



CONTENTS

Agenda items 2, 3, 4, 5, 7, 8, 10 and 17:

Page

General debate (*continued*)

Speakers:

Mr. Pachachi (Iraq)	57
Mr. Roosevelt (United States of America)	59
Mr. Benyahia (Algeria)	60
Mr. Ismail (Pakistan)	62
Mr. Lopez (Philippines)	64

President : Mr. T. BOUATTOURA (Algeria)*Present* :

Representatives of the following States: Algeria, Cameroon, Canada, Chile, Czechoslovakia, Dahomey, Ecuador, France, Gabon, Greece, India, Iran, Iraq, Luxembourg, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Australia, Bulgaria, Israel, Italy, Tunisia.

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, World Meteorological Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEMS 2, 3, 4, 5, 7, 8, 10 AND 17

World economic trends (E/4053 and addenda, E/4152 and Corr.1, E/4187 and addenda, E/4221, E/4224 and Add.1; E/ECE/613; E/CN.12/752 and Add.1 and 2, E/CN.12/754; E/CN.14/345)

General review of the development, co-ordination and concentration of the economic, social and human rights programmes and activities of the United Nations, the specialised agencies and the International Atomic Energy Agency as a whole (E/4182 and Add.1, E/4183, E/4185/Rev.1 and Rev.1/Add.1, E/4188 and Add.1, E/4190, E/4191 and Corr.1 and 2, E/4193, E/4195 and Add.1,

E/4197 and Add.1 and 2, E/4198 and Add.1, E/4199 and Add.1, E/4202, E/4205, E/4209, E/4215 and Corr.1, E/4233 and Corr.1)

Review and reappraisal of the Council's role and functions (E/4216)

United Nations Development Decade (E/4196 and Add.3)

Economic planning and projections (E/4046/Rev.1, E/4207 and Add.1; E/ECE/493/Add.1)

Financing of economic development

(a) International flow of capital and assistance (E/4170, E/4171 and Corr.1)

(b) Promotion of the international flow of private capital (E/4189 and Corr.1 and 2)

Industrial development activities (E/4192 and Add.1, E/4203, E/4229 and Add.1, E/4230)

Social development

(a) Report of the Social Commission (E/4206 and Add.1; E/CN.5/401)

(b) Report on the World Social Situation (E/CN.5/402 and Add.1 and 2; E/L.1125)

(c) Report on a programme of research and training in connexion with regional development projects (E/4228; E/CN.5/403)

GENERAL DEBATE (*continued*)

1. Mr. PACHACHI (Iraq) said that his comments in the general debate would be confined to certain major policy problems connected with the Development Decade and the decisions which the Council would be called upon to take. Many representatives had already referred to the continuing deterioration of the position of the developing countries, of which the Secretary-General of the United Nations had painted rather a sombre picture at the 1421st meeting. The gap between the prosperous countries and the developing countries had widened still further; that was mainly due to the inadequate rate of expansion of agricultural production and the fact that the terms of trade had not developed favourably. Flows of capital had scarcely increased since the marked slackening which had taken place in recent years. Population growth always nullified the efforts and sacrifices made by many of the developing countries. In that connexion, his delegation fully supported the proposal made by the Swedish representative at the 1426th meeting that the United Nations and the specialized agencies should adopt specific measures with a view to helping developing countries which were prepared to implement family planning programmes.

2. The Council had acted wisely in deciding to make a thorough examination at the present session of the question of the financing of economic development. The domestic capital of the developing countries themselves remained the principal source of finance, as was demonstrated by the steady increase in their domestic investment in relation to their gross national product. However, as the Secretary-General had pointed out, it was frequently the contribution by the developed countries which made possible the transition from stagnation to expansion. External financing of economic development depended on the extent to which the developed countries could effectively provide assistance in that field and on the recipient countries' capacity of absorption. An examination of the economic situation would show that, whereas there had been a sharp rise in production during the last five years in the developed countries without a corresponding increase in financial aid, current assistance was far below the developing countries' capacity of absorption. The latter countries could in fact make effective use of some \$4,000 million of additional credits annually. Furthermore, the conditions under which such foreign aid was granted should be far more liberal. Long-term loans should be made at low interest rates in order to relieve the developing countries of the heavy burden of servicing their foreign debt. He hoped that the Council would adopt resolutions along those lines at the present session.

3. With regard to the Development Decade in general, it was clear that the Council should adopt as a matter of urgency specific measures to overcome the difficulties and obstacles to progress. As the United Kingdom representative had rightly observed, the dangers of poverty were not national but international; if they were to be removed, that should be done by an international authority. Despite the disappointing progress achieved since the beginning of the Decade, the Council was meeting in 1966 in circumstances which justified a certain measure of optimism. Its membership now reflected more truly and more equitably the United Nations itself and it should be able to discharge its responsibilities under the Charter more effectively than in the past. As the Secretary-General had observed, the Council now had superior means at its disposal and was increasingly ready to make use of them. But that did not justify complacency; the search for the most effective means of tackling the extremely complex problems of development was a long and difficult task. The representative of France had pointed out that the problem of economic and social development was not an easy one to tackle, particularly when it involved the principles and methods of the essential co-operation between developed and less developed countries.

