countries concerned, but would also hasten the removal of remaining restrictions on foreign exchange.

5. Thirdly, the achievement of sound economic growth demanded a steady increase in exports, parallel with expanding import requirements.

6. The economic activities of Japan had been relatively stagnant through most of 1962, but prices of consumer goods showed a marked upward trend. The Government was therefore making every effort to stabilize consumer prices from the long-term point of view.

7. The *Survey* showed that the volume of exports from developing countries in 1962, although still increasing at a slower tempo than world trade, had expanded more quickly than in 1961. However, in the main, export prices of raw materials had been weakening. As a result, the position of the developing countries had not shown any marked improvement, particularly as regards export earnings and balance of payments. For Japan, whose trade with the developing countries in 1962 represented 47 and 40 per cent respectively of total exports and imports, the problem of economic growth in the developing countries was a matter of interest and concern.

8. It was encouraging to note that economic assistance to the developing countries had been steadily increasing. No one denied the important role of external aid, but the main problem facing the developing countries was the expansion of their exports. Consequently, his government attached importance to the forthcoming Conference on Trade and Development. Japan had liberalized most of its imports of primary commodities, whose tariff rates were either nil or low. Furthermore, his government had granted non-discriminatory treatment to the products of the developing as well as of the developed countries, and would strive for a gradual removal of the remaining import restrictions on some primary products of the developing countries.

9. In spite of Japan's fairly high rate of economic growth in recent years, the per caput income still remained at the low level of \$400. The Japanese Government and people were bearing a heavy financial burden, such as war reparation payments and other external debts. Besides, demands for social investments within Japan had been increasing. However, Japan had actively co-operated with both the developed and the developing countries through bilateral and multilateral economic and technical assistance. His country would not spare its efforts to increase its assistance in accordance with its economic growth.

10. In order for the developing countries to achieve the target set for the Development Decade, the developed countries were urged to lower their trade barriers in the case of products of the developing countries and to expand domestic demand for these products through the maintenance of high rates of economic growth. At the same time, the developing countries were expected to take the initiative wherever possible. The eventual solution of these serious problems called for international co-operation based upon a fair share of responsibility being assumed by each nation.

11. In order to secure the international movement of capital, the capital-exporting countries would have to

devise some preferential measures, while capital-importing countries would have to make necessary local adjustments. It would be advisable to study international measures for the acceleration of investment.

12. His delegation was much interested in the work of the Economic Projections and Programming Centre, and particularly in the study on the forecast of world economic trends. The results of such a study might be a great help to a country in planning its economic development programme.

13. It was gratifying to note that the activities of the United Nations family in the field of industrialization had been progressively strengthened. Many delegations had emphasized that more resources should be allocated to projects for industrial development. In that connexion, his delegation renewed its hope that the regional secretariats concerned would see to it that such requests be met; and it should not be forgotten that the initiative in such cases lay with the recipient government, which had the authority to decide its own priority of choice.

14. Mr. GUZINA (Yugoslavia) said that, generally speaking, the *Survey* showed a deceleration in the rate of growth in 1962, both in the western industrialized countries and in the planned-economy countries. However, in certain circumstances a deceleration in the rate of growth did not mean a trend towards a slower rate of growth. So far as the centrally planned economies were concerned, it could be easily explained that the slackening in the rate of growth in 1962, and partly also in 1961, had been a transitory phenomenon which might be remedied in the forthcoming period.

15. In Yugoslavia, too, the rate of growth of production had fallen in 1962 and 1961. The rate of growth of the gross national product in those years had amounted to 5 per cent per annum, which was considerably below the rates of the preceding eight years, but the decline could be attributed to a temporary adaptation of the economy to certain organizational changes and to adverse weather conditions. During 1963, agricultural production was expected to increase considerably, and the rate of growth of industrial production had already amounted to 14 per cent during the first five months, as compared with the same period in 1962. Deceleration of growth had also been noted in the developed industrial countries of the west, but that trend would not necessarily be a lasting one, especially if exports to the centrally planned economies and to the developing countries expanded.

