



CONTENTS

Page

Agenda item 2:

General discussion of international economic and social policy (*continued*)

Speakers:

Mr. Zollner (Dahomey)	79
Princess Ashraf Pahlavi (Iran)	80
Mr. Prebisch (UNCTAD)	81
Mr. Kidron (Observer for Israel)	82
Mr. Yasseen (Observer for Iraq)	82
Mr. Khallaf (Observer for the United Arab Republic)	82
Mr. Attiga (Libya)	82
Mr. Busniak (Czechoslovakia)	83
Mr. Zakharov (Union of Soviet Socialist Republics)	83

President : Mr. M. KLUSAK (Czechoslovakia).

Present :

Representatives of the following States: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, 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: Argentina, Austria, Brazil, Bulgaria, Chile, China, Greece, Iraq, Israel, Italy, Japan, Portugal, United Arab Republic.

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

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 2

General discussion of international economic and social policy (E/4332, E/4343, E/4352 and Corr.1 and Add.1, E/4353 and Add.1 and Add.1/Corr.1, E/4361, E/4362 and Corr.1, E/4363 and Add.1-2, E/4370, E/4378, E/4392, E/4396 and Add.1-3 and Add.1/Corr.1; E/CN.11/L.184, E/CN.11/L.185/Rev.1; E/CN.12/767, E/CN.12/768; E/CN.14/370, E/CN.14/397; E/ECE/656) (*continued*)

1. Mr. ZOLLNER (Dahomey) said he had nothing to add to the debate on the first two subjects the Council

had chosen as the main themes of its current session: multilateral food aid and the development of human resources. He would confine himself to a few remarks on the third subject, planning, which was an essential condition of harmonious development.

2. At the national level, it would be noted that most countries now had at least medium-term plans, a situation which would have seemed utopian a few years ago. Planning was especially vital for the developing countries, which had to use their limited resources to the best advantage. It consisted in determining the priority sectors of activity and providing the means necessary for attaining specific targets, avoiding unduly ambitious projects, which were liable to let down the initial high hopes, and making due allowance for contingencies. Dahomey was now carrying out its second four-year plan. The first, covering the period 1962-1966, had been too ambitious: it had made possible the organization of intensive cotton and ground-nut production and had laid the foundations for palm-oil production, but had partially failed at the industrial level. The second plan, for the period 1966-1970, was transitional and took the errors of the preceding plan into account. It was based on agriculture and provided for the expansion of industrial export crops and food crops. Dahomey would thus have equipped itself with a solid basis for future planning.

3. The need now was to transpose to the international level experience acquired at the national level, where the apparently impossible had proved to be possible. That would be a difficult undertaking, as the now certain failure of the United Nations Development Decade showed. That failure was due primarily to the delinquency of the developed countries, which lacked the political will to step up their assistance to the developing countries in line with the increase in their national income. In addition, the Decade had set targets without providing for the means of attaining them.

4. Dahomey had noted with interest the proposal concerning the second development decade made by the Committee for Development Planning in the report on its second session (E/4362 and Corr.1), which sketched out an embryonic world development plan. At the eighth session of ECA, an African minister had suggested a kind of Marshall plan for Africa, which would take the form of a massive infusion of capital and technical staff. Such a plan might be applicable to all developing countries. However, the developed countries were not prepared to provide adequate aid, particularly capital, which, whatever might be said on the subject, was essential if the bottle-neck of under-developed human resources was to be eliminated. As Pope Paul VI had said in his Encyclical

Populorum progressio, sporadic or isolated efforts could not be efficient; the situation called for concerted programmes which, by building a more rational world, would bring man to his full stature.

5. The problems raised by the rational transfer of resources at the world-wide level were also being studied by an increasing number of individuals. Five hundred researchers belonging to the *Technique et Démocratie* Club had recently brought out a draft world plan for the abolition of under-development, under which the rate of investment in the developing countries would reach 24 per cent of the national product. The developed countries would devote 4 per cent of their national product to development. Assistance would rise 10 per cent for 15 years, thereafter declining gradually and ending after 50 years. The backwardness of the developing countries would not be finally eliminated until the latter part of the twenty-first century. That exercise, though academic, nevertheless indicated the gravity of the problem. It was high time public opinion in the developed countries realized how serious that problem was. No one wanted to sacrifice the Corrèze to the Zambesi; the point was to give the Zambesi equal treatment with the Corrèze.

6. Princess Ashraf PAHLAVI (Iran) said that she could not help feeling some pessimism in the face of the lucid analysis of the general situation made in the reports submitted to the Council and in the course of the debate, particularly by the Secretary-General (1480th meeting). The alarming facts and the problems confronting the Council were legion; the per capita growth rate in the developing countries was inadequate—at present 2.3 per cent per annum, and not more than 1.9 per cent in Asia, as compared with the modest target of 5 per cent set under the Development Decade; international aid was losing momentum; and the developing countries, coping with a vast number of long-standing or new problems, were in a situation of extreme gravity. It was hard to claim that the combined efforts of the international community had satisfied world expectations, and it would be illusory to think that the continuance of that state of affairs did not pose a serious danger to the future of humanity and to world peace.