4. The idea of collective international responsibility for development was an entirely new one and the magnitude of the task undertaken by the international community was only now beginning to be realized. Development was bound up with all aspects of human life, and a considerable number of outdated beliefs and attitudes would have to be abandoned if the venture was to be a success. The first obstacle was a psychological one. It was undeniable that some, while paying lip service to the concept of

international responsibility, still regarded it with distrust. It was to that attitude that the Secretary-General had been referring when he had spoken of immediate and relatively narrow interests and of his fears that regionalism might degenerate into provincialism. The Secretary-General's warning, and the appeal made by the representative of Iran at the 1423rd meeting urging the Council to look to the future and not linger over problems that were still being tackled within the framework of a fundamentally backward system, should be heeded.

5. For many years, the Council had merely been a forum for the exchange of views which—however important they might still be—should no longer constitute the main feature of the Council's activity. As the Secretary-General had pointed out, the Council had the responsibility of deciding the extent and importance of current problems and the possibilities of solving them, and it was now in a better position to guide and inspire the action of others. The Council therefore had a dual role: to evaluate the progress made towards attainment of the goals of the Development Decade and, on the basis of that evaluation, to draw up plans for action in certain key sectors and, if necessary, to establish an order of priority. The Council would naturally have to be given all the assistance it required in order to carry out that difficult and complex task. It should be possible in that connexion to make use of two existing mechanisms: the Committee for Development Planning, which had just submitted its first report (E/4207), and the joint meetings of the Administrative Committee on Co-ordination and the Special Committee on Co-ordination. Those two Committees should meet more frequently, particularly at the technical or preparatory level. The States members of the Special Committee on Co-ordination should send to the joint meetings experts in development planning who would work in close liaison with experts and technical staff of the United Nations and the specialized agencies. The Secretary-General of the United Nations and the executive heads of the specialized agencies attended the joint meetings, and Governments should reasonably be expected to send representatives at the highest possible level. What he was in fact proposing was to broaden the scope of the joint meetings by giving them a permanent institutional basis and by assigning them the task of assisting the Council in its appraisal of progress made and in preparing plans. The work of evaluation and planning, in all its stages, would thus be a joint undertaking by Governments and the Secretariat; it was essential that the latter, and the secretariats of the specialized agencies, should play a more active part in policy-making. It was becoming more urgent than ever to improve the existing machinery. With the amount of information at present available, a clearer idea could be gained of the needs of the developing countries, both as a whole and regionally. Similarly, more thorough planning was required to ensure efficient use of the limited resources available to the United Nations and its affiliated organizations. With better planning, priorities could also be established on which Member States might wish to base their own action.

6. With those few remarks, he had sought to define the orientation which the Council should give its work during the session. The present Development Decade

should be considered merely as a prelude to broader and, he hoped, more effective international action. It had not been possible to attain the modest targets of the present Decade because of a certain apathy and lack of understanding, as well as an insufficiency of resources. Having acquired a better knowledge of the development process, the Council should now look to the future with greater confidence and carry out its work with increased vigour and determination.

7. Mr. ROOSEVELT (United States of America) stated that he would avail himself of the opportunity held out in the note on the organization of the work of the session (E/L.1109/Rev.1) to make a second intervention on behalf of the United States delegation in the general debate. In that connexion, he pointed out that at the 1422nd meeting, the head of the United States delegation had centred his remarks on two high priority areas of great concern to the Council and that the United States position on several other problems which the Council faced remained to be stated.

8. For the first time, the Council had been provided with a wealth of data indicating the distribution of financial resources between the various economic and social programmes of the United Nations system of organizations (see E/4209). They showed that the proportion of resources which the United Nations system devoted to social development was about 35 per cent. The proportion in the case of the United Nations itself was smaller and was decreasing. That trend was perplexing and deserved careful analysis. In that context, the conclusions reached by the Social Commission as a result of its reappraisal of its role were of particular significance; they were stated in draft resolution I contained in chapter VII of the report of the Social Commission (E/4206). The Commission had rightly stressed its function as a preparatory body for the Council in the whole range of its social development policy and had decided to request that it be redesignated as the Commission for Social Development. He hoped that the Council would implement the Commission's suggestion that its members be experienced in more than one social sector. If that were done, the Commission would have a balanced membership better able to deal with the problem of priorities.

9. The Social Commission had also dealt with two particularly important matters, namely the question of motivation for development and the regional development research and training programme. All Governments, those of both developed and developing countries, were concerned with ways of inducing social change, and they recognized that development required the active participation of people. In that sphere, the Council could help a great deal, particularly by making what was known about ways of inducing social change available to any country wishing it. Since he was aware of the rudimentary character of present-day knowledge, he welcomed the study of ways of inducing social change which the United Nations Research Institute for Social Development had undertaken in co-operation with the Bureau of Social Affairs.