16. Although the *Survey* pointed out that the primary producing countries had registered a rate of growth of production of 4 per cent, it would be less if Australia, New Zealand, South Africa and Japan were excluded. That meant that practically no per caput growth of production and consumption had taken place in those countries during 1962.

17. The deceleration in the rate of growth in the developing countries had been accompanied by other unfavourable factors: the reduction or a slowing down of investments, a drop in the increase of imports, a further decrease in the foreign exchange reserves and stagnation in personal consumption. Consequently, in 1962, there

had been factors, the negative impact of which would continue to be felt in coming years.

18. Two obvious conclusions could be drawn from those economic trends. First, the gap between the economically developed and the developing countries had widened further. Secondly, the basic objectives of the Development Decade were not being fulfilled.

19. While the slower rate of growth of the developing countries during 1962 had been largely due to such internal negative factors as adverse weather conditions, there had also been unfavourable external factors over which the governments had had no control. The problems arising in that connexion imparted a considerable sense of urgency to the Conference on Trade and Development, which should be one of the most significant international activities of the current era.

20. An important factor for the less developed countries was the dependence of the policy of accelerated economic growth on foreign trade and balance of payments. The policy of accelerated growth greatly aggravated, in its initial stage, the balance-of-payments problem; it meant heavy imports of machinery and equipment, raw materials, semi-manufactures, technical goods and very often, owing to radical population shifts, food. That dependence varied from country to country only with respect to intensity, depending on the level of development and the structure of production. For that reason he could not agree with the opening sentence of chapter I of part I of the *Survey* (E/3774) reading "The importance of foreign trade for economic development of the developing countries stems from the fact that in most of them production and trade constitute a preponderant part of their total economic activity". The predominance of export production and trade was only one additional element — but not the main one — as was illustrated by the case of his own country. Before the war, Yugoslavia's exports had amounted to less than 10 per cent of the national income, and during the first ten years of post-war reconstruction they had not exceeded a figure between 5 and 7 per cent. However, in the course of Yugoslavia's intensive post-war development the importance of foreign trade had been very great. There had been heavier imports of equipment and machinery, raw materials for the rapidly expanding industries, and, to a certain extent, food for the growing industrial population.

21. It might be imagined that the less developed countries, such as Yugoslavia, might successfully mobilize, provided some structural changes in distribution were made, the internal resources necessary to increase accumulation more radically. In view of the fact, however, that in the less developed countries accumulation in real terms had a very large import content and that certain elements of internal saving could not be used to pay for imports, domestic efforts to increase accumulation could not boost production by themselves.

22. International financing, accompanied by appropriate technical assistance, had both a general and specific significance for the developing countries: general to the extent that it increased accumulation, and specific because it helped to solve balance-of-payments difficulties and thereby rendered investment more effective.

23. The significance of foreign trade to the developing countries was further enhanced by the fact that those specific difficulties of accelerated growth were being solved at a time when the international economic situation had deteriorated still further to the detriment of the developing countries. The predominantly primary exports of the developing countries were stagnating or growing very slowly and their balance-of-payments position was becoming increasingly difficult. Hence those countries were often compelled to make investments which were less effective, as regards developing production, but had a smaller import content. The *Survey* clearly showed that in 1962 the slower growth of production had been largely due to the deliberate curtailment of imports of equipment and industrial raw materials.

24. The *Survey* threw light on the difficulties encountered by the developing countries owing to the preponderance of primary commodities in their exports, but it analysed the problem only in relation to world trade; it did not analyse the conditions in which those commodities were produced. It was obvious that the production of primary commodities for export should be encouraged wherever favourable natural conditions for it existed, such as deposits of petroleum, bauxite and iron ore. Otherwise the development of such production was, generally speaking, an expensive way to solve balance-of-payments difficulties. From the long-term point of view therefore the developing countries must change the pattern of their production for export and of their foreign trade, and gradually diversify their exports by including an increasing number of industrial products. Such a change was impeded by the fact that their exports were subjected to high customs tariffs and quantitative restrictions in the industrially developed countries. Many unfavourable phenomena affecting the developing countries were due to the protectionism, monopolies and greater economic power of the developed countries; sometimes the protection extended only to certain segments of the population, as was illustrated by the agrarian protectionism practised by some industrialized countries. The conclusion was clear: not only had world trade ceased to favour the economic growth of the developing countries, but its principles had also been violated in favour of the richer countries.

