



# **COMMITTEE FOR DEVELOPMENT PLANNING**

## **REPORT ON THE NINTH SESSION**

**(2-12 April 1973)**

**ECONOMIC AND SOCIAL COUNCIL**

**OFFICIAL RECORDS: FIFTY-FIFTH SESSION**

**SUPPLEMENT No. 5**

**UNITED NATIONS**



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**NOTE**

**Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.**

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## INTRODUCTION

1. The Committee for Development Planning held its ninth session at United Nations Headquarters in New York from 2 to 12 April 1973. The following members of the Committee were present at the session: Chedly Ayari, Ester Boserup, Gamani Corea, Paul Kaya, Vadim N. Kirichenko, Janos Kornai, Julio A. Lacarte, John P. Lewis, Ian M. D. Little, Saburo Okita, H. M. A. Onitiri, Józef Pajestka, Giuseppe Parenti, K. N. Raj, Jean Ripert, Germánico Salgado, Leopoldo Solis and Jan Tinbergen.
2. The Officers of the Committee, elected at the eighth session for a term ending on 31 December 1974, are:  
  
Chairman: Gamani Corea  
Vice-Chairman: Janos Kornai  
Rapporteur: John P. Lewis
3. The Under-Secretary-General for Economic and Social Affairs made a statement at the opening meeting of the session. Substantive servicing at the session was provided by the Centre for Development Planning, Projections and Policies of the Department of Economic and Social Affairs.
4. The representatives of the following offices and organizations of the United Nations system and other intergovernmental organizations also assisted the Committee at the session: Economic Commission for Europe, Economic Commission for Asia and the Far East, Economic Commission for Latin America, Economic Commission for Africa, United Nations Economic and Social Office at Beirut, United Nations Conference on Trade and Development, United Nations Industrial Development Organization, United Nations Children's Fund, Office of the United Nations High Commissioner for Refugees, International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, International Bank for Reconstruction and Development, International Monetary Fund, Organisation for Economic Co-operation and Development and Organization of American States.
5. The Committee adopted the following agenda:
  1. Opening of the session
  2. Adoption of the agenda
  3. Preparation of comments and recommendations relating to the first over-all review and appraisal of progress in implementing the International Development Strategy for the Second United Nations Development Decade
  4. Collective decision making in development matters
  5. Identification of the least developed among the developing countries

6. Other matters referred to the Committee by the Economic and Social Council
7. Arrangements for future work
8. Adoption of the report of the Committee to the Economic and Social Council

It was decided to discuss agenda items 3 and 4 together.

6. For its deliberations on the subject of the first over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade, the Committee had before it a preliminary report of the Secretary-General (E/AC.54/L.60), five papers prepared by the Centre for Development Planning, Projections and Policies (E/AC.54/L.51-55) and a report of the International Labour Office (E/AC.54/L.56). On the question of identification of the least developed among the developing countries, the Committee had before it a note by one of its members, Philip Ndegwa, (E/AC.54/L.57) and the up-dated information furnished by the Centre (E/AC.54/L.58). The relevant decisions of the General Assembly and the Economic and Social Council and the pertinent documents of other United Nations bodies were also made available to the Committee. Details about the documentation are set out in the annex to the present report.

7. The Committee's deliberations on the subject of the first over-all review and appraisal of progress in the implementation of the International Development Strategy were aided by a preliminary draft prepared by its Working Group that met at United Nations Headquarters from 12 to 16 February 1973. The Working Group consisted of Gamani Corea, Janos Kornai, John P. Lewis and H. M. A. Onitiri.

8. The comments, views and recommendations of the Committee on the subjects discussed at the session are set out in the three chapters that follow. Chapter I deals with the subject of review and appraisal of progress during the initial years of the Second United Nations Development Decade (agenda items 3 and 4). Chapter II takes up certain other matters referred to the Committee by the Economic and Social Council, including the question of identification of the least developed among the developing countries (agenda items 5 and 6). Chapter III describes the arrangements proposed by the Committee for its future work (agenda item 7).