10. In 1965 the Council, acting on a recommendation of the Social Commission, had decided, by its resolution

1086 C (XXXIX) to undertake a regional development research and training programme. The activities already undertaken under that programme were to help in coping with certain problems, especially those relating to the concentration of people in cities. The experiments in regional decentralization required intensive study, as well as the training of specialized personnel. A number of Governments had already indicated that they wished to co-operate in the research and training programme and make their experience available to other countries. In order to achieve maximum benefit from such co-operation, it would be necessary to have a co-ordinating group. He supported the Secretary-General's proposal that the United Nations Research Institute for Social Development should co-ordinate and analyse the findings obtained by the research and training groups in the countries co-operating in that undertaking.

11. The United States Government was prepared to make a special contribution to the United Nations Research Institute for Social Development in order to permit it to continue its work and to undertake that co-ordinating role. With the consent of the Government of the Netherlands, it would contribute approximately 3.2 million guilders, equivalent to \$885,000, to the Institute, over a three-year period beginning in 1967. That contribution would be made from United States-owned Netherlands guilders acquired from the sale of agricultural products to the Netherlands some years earlier. In conformity with his Government's practice in the case of voluntary contributions, that contribution should not constitute more than 40 per cent of total Government contributions to the Research Institute since its inception. He sincerely hoped that other countries would join the United States and the Netherlands, whose contribution of \$1 million in 1963 had made possible the creation of the Institute.

12. Turning to the contributions of science and technology to development, he recalled that, in April 1966, the Secretary-General of the United Nations had invited Governments to give their views on a five-year survey programme for natural resources development, and that the Council had endorsed such a programme in principle in its resolution 1113 (XL). The United States Government recognized the importance of that question, but was of the opinion that further clarification was necessary as regards timing, the nature of the surveys to be undertaken and methodology. The surveys should comprise two stages: the first, which could be undertaken without delay, would necessitate the assembly and dissemination by the staff of the Resources and Transport Branch of information that was already available to Governments, public and private organizations and experts. That would make it possible to show up gaps remaining in that field and lead to the second stage of active surveying in the field. That second stage was likely to be costly and time-consuming if only the traditional tools of exploration were used. However, as technology developed consideration might be given to the use of new techniques, especially those of data-gathering from aircraft by radar, which had already been experimentally applied in such areas as agriculture, forestry, hydrology and geology. When they had been finally perfected, those methods would enable specific research plans to be worked out. It was in that

field that the contribution which might be expected from the Advisory Committee on the Application of Science and Technology to Development would be of particular value. It was to be hoped that the Advisory Committee would pay special attention to the problem of natural resources development and that, taking into account the latest discoveries in science and technology, it would help to give new impetus to the search for natural resources, which were more indispensable than ever. Science and technology had a tremendous role to play in the discovery, processing and use of all natural resources, especially in the field of hydrology and in that of the utilization of resources under the sea. The contribution which such work could make to development in all countries was enormous, but only a few countries could afford to undertake it and to spend the amounts necessary. International co-operation was therefore imperative if satisfactory results were to be obtained.

13. As the general debate had shown, the Council should take a more active part in co-ordinating the activities of the United Nations and its related organizations. Several delegations had called attention to the fact that co-ordination did not consist solely in avoiding duplication and overlapping; it also had a positive element, that of identification of areas which were being neglected and ensuring that programmes dovetailed so that they had maximum impact. Many bodies were considering that problem. The Inter-Agency Consultative Board for UNDP had already, at its first session, begun a study in depth of very important problems, particularly the question of the relationship between resident representatives and the field organizations of the specialized agencies. Similarly, other organs were playing an increasingly important role in "functional" co-ordination, i.e., day-to-day co-ordination in a particular field. A positive contribution similar to that of the Advisory Committee on the Application of Science and Technology to Development was to be expected from the Committee for Development Planning and from the new United Nations Organization for Industrial Development.

14. As regards over-all co-ordination, which was the task of the Council, its Special Committee on Co-ordination and the Administrative Committee on Co-ordination, much could be expected both from the participation of the Chairman of the Advisory Committee on Administrative and Budgetary Questions in the recent meeting of the Special Committee and from the joint meetings of the Special Committee and the Administrative Committee on Co-ordination. The *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies was also devoting attention to the matter and he understood that it had already made good progress towards agreement on specific recommendations. It was to be hoped, in that connexion, that the Council's Co-ordination Committee would make some recommendations on which the Council would be able to take action before the end of the present session; if not, that subject would have to be given highest priority at the next session. Co-ordination of the work of the United Nations and its related organizations should be a matter of growing concern to all States, large and small, developed and developing. That confirmed the conviction

of the United States delegation that a common effort was necessary to mould the United Nations into an effective tool to assist development and the general welfare.