25. The projection of the balance-of-payments situation of the developing countries in table 1-6 on pages 6 and 7 of part I, although very concise, gave a confusing picture of the difficulties that the developing countries were encountering. The projection assumed an almost complete extrapolation of the current economic trends of the less developed countries. It estimated that the average rate of growth, up to 1965, would be the same as in the preceding decade and, from 1965 to 1970, very modest. On the basis of those trends, it could be concluded that by 1970 the developing countries would have a deficit of \$11,000 million, or more than 25 per cent of their total imports.

26. The rate of growth achieved so far had been quite insufficient to enable the developing countries to overcome their great economic and social difficulties. In order slightly to accelerate the rate by the end of the 1960s, the

developing countries would have to do the following: first, by careful selection, make a relative cut in imports; secondly, bring about a relative increase in exports; thirdly, reduce their payments for invisible imports; fourthly, obtain a larger net inflow of foreign capital. Even then, as the projection showed, 10 per cent of their total imports, or approximately 8 per cent of their gross fixed investments, would remain uncovered.

27. On the other hand, without a radical change in world trade and international financing and without further great efforts by the developing countries themselves, it would not be possible to ensure even the continuation of present trends. That emphasized the urgency of the Conference on Trade and Development, which should not just identify problems, but also find solutions for them. Those solutions would benefit the developed countries as well, since, as the *Survey* pointed out, the industrially developed western countries had suffered in 1962 from growing unemployment, a slower growth in their fixed investments, and a large increase in idle capacity. An expansion in the exports from the industrially developed to the developing countries, as well as to the planned-economy countries, would not only promote the faster growth of the developing countries but would also help the developed countries of the west to achieve full employment, which would in turn lead to fuller utilization of capacity, intensify investment and accelerate production in general.

28. Mr. MARATHE (India) said that chapter 1 of the *Survey* showed clearly that there would be a wide gap in the balance of payments of the developing countries by the end of the decade, even after allowing for some improvement in international trade and aid. Whereas it was generally realized that the exports of the developing countries as a whole had fared badly in post-war years, it was less well known that the exports of the developing countries in the ECAFE region had risen even more slowly than those of other developing countries. Many of the developing countries found themselves on the horns of a dilemma: if they tried to increase their traditional exports, they were confronted with slack foreign demand and declining prices; if they tried to increase their exports of new items, they were faced with trade restrictions.

29. The most important single problem was that of enabling the developing countries to acquire enough foreign exchange to buy the capital and other goods they needed from abroad. Undoubtedly, in the early stages of development, the inflow of external resources had a crucial role to play, but in the long run each country must achieve self-reliance by exporting enough to meet all its import requirements. According to the 1960 *Economic Survey of Europe*,¹ it had been estimated that the imports of less developed countries would have to rise from the current figure of approximately \$20,000 million to about \$60,000 million by 1980. Even if about \$10,000 million in capital were available to those countries, the above estimate would imply that they would have to increase their aggregate exports more than two-and-a-half times in twenty years. Since it was most unlikely that that

expansion could be achieved, the *Economic Survey of Europe* concluded that a substantial part of the increased exports would have to be in the form of manufactures, including processed materials. But where would those manufactures be sold?

30. Fortunately, the need for promoting the exports of the developing countries was being increasingly recognized. But the gap between intent and purpose was still too wide. It was indeed strange that the more advanced countries, with their immense resources and "know-how", still sought to protect the simple forms of manufacture in which the less industrialized countries often had a relative advantage.