I. FIRST OVER-ALL APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY: COMMENTS AND RECOMMENDATIONS

A. The priority for development: transition and renewal

9. When the General Assembly adopted the International Development Strategy (resolution 2626 (XXV)), it sought, by its establishment of the procedure for the biennial review and appraisal of progress, to assure that the Strategy would remain live and operative. It is important that this first round of that procedure be conducted, not only with the thoroughness already evident, but with utmost candour.

10. The instruments available for implementing the International Development Strategy rest formally with the national Governments. National interests remain a pervasive force, in the developing and developed countries alike, and no group seeking to influence policy can sensibly ignore them. Yet the people of the world do not think exclusively in national terms. Often they sense their interests as citizens of the planet as well as citizens of particular countries. Their Governments, moreover - upon which, under the nation-State system, they must mainly depend to advance their global interests - are typically not insensitive to the latter. But often Governments are inhibited from pressing for planetary needs by the constraints of national politics.

11. The goal of more balanced world-wide development remains a prime case for global solidarity. In pursuing it Governments of the developed countries, like those of the developing countries, have had a variety of purposes, many of them nationally self-interested. But the central purpose is one of global self-interest. It is to diminish the gross inequalities in economic growth and material welfare that have widened among the nations of the world - mainly during the past century - and to attack poverty, particularly in ways that improve the conditions of the poorest groups within the poor countries. Such was the spirit of the International Development Strategy that the Member States of the United Nations adopted unanimously in 1970. The Strategy itself represented a major step in a transition of views about development objectives that still is in progress. But the premises of the global development effort remain (a) that the poverty of the poor countries, most particularly of the poorer masses in the poor countries, is unconscionable and (b) that effective means can be marshalled to reduce it radically through vigorous national and international efforts.

12. The contribution of the Committee for Development Planning to the review and appraisal exercise must necessarily be highly selective. In this regard the Committee finds itself greatly assisted by the Secretary-General's preliminary report, "The International Development Strategy: first over-all review and appraisal of issues and policies" (E/AC.54/L.60) and the extensive accompanying documentation prepared by the Secretariat. The Secretary-General's report is telling and provocative in addition to being a comprehensive analysis; the Committee indeed adopts it as a base line for its report. A number of the points and

suggestions of the Secretary-General's report will be singled out here for special emphasis. With regard to others the Committee will indicate certain differences, at least in degree. But the whole of the Secretary-General's report deserves to be closely read by all engaging in the review and appraisal effort.

13. The documentation itself is at great pains to make an obvious but necessary point: namely, that it still is very early in the Second United Nations Development Decade to be drawing any confident conclusions about performance. Data for the year 1971 are incomplete and for 1972 more so. Attempts to find trends in very short time series always run the risk of being misled by what turn out to have been aberrational years. Yet, as its selective referencing of the Secretary-General's findings will indicate, there is, in the Committee's opinion, sufficient new information since the International Development Strategy was formulated to change the appearances of things in some respects. Moreover, there are certain broad qualitative perceptions of developments in these most recent years that the members of the Committee find they share.

14. On the one hand, the three years since 1970 have witnessed some surge in global consciousness - still ill-defined, incomplete and untidy, but a trend of great potential promise. Some steps have been taken that have contributed to the improvement of the international situation which is a pre-condition of world-wide economic and social progress and co-operation among nations. In general, the people and leaders of the world are becoming visibly more impressed with the interrelatedness, not only of countries and of the people within them, but of their common problems and, in particular, with the interdependency of different categories of problems that in the past have been addressed, if at all, separately. The years 1970-1973 have been a period of strategic détente; of often exacerbating but intensified attention to the international economic issues of trade, monetary order, and inflation; of popular discovery of the problems of pollution and environment, and of their immediate internationalization within the frame of a finite planet; of mounting awareness of the interplay of such issues as population, technology, non-renewable resources, resource sharing, monetary stability, arms limitation, and multinational enterprises; and, finally, of initial gropings for systematic approaches to these interrelated issues that transcend national frames of reference.