15. With regard to the flow of resources to developing countries, which the representative of Iraq had just mentioned, he felt that the difficulty was not in recognizing the problem, but in finding solutions to it. The United Kingdom representative might perhaps have suggested a key to a solution when he had referred to the need for a world-wide campaign to convince not only the Governments but also the peoples of the world of the dangers of the lack of progress in meeting the goals of the United Nations Development Decade. It was too easy to blame the Press and other communications media for the apathy of the prosperous nations and for their ignorance of the work of the United Nations family in improving living conditions in the poorer parts of the world. Without underestimating the work of the information offices of the United Nations, he wondered whether reporting the day-to-day deliberations of the myriad committees and commissions which met throughout the year did not obscure the larger task and whether they should not orient their work more in that direction.

16. The recent message in which Pope Paul VI had called for greater support of the international organizations working for peace and also for the creation of a Vatican agency to fight world poverty should challenge all concerned to bring to the attention of the people of the world the urgent need to narrow the gap between rich and poor countries. Only when the people of the developed countries were better informed about United Nations work in that field would they be more inclined to give their Governments the mandate to support it more generously.

17. Greater understanding of the problem of increasing the resources devoted to development was not enough. All Governments should put the best brains to work to mobilize resources for the improvement of the lot of the poor. In that connexion, the development of the resources of the sea might be of value, as the United States delegation had suggested in the Second Committee of the General Assembly. He hoped that other countries would contribute similar suggestions. It was only by the collective development of bold, new proposals that Governments would be able to fulfil their responsibility, not only to their own countries but also to the people of the world.

Mr. Fernandini (Peru), Second Vice-President, took the Chair.

18. Mr. BENYAHIA (Algeria) said that his delegation welcomed the enlargement of the Economic and Social Council and the fact that so many important items were included in the agenda for the session. The Council's membership now reflected the major viewpoints represented in the General Assembly and the items before it, particularly the question of evaluation and a new impetus for the United Nations Development Decade, were of vital importance for the life of the Organization.

19. Under-development could be a cause of imbalance and conflict or, on the contrary, the source of fruitful international co-operation and a factor strengthening peace. It was useless to attempt to disguise the fact that

the growing gap between poor and rich nations was causing mankind serious concern. Although the diminution of the cold war had reduced the conflicts born of the antagonism between blocs having different economic and social systems, a new division of the world was to be feared, which would set the poor countries against the rich countries, thus introducing the phenomenon of the class struggle at the level of international relations. Since the signing of the San Francisco Charter, the sore points were to be found only in the developing countries, since it was there that the forces of economic and political liberation were coming into direct conflict with the interests of industrial powers which wished to impose their hegemony and ignore the importance of decolonization. Under such conditions, economic co-operation, and particularly co-operation for development, could be the most positive factor ever known in bringing about understanding and peace. It was such co-operation that should guide world-wide action within the framework of the United Nations Development Decade.

20. Despite all the efforts made since the beginning of the Decade, despite the many bodies set up and the international and regional conferences convened, the targets of the Decade, although modest, had by no means been achieved. The Decade had certainly contributed to the international community's new awareness of the possibility of overcoming the acute problems of under-development. That awareness must, however, be followed by action and not merely by declarations of intent, since disappointed hopes were fraught with even graver consequences than unsatisfied needs. Statistics showed that while action had indeed been taken it had proved insufficient. The developing countries themselves had not been able to ensure adequate growth and achieve more effective use of their own financial, material and human resources. Their foreign trade had not brought them the additional foreign currency they needed. Despite assurances given by certain developed countries at the first United Nations Conference on Trade and Development, prices for the raw material exports of the developing countries had shown a downward trend since 1964. Far from off-setting the trade deficits, the flow of capital from the rich to the poor countries had decreased in relative value and in absolute value had remained unaltered. The funds originally earmarked by common consent for the multilateral programmes of aid and technical assistance had not been made available. The 1 per cent transfer of national revenues had been considerably exceeded, but not in the direction anticipated, for capital had been leaving the developing countries in the form of repayments and of interest on the loans granted to those countries, and of dividend transfers by private companies controlled by foreign capital. The assurance that steady growth and stability of the industrial economies would result in development in all countries was therefore far from convincing. The experience of colonization and the results so far achieved in the Development Decade were proof of that.

21. The developing countries must therefore take effective national action to achieve the goals of the Decade and thus bring about the necessary conditions for self-sustaining growth. With that in view, Algeria had drawn

up a programme of action which covered all fields of activity and was based on its own political choices and the country's own particular situation. A fifteen-year reference period had been decided upon, with quantitative targets to be achieved over a seven-year period following implementation of a preliminary plan designed to provide the necessary infrastructure. It was thus hoped to transform Algeria's economy completely by 1980. A yearly investment of 20 per cent of the gross national product would be needed to achieve those aims.