31. The time had come when, as part of the strategy of the Development Decade, the United Nations should accept the proposition that exports from developing countries required preferential treatment. The present approach towards a general tariff cut would not be enough by itself because its benefits, even when they applied equally to the less developed and to the industrialized countries, would go to the established producers. Further, all the industrialized countries had an advantage in production and marketing methods and, because of established contacts, were more likely to be able to take advantage of the new opportunities. Some sort of one-way preferential treatment for certain items, both primary commodities and manufactured goods, in which the developing countries had a large export stake, was therefore necessary. Before such treatment could be accorded, the obstacles in the various markets to exports from the developing countries must be removed. At the same time, specific action might be taken to guarantee the absorption of at least part of the exportable surpluses of the developing countries.

32. The failure of exports to rise would result in continued dependence on external assistance. However, such assistance often tended to create new problems for a country whose exports increased only slowly. Fortunately, it had become generally accepted that loans on easier terms had an important role to play in the financing of development. Some of the countries receiving foreign aid found its usefulness greatly reduced when it was restricted to particular projects or to purchases in a particular country. The fewer the restrictions, the more useful the assistance was likely to be in financing development.

33. Mr. LAMARTINE YATES (Food and Agriculture Organization of the United Nations) said that per caput food supplies in the world as a whole were higher than in the early post-war years, but the progress made during the past decade had taken place mainly in the developed areas. In most of the developing countries there had been no improvement at all. It was against that bleak background that the estimate of an increase of between 2 and 3 per cent in total world agricultural production in 1962/63 must be viewed. Production had in fact risen appreciably in that period in each of the larger regions except Latin America. However, the course of agricultural production had little meaning unless considered in relation to the growth of population, which was averaging almost 2 per cent a year for the world as a whole. On a per caput

¹ United Nations publication, Sales No. 61.II.E.1.

basis, food production had been falling steadily in Latin America, while in the Far East and Africa it seemed to have dropped back to slightly less than before the war. The serious economic consequences of those trends provided a major reason why agriculture should figure more prominently in development plans. A more encouraging development in 1962 had been the first major reduction in agricultural stocks as a result of smaller harvests and, in some cases, of increased exports.

34. After three years of rapid expansion, the volume of world trade in agricultural products had showed little increase in 1962. Food exports had continued their expansion, but the volume of trade in agricultural raw materials had fallen by about 5 per cent in 1962. The prices of rice, butter, robusta coffee and sisal had risen during 1962, but most of the price improvements had come too late to have much influence on total earnings. The most remarkable increase had been in sugar prices, but that was due to special circumstances.

35. The annual variations in the situation of agricultural commodities must be viewed against the general perspectives of production and demand. In its special supplement to the *FAO Commodity Review 1962* entitled "Agricultural Commodities — Projections for 1970" (E/3628) FAO had already published a comprehensive assessment of the outlook for individual agricultural commodities. Such commodity projections were proving increasingly useful both to FAO itself and to governments. Since the completion of those projections, FAO had been pursuing its work actively in that connexion and had been collaborating with the Economic Projections and Programming Centre. Higher growth rates and the reduction of trade barriers in the high-income countries would increase demand for primary commodities. However, in the developed countries, food production was tending increasingly to exceed demand, while western Europe faced the prospect of surpluses, as the United States had done for many years. Consequently, import demand in the advanced countries might further decline and farm output might have to be cut back unless food figured more prominently in foreign aid programmes. In any case, the outlook for countries heavily dependent on agricultural exports was grave.

36. To remedy that situation, active steps were being taken to increase the export earnings of the developing countries and to increase the effectiveness of national production programmes as well as of foreign aid. It was in the context of export promotion that the work of the FAO commodity groups, negotiations in GATT and the preparations for the Conference on Trade and Development must be viewed. The number of international commodity agreements was gradually increasing. The efforts of the FAO Cocoa Study Group had led to the convening in September of a United Nations Negotiating Conference with the object of concluding an international agreement.

37. Among developments within EEC, the new Convention of Association was highly significant. The common domestic agricultural policy of the EEC countries had come into force for only a limited number of commodities;

for the remainder, progress had been much slower than expected. The effects on the Community's agricultural imports could not yet be fully judged. Other schemes of regional economic co-operation had so far made only limited progress.