7. Despite its semi-failure, the Decade had been useful. Meant as a preliminary stage, its most notable achievement had been the salutary one of bringing the problems home to all countries. The next Decade should be more ambitious and more fruitful, and should turn to account the lessons learnt in the previous one. It must be soundly prepared and based on thorough consideration of the respective responsibilities of all concerned in the great problem of development, a word which had today become the most familiar name for peace. Iran had set on foot a far-reaching social revolution a few years ago, and had launched an ambitious development programme; thanks to the experience thus gained it had some specific views on the matter.

8. The problem of development concerned all countries. The world economy in many respects displayed the characteristics of an under-developed, disjointed economy, with a growth potential bearing no relation to the

immense advances of science and technology, and with the mass of workers and producers left outside the general effort. The time had come to understand that most of the existing problems were due to the survival of a structurally obsolete international economic system, and to view the economy from an over-all world standpoint and with courage and clarity of mind. Only if that new approach was taken would it be possible to find solutions within a context of true international co-operation.

9. The responsibility for development lay firstly with the developing countries themselves. As His Imperial Majesty the Shahinshah of Iran had written, those countries should set their feet on the path of work and struggle, which could alone bring about an improvement in their lot. The mobilization of material and human resources must be accompanied by thorough-going structural reforms, which though costly were worth-while, as Iran's agrarian reform had demonstrated. Development brooked no half-measures or compromises. The aim was not to destroy a society's traditions but to bring them into line with the requirements of the present and the future. Errors might be and had been made in the framing and execution of plans: ruinously costly prestige projects had been launched, armaments had been swelled beyond all proportion, bureaucracies had been inflated, and excessive reliance on external financial aid had been displayed. Each country should examine its own actions critically instead of shifting all responsibility to the intrigues of foreigners or the indifference of the rich. It should create an appropriate psychological atmosphere, and in particular wage stubborn war against illiteracy. Tribute should be paid in that connexion to the activities of UNESCO under the World Campaign for Universal Literacy; no national initiative could be entirely successful unless favourable international conditions were created.

10. The developed countries, which were forging a scientific and technological culture and monopolizing the major part of the world's financial and productive resources, had an important role to play. If more of them, following the French example, put into effect the General Assembly's recommendation to devote 1 per cent of their income to development, they would be able to provide suitable aid to remedy the shortage of financial, technical and human resources of the less advanced countries. Moreover, the continued deterioration in the economic situation of the poorer countries had perhaps played a part in the decline in activity recorded in the industrial countries, for all countries were in the same boat. The advanced countries could also do a great deal to remove obstacles to development, particularly in the field of trade; it was to be hoped that practical steps would be taken to that end at the second session of UNCTAD. In addition, the international division of labour must not continue to operate to the disadvantage of the less advanced countries. Aid for development was not charity but an investment, and all countries should work together within the over-all context of the world economy.

11. The work of the United Nations depended upon the will of its Member States. Despite its limitations, that work was far from negligible. The target figure of \$350 million per annum that is was proposed UNDP

contributions should reach by 1970 represented less than one day's world military expenditure; nevertheless UNDP had been of real service. The United Nations had other useful achievements to its credit. But if United Nations agencies were to become the powerful catalyst they could be, the support of all States and their will to co-operate in a constructive enterprise, in the spirit of the Charter, were essential. If those agencies remained the instruments of a static short-sighted policy, they would be doomed to impotence and death. Iran was glad to see the importance attached to the key question of co-ordination, and welcomed the agreement reached on the difficult question of inspection, which augured well for the future. It hoped however that the desire for co-ordination would in no circumstances set off a proliferation of new administrative structures.

12. Demographic expansion was not in itself a calamity. Since the key to development was to be found in man's labour and creative genius, every birth represented an inestimable capital gain. However, the use of existing human resources was being prevented by defective socio-economic structures. For the immediate future it was to be hoped that the programme of concerted action and the five-year plan announced by the Secretary-General would be put into effect as soon as possible. The demographic problem was linked with the problem of hunger and under-nourishment, the critical nature of which had been stressed by the Secretary-General and by the Director-General of FAO (1482nd meeting). An increase in cereal requirements of about 9 million tons by 1970 must be anticipated. The multilateral food aid programme would save human lives in the immediate future, but it would be wrong to overlook the long task of structural transformation which was needed, and the FAO Indicative World Plan for agricultural development should be given the support of other organizations.