22. However, such steps could be effective only if structural reforms were carried out simultaneously in all spheres. It was first necessary to win the support of the masses by ensuring that they participated in the preparation and implementation of priority programmes. At all levels, including that of the local community, the citizens must feel directly involved in the task undertaken. That implied a comprehensive reform of the legal, social and political structure, a reform which must precede the implementation of any integrated development programme. Algeria was also carrying out a land reform programme which would give the land to those that worked it and make it possible to integrate agriculture into the over-all economic policy.

23. The developing countries had inherited two basic anomalies from the colonial period. On the one hand there was the gap that existed between the rich and poor regions within individual countries and, on the other, the fact that the resources of the developing countries were being used to satisfy the appetite of the world's major industrial centres. Those contradictions must be solved so that the developing countries could use their natural resources for the needs of national development. Such a re-orientation could be brought about mainly by strengthening the role of the State in the key sectors of the economy. Thus, Algeria had persistently asserted its sovereignty over its natural resources and had now launched its own hydro-carbon development effort under its co-operative association with France. Similar efforts had been made in other mining sectors. In order to finance those measures, the Algerian Government had created a National Bank which would furnish the economy with the necessary funds for execution of the policies of the State. Similarly, State monopoly of insurance would allow the considerable funds available in that sector to be used for purposes of national development, and the transformation of the Algerian Development Fund into a real development bank would permit long-term financing of projects carried out under the plan. While certain basic economic activities were the responsibility of the State, which had the right to direct private capital towards productive investment in specified fields, the investment possibilities offered by the developing countries were so vast that there was always room for the utilization of private savings as well as of foreign savings which brought with them much-needed foreign technology and foreign markets. With regard to foreign capital, Algeria wished to pursue a policy of co-operation with all countries provided its sovereignty was respected.

24. In order to make use of its existing or potential resources Algeria had decided to set up, with the help of

the Special Fund, a National Institute of Productivity and Industrial Development. Full utilization of national resources depended on the ability of those in charge of their development. An extensive literacy campaign was therefore needed, with special emphasis on the priority sectors in the national economy, to be followed by a programme of vocational training for workers and supervisory personnel. Algeria, which had been chosen as pilot country for the UNESCO and UNDP experimental functional literacy programme, would endeavour to show in a practical manner the influence of education on economic development.

25. Far from acting as a substitute for State action at the national level, international co-operation must support the efforts made by the developing countries to provide the necessary infrastructure and to carry out policies likely to accelerate their development. It was necessary also for the developing countries to co-ordinate their efforts at the regional and sub-regional levels. The Symposium on Industrial Development in Africa had shown the need to co-ordinate the industrialization policies of the countries of that continent. Such co-ordination appeared even more essential in the Maghreb sub-region. It was necessary to work out jointly an industrial development programme which took into account the real possibilities of the countries forming the sub-region.

26. At the United Nations Conference on Trade and Development, the developing countries had succeeded in co-ordinating their efforts within the Group of Seventy-Seven in order to ensure the adoption of recommendations likely to promote the aims of the Development Decade. Those countries should now act together to ensure that the developed countries implemented those recommendations. At the bilateral level, the developed countries should be more willing to make foreign trade a real instrument for industrialization of the under-developed countries. In the field of economic co-operation with their partners of the third world, the developed nations should take into account the priorities and standards of the assisted countries. The initial experiment in co-operation for industrial development connected with the development of natural resources, which was being carried out jointly by Algeria and France, was based on that principle.

27. Loans for the supply of equipment should be more than mere export credits. They should not only be more flexible, but should provide for repayment only after the plants set up have begun operations. The equipment supplied and the technicians provided under the agreements for such loans should be made available to the beneficiary countries on terms no less favourable than those allowed for current commercial transactions or technical assistance. At present the aggregate of salaries paid to economic co-operation experts constituted a heavy burden for the receiving country. Lastly, the repayment of loans should also be arranged so as to favour the development of the assisted countries, by taking the form of deliveries of industrial and surplus products.

28. At the multilateral level the participation of all countries seeking a solution to the world's great economic and social problems should be ensured. The questions of

disarmament and the use of the resources thus freed for development purposes, the reform of the international monetary system and negotiations on tariff reductions should not be dealt with in the restricted circle of industrialized countries. The United Nations and its affiliated organizations and agencies were an entirely suitable forum for the discussion of such problems. The enlarged Council had a particularly important role to play in that connexion. With the setting up of new international bodies, the need for co-ordination was becoming more pressing. The Council should now be able to deal more effectively with its important tasks. It should also concentrate on expressing in more concrete terms targets set for the Development Decade, by referring to specific cases rather than global and often abstract totals, taking into account the development plans and the priorities established by the member States. The Council should also seek to ensure that the studies carried out by the United Nations and the specialized agencies were of a more operational character.