38. One significant change at the national level had been the recent rejection of acreage controls in the United States wheat referendum. In the developing countries, the problem was one of increasing agricultural output and directing it towards products for which internal and external demand was likely to increase more rapidly. To that end, development planning was becoming increasingly important. More requests for assistance in that connexion had been received by FAO than in any other. Often, specific agricultural policies were not fully integrated with general development objectives and their implementation continued to fall short of expectations. The scarcity of investment resources and of skilled personnel was a formidable obstacle which must be tackled not only nationally but by greater international aid. If resources could be made available, FAO intended to expand its programme for the application of science in the various branches of agriculture, along the lines recommended by the Conference on the Application of Science and Technology.

39. The developments in 1962 with respect to food supplies had been a little better than in 1961, but were still rather disappointing. They constituted a very small step forward towards the fulfilment of the objectives of the Development Decade and the Freedom from Hunger Campaign. He hoped that in 1964 he would be able to present a report showing substantial worldwide progress.

40. Mr. P. BARTON (International Confederation of Free Trade Unions), speaking at the invitation of the President, said that world economic development seemed to be approaching a stage which would provide a much sounder basis for forecasting and policy-making than the trends of the 1950s.

41. The west European countries, especially the members of EEC, had emerged as the most rapidly expanding group in the world, while the United States had maintained its steadily increasing real productivity. On the other hand, the deceleration of economic growth in the Soviet Union, which had persisted for many years, seemed to indicate that the period of post-war recovery was reaching its end. There had also been a certain stabilization of commodity prices at the level of the late 1920s and of 1913; that might mark the end of the wide fluctuations of the past three decades.

42. In spite of its continued good performance, however, the United States economy had been unable to employ its manpower to its full extent. That only served to confirm his organization's conviction that mere growth was not enough and that specific full employment policies were needed. Unfortunately, far less information was available about a similar phenomenon which had manifested itself for the past ten years in the Soviet Union, since no statistical data or systematic analyses had been released. With respect to full employment policies, the methods used in the United States (which had been

criticized by free labour as being insufficient), such as labour exchanges, protection for workers displaced by automation, and retraining programmes, had not yet reached the Soviet Union, where the problem still seemed to be dealt with mainly by the so-called recruitment for remote regions, a method developed during the early 1930s.

43. Nevertheless, the problem as a whole could not be solved through national policies alone. World economic development had obviously reached a stage where major problems called for worldwide solutions. That was well illustrated by the situation emerging in primary commodity trade. If the hypothesis that the recent stability of commodity prices might prove more lasting was correct, the problem of remunerative and equitable commodity prices still remained to be solved. Another problem was the increasing share of developed countries in world production and in exports of primary commodities. Many technical changes in agriculture had led to large requirements of capital and land; that trend might be unfortunate, but the important thing was to draw the logical conclusions which would influence economic policies, such as the World Food Programme, market organization, orderly surplus disposal and the wider use of the buffer-stock principle, as recommended in the Haberler report. The use of buffer stocks as substitutes for international monetary reserves would also facilitate the balance-of-payments position of the developing countries and strengthen primary commodity prices; that would also serve the interests of those industrial countries which had to face the problem of excess stockpiles.

44. In the long run, the speedy expansion of the west European economy could be maintained only if international trade grew steadily. In that connexion, some highly encouraging events had occurred recently, such as the new Convention of Association, the decision to grant "untied" aid to African countries, and the arrangements with IDB concerning short-term credits for Latin America to be converted into long-term credits by IDB itself.

45. The very great import needs of the developing countries and their vast new potential markets offered an obvious solution to the problem of full employment in the industrial countries. Industries which for lack of outlets could not fully use their potential should endeavour to provide the developing countries with the finance which would enable them to purchase their products.