13. Mankind's destructive power was increasing very rapidly: there were now 24 tons of T.N.T. for every inhabitant of our planet, though he could not be provided with 24 kilogrammes of wheat or rice. The Council must seek ways to transform the art of killing into the art of living; by doing so, it would be serving the cause of human rights.

14. Mr. PREBISCH (Secretary-General, United Nations Conference on Trade and Development)¹ said that with the approach of the second session of UNCTAD, to be held in New Delhi, it was his duty to bring certain facts to the attention of the Council. It was sad that the Development Decade was doomed to failure because countries had not jointly taken the various measures needed to reverse the trend—due largely to lack of foresight, both international and national, on the part of all countries—which was plunging certain countries deeper and deeper into the mire of under-development. Insufficient attention had been given to the fact that the developing countries lacked the economic dynamism necessary for them to make full use of the potentialities offered by the steady growth of their working population.

¹ The full text of the statement made by Mr. Prebisch was subsequently circulated as document E/L.1170.

The surplus working population was prevented, largely by the fault of archaic agrarian systems, from continuing to work on the land; most of them led a marginal existence, on the fringes of the modern sector of the economy. He was more and more convinced that technology was having adverse effects on the developing countries, bringing in its train tremendous conflicts. Although its effects on the demand for the primary products of the developing countries were well known, in the past twenty years nothing positive had been done anywhere to offset those effects, to create the necessary new exports, particularly in the form of industrial products. Moreover, the developing countries were not able to assimilate new technical discoveries or to benefit from them because they lacked the necessary capital, and besides had to cope with the growth in population. The result was an explosive situation which would become increasingly serious unless all countries made up their minds to co-operate in taking the appropriate measures.

15. There were two fundamental problems in that area, one relating to trade policy and the other to financial policy. First, the policy of liberalizing trade for the benefit of the developing countries had failed utterly—as was proved by the case of sugar, for the developed countries had preferred to go on producing at high cost the commodities which the developing countries could supply at much less cost and much more efficiently. With regard to industrial exports, the recent statement made by the President of the United States, during the Meeting of American Chiefs of State at Punta del Este, gave some hope that that trend would soon be reversed. It was to be hoped that at the second session of UNCTAD the great Powers would declare their willingness to open their markets to the products of the developing countries. He had just proposed to the representative of the Secretary-General, the executive secretaries of the regional economic commissions and the executive heads of FAO, GATT and UNDP that consideration should be given to drawing up a programme of joint action in export promotion. He hoped that UNIDO would join in that work.

16. Turning to financial policy, he deplored the fact that in most of the developing countries the flow of new resources had not been large enough to cover even the interest on the external debt. That was so in Latin America, and all the developing countries might be in just as desperate a position in a few years' time. For that reason, those countries were still a very long way from achieving the goal of the Development Decade: a growth rate of 5 per cent. If the transfer of international resources to the developing countries was not enlarged in the years to come, it would undoubtedly be impossible to tackle the serious problem caused by the lack of dynamism in their economies. The problem could not be solved, in some cases, without an economic growth rate of 7 per cent. Additional resources were therefore needed, and he hoped that positive proposals on that subject would be submitted to the second session of UNCTAD.

17. In conclusion, he emphasized that the problems were of such complexity and magnitude that they could be solved only through international co-operation involving

all countries, both developed and developing. All countries must realize the need for a global strategy of development which would bring about the economic and social reforms the world needed.

18. Mr. KIDRON (Observer for Israel), speaking in accordance with the provisions of rule 75 of the rules of procedure, said it was intolerable that in an era of interplanetary travel millions were still living below the subsistence level. In that situation, development must be everybody's concern. When one thought of development, the first idea coming to mind was financial assistance, which, according to the representative of IBRD (1483rd meeting), should be some \$3-\$4 thousand million more a year than hitherto. Unfortunately, it was not enough to increase investment in the developing countries, for that only increased their external debt. It would be preferable to supply capital on a non-commercial basis, and particularly to increase the resources of IDA. Israel had made a proposal to that effect, known as the Horowitz proposal,² under which IDA would be able to obtain large amounts of capital at commercial rates on world money markets and would lend them to the developing countries at IDA's rates, the difference between the two being made up by the developed countries.

19. The question of financial aid could not be divorced from that of technical co-operation, which was an essential condition for development and one of the activities in which the United Nations and its subsidiary bodies had been most successful. Technical co-operation between all countries, developed and developing, had been extremely fruitful; that applied particularly to co-operation between developing countries, either under bilateral agreements or within the framework of UNDP. Israel's experience had convinced it that there were infinite possibilities of extending and diversifying such co-operation.