15. This global ferment is to be welcomed. It should be altogether hospitable to a cause so inherently global as that of development. But here is where the Committee's second broad perception - as to how the cause of development has fared in these same three years - intrudes and jars.

16. The position in the developing countries themselves is complex and hard to decipher. The Committee shares the impression that in this most recent period many Governments of developing countries not only have become more sophisticated in their planning and policies, some have redressed their proclaimed goals towards a greater emphasis on the elimination of mass poverty and unemployment, and, more generally, on basic human betterment. Collectively, they have exhibited more self-confidence about the feasibility of using alternative socio-political models in pursuit of these objectives while beginning to focus more pointedly on common organizational needs that cut across ideological alternatives. A number of countries seem to have gathered greater political will and purpose. On the other hand, it is as yet hard to find much evidence of successful implementation of these newer efforts, and while it may be too soon to expect much by way of achievement,

it is not too soon to wonder whether many countries lack the necessary implementing capacity - especially the capacity to mobilize sufficient resources and achieve economic growth in ways that ensure a fairer distribution of rewards and broader participation in development tasks.

17. When it comes to quantitative evidence, there are, in the first place, measurement problems even with the output and income per capita concepts in which the most familiar targets of the International Development Strategy are couched. As the Secretary-General's report rightly indicates, conventional gross product concepts attempt to measure only levels and changes in aggregate output of goods and services, and, as a consequence, if interpreted as a measure of economic welfare, exaggerate both the differences in welfare between countries and the rate of improvement as economies modernize. They do so for three reasons: one, the typical limitations regarding measurement of non-monetized production; two, the wide differences among countries in the prices of goods and services that do not enter international trade; and three, the treatment as end products of a number of services and goods to which, as advanced economies become more congested and complex, they need increasingly to devote resources in order simply to protect the "quality of life". While the Committee recognizes that it is difficult to develop welfare-oriented measures of output, it applauds the Secretary-General's specific proposals for efforts to supplement the conventional measures of gross product with other measures of output that more accurately reflect genuine differences in economic welfare. The Committee hopes that the suggestions will be seriously pursued by the appropriate bodies, especially the Statistical Commission of the United Nations, and that any progress achieved in this regard will be reported in the course of the mid-Decade appraisal in 1975. As indicated in chapter III below, the Committee itself intends to give attention to this subject through one of its Working Groups. It needs to be emphasized at the same time that, in the search for improvements, care should be taken not to discourage efforts being made to strengthen the conventional measures of gross product and the United Nations System of National Accounts, especially in the case of developing countries.

18. Meanwhile, with respect to the conventional income and product data, the record is mixed. There may be some tendency for the world to congratulate itself that in the final three years of the 1960s the average annual rate of growth of gross domestic product of the developing countries as a whole had already reached 6 per cent - the target set in the International Development Strategy as an annual average for the 1970s. This was despite some weakening in the latter part of the 1960s of the prices of internationally traded primary commodities and of the terms of trade of developing countries, which subsequently, on balance, has been reversed. However, it is much too early for rejoicing. For one thing, the interval is far too short to warrant long-run inferences; the lags in capital formation in some areas, the bottle-neck that agriculture still threatens to pose, the uncertainties surrounding exports, the unresolved problem of inflation - these and/or other factors could readily combine to retard the international average. But even more important is the further dissatisfaction that these most recent years have engendered with averages themselves.

19. Average income per capita is a sorely inadequate indicator of development performance within any developing country. It says nothing about the distribution of the output and income and little about the adequacy of the employment opportunities they have generated. On these matters - of income distribution, extreme poverty, and underemployment - the position, as discussed in the report of

the Committee on its eighth session, 1/ is plainly unsatisfactory in most developing countries. The data on these issues are sketchy, difficult to develop and particularly unreliable. Hence no one can yet begin to say what quantitative changes have occurred in the past three years. But what can be said with confidence is that in many countries there has been a mounting, increasingly urgent sense that the problems of internal inequity are serious and likely to persist for a long time unless counter measures are taken.