AGENDA ITEM 3

World social trends

(E/3769; E/CN.5/375 and Add. 1 and 2)

GENERAL DEBATE

46. Mr. de SEYNES, Under-Secretary for Economic and Social Affairs,² said that the picture of social trends over the past ten years presented by the *Report on the World Social Situation* (E/CN.5/375 and Add.1 and 2) gave no

² The complete text of the statement made by Mr. de Seynes was subsequently issued as document E/L.1010.

grounds for optimism. On the credit side of the balance-sheet might be noted the steady improvement in health conditions to which the reduction in infant mortality rates, the increased expectation of life, and the reduced incidence of contagious diseases in developing countries bore witness. Moreover, while the number of illiterates continued to increase, illiteracy rates were falling. On the other hand, the situation with regard to employment, housing and the growth of personal incomes and consumption was far from satisfactory; there stagnation appeared to be directly linked to investment opportunities and to actual investment levels in the developing countries, and it had been recognized that the relative position of the countries already at the bottom of the scale had grown even worse.

47. The reasons for that somewhat disappointing position were, in some cases, a deterioration in foreign trade; in others, political instability and a social structure which favoured the most privileged; elsewhere again, the effects of a persistent lack of material resources on a population that was rapidly increasing.

48. The application of science and modern technology to the problems of production and welfare was of key importance for economic and social progress, as the Conference on the Application of Science and Technology had made plain. The world was well aware of some of the major obstacles which prevented the sharing of scientific and technical discoveries, but it was perhaps less conscious of the fact that the introduction of new techniques inevitably called for changes in the social structure. Mental and institutional changes appeared to be a prerequisite of progress. But little was yet known about the conditions necessary for that development and there were many fundamental questions which were far from being even partially answered.

49. In recent years development plans had multiplied. Experience had revealed the danger of planning from the top without troubling to obtain the active participation of the population both in framing and implementing the plan.

50. Progress could only arise from a deeply felt impatience with existing conditions and from the conviction that a better future was attainable. In many under-developed societies there was a conviction that the conditions of human existence had been settled once and for all. Whenever social mobility was limited, land and other assets very unequally distributed in an agrarian structure offering little incentive to progress, a favourable attitude towards the introduction of technical advances could not be aroused without changing institutions or creating new ones. But indifference to progress might be followed by apprehension, once society had begun to move. Social tension and agitation were almost bound to mark the first stages in the transformation of a society which was ill-prepared for change. Those were risks which had to be recognized and faced. A development plan which did little to change the status quo of vested interests would most probably end up by perpetuating the status quo of poverty and ignorance. The real problem was to turn the energies liberated by the overthrow of structures and values to constructive ends.

51. Education was the most powerful agent of social change. Education had the role not only of helping the individual to find his place in society, but also of giving him the desire and the means to take part in the transformation of his environment. But many developing countries had adopted education programmes which were not fully consistent with their needs. In the industrialized countries, the acceleration of technical progress was such that instruction was often obsolete.

52. It was clear that industrial progress implied a change in the social climate; it was therefore necessary to build up a new concept of social progress in keeping with the demands of industrial development. The Secretariat hoped to be able to make a more thorough study of that matter during the next few months with the guidance of the Committee for Industrial Development and the Social Commission. The United Nations had been offered a new opportunity in the field of social development thanks to a contribution of \$1 million from the Netherlands Government for the establishment of a United Nations Research Institute for Social Development.

53. In considering the report of the Social Commission (E/3769), the Council would have the opportunity to lay

down guide-lines for the continuation of United Nations social activities. The Commission emphasized the importance of programmes of community development in rural areas as a means of spreading modern scientific and technical advances and of introducing structural reforms — above all agrarian reform. The Commission also laid stress on the inadequate rate of house-building and had endorsed the stand taken by the Committee on Housing, Building and Planning; namely, that the development of urban equipment represented an essential contribution towards increasing the productive capacity of a country. To neglect that would be a mistake which the developing countries must at all costs avoid. The estimated increase in the urban population of the developing countries by at least 200 million during the Development Decade was enough to justify the priority given to international assistance for housing and urban development.

54. The Council would certainly appreciate the full significance of the Commission's recommendation that the regional economic commissions should be asked to draw up plans of action on the basis of the regional chapters of the *Report on the World Social Situation*.

The meeting rose at 5.50 p.m.