20. While regretting that the Kennedy Round of negotiations had not been as successful as had been hoped and that many of the trade problems of the developing countries still remained to be solved, he welcomed the fact that in his recent statement at Punta del Este the President of the United States had given the discussions on tariff preferences for the developing countries a new start. He expressed the hope that the meeting of the UNCTAD Group on Preferences which was now going on, and the second session of UNCTAD, would produce interesting results.

21. Nevertheless, it should be borne in mind that it was not enough to give preferential treatment to the manufactures of the developing countries; the countries in question must diversify their industrial exports by creating new competitive industries. In order to do so, they should employ all the new export methods such as market surveys and packaging, transport and publicity techniques. It was in that field that international co-operation in all its forms could be highly useful.

² See *The Horowitz Proposal: A Staff Report*, International Bank for Reconstruction and Development, Washington, D.C., February 1965.

22. In conclusion, he said it was regrettable that some members of the Council had seen fit to bring charges against his country which were absolutely unfounded. The Economic and Social Council was not the forum for a discussion of the problems of the Middle East at a time when the question was already before the General Assembly and the Security Council. He did not wish to draw the Council any further into a discussion of a question which lay outside its competence but he reserved the right to speak in the discussion on the USSR proposal to include a supplementary item in the Council's agenda (E/4409).

23. Mr. YASSEEN (Observer for Iraq), speaking in accordance with the provisions of rule 75 of the rules of procedure, said that in view of the disaster which had recently befallen the economy of the Middle East and therefore the world economy as a whole, the Council was eminently qualified, under article 62 of the United Nations Charter, to take such measures as it deemed necessary in the economic and social field. The Arab countries had sustained considerable economic damage as a result of the Israel aggression, and it was inconceivable that justice-loving States should fail to be horrified at an aggression committed against small countries; such aggression showed that sooner or later those small countries would have to submit to the selfish interests of certain colonial Powers.

24. Mr. KHALLAF (Observer for the United Arab Republic), speaking in accordance with the provisions of rule 75 of the rules of procedure, said he did not wish to discuss the political aspects of the Middle East affair, but the economic and social consequences of Israel's aggression were such that the Council was perfectly entitled to take the matter up. Since the time the Palestinian question had first come before the United Nations, the Arabs had consistently maintained that Israel constituted a great danger to their political independence and economic and social development. In 1956, and now again in 1967, the economic and social progress of the Arab countries had been halted at a time of rapid advance by a war of conquest waged by foreigners of various nationalities. On the economic side, Israel's aggression and continued occupation of a large part of Arab territory was causing unprecedented economic damage to the Arab peoples. On the social side, an entire people was being threatened with forced and premeditated emigration, its territory was under occupation and racial discrimination of the most pernicious sort was being practised. Present and future generations of the Arab peoples were threatened by the grave consequences of Israel's aggression and by the violation of the right of the Palestine Arab people to self-determination. It would be intolerable for that state of affairs to be allowed to continue simply because a few great Powers wished to dominate the area and lay hands on its wealth, while all the Arab countries wanted was to live in peace in the hope of a more prosperous life.

25. He reserved the right to speak again if necessary during the discussion.

26. Mr. ATTIGA (Libya) said that the representative of the Zionist authorities had deliberately opened his

statement on a humanitarian note, waiting until the end to raise a question which the Council had not yet even begun to consider. The machinations of the Zionist authorities revealed the hypocrisy of the intentions professed at the beginning of the statement. They had brought to perfection the art of talking peace while waging war. How could it be otherwise, when they had been born of an act of aggression planned thousands of miles away from Palestine? He drew attention to a statement by the commander of the Israel Air Force, published in the *Sunday Telegraph*, to the effect that the first eighty minutes of the conflict had been the fruit of sixteen years of preparation. After repeating for years that they wanted only to live in peace and in no way coveted the territory of their neighbours, the Zionist authorities were now speaking of annexing certain of the usurped territories. It was that attitude of duplicity which he wished to unmask. Moreover, it might be asked whether an observer had the right to contest the Council's competence in a given matter. He proposed to revert to the subject when the Council came to deal with it.

27. Mr. BUSNIAK (Czechoslovakia) agreed with the Israel representative that the Economic and Social

Council was not the Security Council. However, there was no denying the Council's competence to discuss the matter under item 2 of the agenda, since it had to do with economic damage caused on an enormous scale by Israel's aggression, and with the obstacles Israel had placed in the path of international co-operation.

28. Mr. ZAKHAROV (Union of Soviet Socialist Republics) said that his delegation had already taken the opportunity during the discussion (1486th meeting) to state its position with regard to the economic consequences of Israel's aggression. It reserved the right to speak in greater detail during the discussion of its proposal to include the subject in the Council's agenda. It saw little point in replying to the attack made by the Israel representative, since it did not believe that that attack could have made much impression on members of the Council.

29. The PRESIDENT declared the general discussion under item 2 closed.

The meeting rose at 5.30 p.m.