29. He hoped that the fear of seeing the goals of the Development Decade gravely endangered would lead all countries to redouble their efforts to achieve rational utilization of the world's resources, which were sufficient to ensure the welfare of all mankind. The United Nations should act as a catalyser which, given the presence of the three necessary elements, i.e. availability of resources, the structures needed to ensure the rational use of resources, and the political will to act, would provoke the chain reaction of balanced, self-sustaining growth.

30. Mr. ISMAIL (Pakistan) recalled that one of the targets of the Development Decade was a 5 per cent growth rate from the 3.5 per cent annual rate of growth in the gross national product, to be raised if possible to 6 per cent at the end of the Decade. The developing countries' share of world trade would, it had been hoped, increase from 26 to 28 per cent. It had also been hoped that the terms of trade, which had become unfavourable after the boom following the Korean war, might improve. The hope had also been expressed that the developed countries—those whose per capita income exceeded a specified amount—would spend 1 per cent of their national income by the middle of the Decade on aid to the developing countries. That figure did not include the economic assistance granted in the form of short-term commercial credit at commercial rates of interest.

31. But what had become of those hopes? In 1961 the percentage of the national income of the developed countries transferred to the developing countries had been 0.84. It had been progressively falling since then, and in 1964 had gone down to 0.65. The terms of trade had altered a little in favour of the primary producers, but the movement had been uneven; mineral-producing countries had done comparatively better than the others. The amount of new, external, disposable purchasing power that was being made available to the developing countries had declined to a low level. Consequently the rate of gross capital formation in the developing countries had not increased in line with the goals of the Decade. On the other hand, the real product of the developed market-economy countries, considered as a group, had

risen from \$985 billion in 1961 to about \$1,300 billion in 1965.

32. Referring to the size of the developing countries' international debt, he stressed that it was in the interest of donor and recipient countries alike that the debt burden should be kept within reasonable limits. As pointed out in part I of the *World Economic Survey, 1965* (E/4187 and addenda), the creditor countries should be concerned with the solvency of their debtors, not only in connexion with repayments, but also the capacity of debtor countries as future purchasers of their exports. Lenders and borrowers had a joint responsibility in preventing the accumulation of debt from becoming a disruptive force in the future development of international trade. In that connexion his delegation suggested that the repayment of tied credits should be accepted partly in the form of exports, particularly manufactures and semi-manufactures. The entry of manufactures from the developing countries into the markets of the developed countries should not be restricted or banned through tariff barriers, quotas or internal taxes. Developed countries which granted assistance tended increasingly to tie assistance to procurement in the country giving the assistance. In addition to preventing the developing countries from buying at the most competitive prices, that condition reduced the net worth of such assistance to the recipient countries. His delegation also wished to comment on the practice of tying aid to the developing countries to specific projects: by making the granting of aid conditional on its being earmarked for a specific project, the lending country prevented the beneficiary country from using its external resources as it thought fit, and restricted its ability to derive the optimum yield from them, since utilization problems might arise. Most external economic assistance should be provided in a form which allowed the recipient the greatest freedom in the use of the funds placed at its disposal, provided of course that they were used to meet real economic needs.

33. External economic assistance should be a stimulant but not a substitute for the recipient's own efforts. Pakistan was mobilizing its own resources as far as possible. In 1965/66 it had used only 1,430 million rupees from its own resources to finance a public-sector programme of 3,200 million rupees. In 1966/67 internal resources would provide 51.5 per cent of a programme of 5,140 million rupees. That improvement would be possible owing to an increase of 35 per cent in tax revenues during the first two years of the Third Plan. The domestic savings rate would increase from 9.7 per cent of the gross national product in 1965/66 to 11.5 per cent in 1966/67. In Pakistan private investment played a special part in the national development effort. In determining the size of the public sector development programme and in formulating the country's monetary and fiscal policies, the Government had always endeavoured to ensure speedy growth of the private sector.

34. Pakistan's industrialization had been remarkably rapid, with large-scale industry growing at an average rate of 15 per cent per annum and the manufacturing sector contributing 10 per cent of the gross national product. Pakistan was encouraging private enterprise to

take over from the State in sectors hitherto regarded as public. Consequently, private investment was now going into the fertilizer and petro-chemical industries, which previously had belonged solely to the public investment sector. The Government of Pakistan was particularly anxious to associate foreign private capital with its development efforts. It offered incentives to foreign investors prepared to invest in the country.

35. Despite the bilateral and multilateral assistance offered to the developing countries, the flow of capital from the major exporting countries in 1965 had been only \$9,500 million, as the Administrator of UNDP had noted at the 1421st meeting. The counter flow of \$3,500 million consisting of capital repayments and interest and dividend payments had to be deducted from that figure. The balance was only \$6,000 million, whereas a net flow of \$14,000 million by 1970 was needed.

36. The Government of Pakistan was grateful for international assistance, and was also mindful of the important initiatives taken recently, such as the establishment of UNCTAD on a permanent basis, the widening of the World Bank's scope and the further growth of the World Food Programme, as well as the establishment of UNOID and the Asian Development Bank, which filled a long-felt need, for that institution was destined to play an important role in accelerating the economic development of Asia and the Far East. However, the efforts thus achieved should be measured against over-all needs, and from that point of view they still seemed inadequate.

37. Despite international aid and despite their own efforts—especially national planning as a means for economic and social development—very few developing countries had succeeded in attaining the modest target of a 5 per cent annual rate of growth set for the Development Decade. That failure was largely due to the inadequacy of external resources, which, instead of approaching the target of 1 per cent of the national income of the countries granting assistance, were getting away from that figure, as the Secretary-General had pointed out. That was a disheartening situation in view of the modest goals set by the Development Decade. Even if the rate of 5 per cent was achieved, the gap between the countries whose per capita income averaged \$120 per annum and those with an average per capita income of \$750 or more—the average per capita income in the United States was \$3,000 and in the member countries of the European Economic Community over \$1,400—would continue to widen.

38. Pakistan had been one of the few developing countries which had succeeded in reaching the target growth rate by the middle of the Decade, with a compound annual rate of growth of 5.5 per cent, including growth in the agricultural sector of about 3.5 per cent and in industry of over 10 per cent. During the second five-year plan, Pakistan's exports had increased at a rate of 7 per cent per annum, although the rate of increase in 1965/66 had reached 15 per cent. Total export earnings during the period of the five-year plan had been about \$400 million—more than originally anticipated—which had enabled the proportion of external economic assistance required for the financing of the plan to be reduced to about

38 per cent instead of 48 per cent. During the third plan the proportion of external economic assistance required for the financing of the plan was likely to be further reduced to about 32 per cent. The acceleration of the growth rate during the second plan had been possible owing to a considerable increase in the rate of investment, which had increased from 10.5 per cent of the gross national product in 1959/60 to 18.5 per cent for 1964/65. Domestic saving had increased from 6.9 per cent of the gross national product in 1960/61 to 10.2 per cent in 1964/65. A further increase in those rates was expected during the third plan, which projected an annual growth rate of 6.5 per cent.

39. He stressed the danger of the considerable increase in the developing countries' debt. In 1956, the international debt of the low-income countries, stemming from public sources or carrying governmental guarantees, had been under \$10,000 million. In 1964 it had been estimated at \$33,000 million. Because of rising interest rates and the accumulation of short-term debt, the amount of money needed to service the debt, which had been only \$800 million in 1956, had been \$3,500 million in 1964. At that rate the servicing of the international debt of the developing countries would completely cancel out in about fifteen years the capital flow from the developed countries. He drew attention to the recommendation of OECD's Development Assistance Committee (see E/4224/Add.1) that the rate of interest on loans granted to the under-developed countries should be reduced to 3 per cent or less, and that the repayment period for such loans should be 25 years or longer. Those favourable terms should be applied to at least 80 per cent of international assistance within three years.

40. At the United Nations Conference on Trade and Development the Pakistan delegation had proposed that the repayment of development loans should be accepted at least partly in kind. It seemed unjust that the developing countries should be compelled to repay in hard currency the tied loans granted to them. The Pakistan delegation was concerned by the fact that, in order to protect their balance of payments, the developed countries were making their loans to the developing countries increasingly subject to restrictive conditions specifying the purposes for which the loans were to be used. Consideration should perhaps be given to the establishment of an international project-costing service which would measure the real cost to the developing countries of tied transfers.

41. In conclusion, he drew the Council's attention to the resolution on dynamic Asian economic co-operation,¹ adopted at the second Ministerial Conference held at Manila. Pakistan believed regional economic co-operation to be an effective instrument in economic policy, as illustrated by the success achieved by the arrangements between Turkey, Iran and Pakistan and between Indonesia and Pakistan.

42. Mr. LOPEZ (Philippines) attributed the constitutional and financial crisis besetting the United Nations to the growing disproportion between the number and magnitude of the political problems with which it was faced and

the authority and resources at its disposal. Short of a major constitutional break-through which would give the United Nations the political will and material means to keep the peace, the Security Council and the political committees of the General Assembly were condemned to flounder in their ever-deepening frustrations. By the very nature of its responsibilities, the Trusteeship Council would soon be completing its work. The Secretariat, on the other hand, which under the Charter could have remained a mere administrative office, had grown into a powerful and effective arm of the United Nations.

43. He then retraced the history of the Economic and Social Council and of its gradual abdication to the General Assembly which, because of its more representative character and the admission of new members, had come to reflect more sensitively the needs and aspirations of the under-developed world. While the General Assembly had grown to be a lively and rebellious House of Commons, the Council had appeared to develop into a staid and conservative House of Lords, refuge of the Establishment and defender of the *status quo*. It had become increasingly shy of taking fresh and fruitful initiatives and had been content to limit itself to noting, examining and co-ordinating the work of its various subsidiary bodies and the specialized agencies. Happily, the Council had bestirred itself into a new awareness of its vital tasks under the Charter and its responsibilities to the international community. With its broader and more representative membership, it could become more responsive to man's hope for a life of peace and abundance and might become once again a centre of imaginative and dynamic efforts for improvement of the human condition.

44. The establishment of UNCTAD and UNOID was proof of that new dynamism. They had been created in response to the wishes of the developing countries which had long deplored the relative inactivity of the existing United Nations organs in the field of trade and development. UNOID would be established directly under the aegis of the General Assembly. The developing countries were pinning on it great hopes for their industrial advancement. They trusted that the agencies and organs concerned with the problems of development would be able to devise appropriate ways of collaborating with UNOID, just as they had already made practical arrangements to co-operate with UNCTAD.

45. The developing countries had made disappointing progress towards achieving the minimum target of a 5 per cent annual rate of growth of their national incomes by the end of the Decade. The flow of financial resources from the developed to the developing countries had not kept pace with the increased capacity of the former to provide such resources nor with the latter's capacity to absorb them. There was a tendency for aid to be granted on harder terms, which aggravated the already heavy burden borne by the developing countries in servicing and repayment of loans. Capital-exporting countries were reluctant to channel an increasing portion of development capital through multilateral agencies. No member of the Council had disputed those facts nor sought to minimize the grave import of the warning given by the Secretary-General when he had drawn the Council's attention to

¹ See E/CN.11/716, appendix II.

them. It was encouraging to note that not one of the developed countries represented on the Council had considered that to provide aid representing 1 per cent of its national income was beyond its capacity. Indeed, one of them, France, had not only reached but exceeded that target for many years, while Belgium and the United Kingdom were inching their way towards it. At the Ministerial Conference for the Development of South-East Asia, held at Tokyo in April 1966, the Japanese Government had announced that it would increase its aid to developing countries to one per cent of its national income, or about \$650 million yearly as against \$400 million in 1965. What France had done and Japan proposed to do, other countries should also be able to do.

46. There had been a number of other promising initiatives such as the contribution of \$700,000—the equivalent of one day's military expenditure—made to UNESCO by the Shah of Iran; the progress made in implementing the Mekong basin project under the auspices of ECAFE; and the establishment, also as an ECAFE project, of the Asian Development Bank, with headquarters at Manila, which represented a historic milestone in regional economic co-operation in Asia. The Association of South-East Asia, a centre for economic, social and cultural co-operation between Thailand, Malaysia and the Philippines, had resumed operations following the restoration of diplomatic relations between Malaysia and the Philippines. With the ending of the Indonesian policy of confrontation, the Philippines entertained new hope for the revival of Maphilindo which had been created three years previously by Malaysia, the Philippines and Indonesia. Nine countries in the Asian and Pacific region had agreed to set up a consultative organization, the Asian Pacific Council (ASPAC), for the purpose of promoting closer economic, cultural and technical co-operation. The Economic Commission for Asia and the Far East, the Association of South-East Asia, Maphilindo, the Asian Development Bank and ASPAC were all steps towards the common objective of forming an alliance, not against any nation or group of nations, but against poverty, ignorance and disease. The Philippine delegation supported the suggestion that the headquarters of UNOIA should be located in Asia, and viewed with sympathy the offer of the Indian Government to provide host facilities for the new organization.

47. He then outlined the progress made by his country in implementing its development and land-reform programmes, and its advances in such fields as irrigation, fisheries, community development and rural marketing co-operatives. His Government had encouraged the establishment of iron and steel, fertilizer and petrochemical industries. It had abandoned its machinery of exchange and import controls in favour of a free enterprise economy and had encouraged industrial rationalization in the export sector. Unfortunately, its debt-servicing obligations had reached such proportions that they would absorb a substantial part of the foreign exchange earnings which might have been utilized for imports of capital equipment.

48. Drawing attention to the disparity between the economic and the social aspects of United Nations activities, he said that whereas in 1962 \$4 had been spent on economic services for every \$1 spent on social services, in 1966 the ratio would be roughly six to one. The balance should be restored, although without reducing the funds spent on economic services. The Philippine delegation welcomed the proposal to change the name of the Social Commission to "Social Development Commission". It was also in favour of transforming the Commission on Human Rights into a Commission for Human Rights, a body no longer devoted exclusively to the analysis, definition and study of human rights but to the consideration of practical measures for their effective protection. His delegation also welcomed the proposal to create the post of United Nations High Commissioner for Human Rights, and would like to see the regional economic commissions become "economic and social commissions".

49. Over the past few years, the Economic Commission for Asia and the Far East had received the lowest percentage increase in budgetary allocation. The Philippine delegation, while recognizing that the Economic Commission for Africa, for example, would have to receive relatively higher allocations each year until it reached the level of full operations, hoped that ECAFE would be accorded more equitable budgetary treatment.

The meeting rose at 1.10 p.m.