20. Averages are equally deceptive internationally. As is detailed in the Secretariat's documentation, the developing countries' collective over-achievement during the 1960s of the First Development Decade's production growth target camouflages the fact that countries containing around one third of the total population grew at average annual rate in excess of 6 per cent while countries containing about two thirds of the population barely managed to grow at 4 per cent annually. Moreover, the great bulk of the slow-growers also had the lower per capita incomes to start with. This widening spread of experience appears to be continuing.

21. As the Committee surveys the developing world, it is this fact of widening disparities - in some cases within countries, certainly between them - that seems to be the most general and disturbing finding of fact to make in this first round of over-all review and appraisal. The reasons for differential growth, of course, are various. At root no doubt they are dominated by indigenous factors, which include the degree to which countries are committed to modernizing values, the cogency with which their political and social structures are oriented to these objectives, their success in avoiding internal strife, and, therefore, in the broadest sense, the efficiency with which they use resources. Yet there is every continuing appearance that dispersion at the margin continues to depend critically on differential earnings of an access to foreign exchange. In the past, some, especially smaller, countries have been speeded by high per capita provisions of foreign aid. Latterly the big differential has been exports. Almost all countries with high internal growth rates have been achieving outstanding export growth - where the dispersion of performance, which ranges up to recent annual growth rates on the order of 30 per cent in the case of the Republic of Korea, has been particularly dramatic.

22. The extent of the inter-country disparities suggests strongly that the international community, including the organs of the United Nations system, should begin increasingly to focus on subgroups among the developing countries, and the dominance of the export variable may suggest, without prejudice to future refinements, what some of these groupings might be. In addition to the already identified group of "least developed countries" - where, of course, the identifying criteria do not directly involve exports - the major petroleum-exporting countries and a few other mineral exporters now constitute a distinctive group, and so do a few countries, especially in East Asia, which have achieved patterns of buoyant and apparently reliable expansion in manufactured exports. The implication is not that, because of their export success and prospects, these groups should lose standing or attention as developing countries. But it is quite clear that their problems are markedly different from those of other countries. Again - and in this case at a lower, less fortunate position in both the income and export-experience ranges - those countries a majority of whose export earnings are dependent on one, two or three primary agricultural products constitute a distinctive grouping which has particular policy needs. Taken together these

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1/ Official Records of the Economic and Social Council, Fifty-third Session, Supplement No. 7, chap. I.

groupings would leave as a residual a group of countries, a number of them large, accounting for well over half the total developing-country population, which have mixed but difficult export problems, and which, with a few exceptions, are below-average poor and have been experiencing below-average income growth.

23. To conclude as to disparities: the Committee endorses the more general suggestion of the Secretary-General's report that serious attention be given to the setting of development goals in other than average terms. Within countries there is a scope for the kind of minimum needs standards and/or national poverty lines mentioned in both the Secretary-General's report and the Committee's report on its eighth session; and for the developing countries as a group the achievement of a minimum growth rate by countries at the bottom of the dispersion, or the attainment of an appropriate goal for the lower half or lowest quartile of developing country populations, should be a matter of greater concern to the international community than the behaviour of the mean.

24. In section C of this chapter there are references to a number of other sectoral or functional aspects of the developing-country experience in these most recent years. But in the sweeping assessment we are attempting here, the rest of the developing-country side of the international development picture is inconclusive. In the population area, a few countries have begun to record apparently encouraging, although as yet insufficiently analysed, declines in their net population growth rates. Commitments of policy and resources to programmes of population restraint have increased. Some tentative and fragmentary evidence has begun to come to hand that buoyant per capita income growth - even at low absolute income levels - can, like improved nutrition and better health services, lower birth rates. Yet in most countries population-restraint achievements still lag far behind national objectives, and for developing countries as a whole it is clear that, by saddling families with high dependency burdens, high population growth continues seriously to depress per capita incomes, especially among lower income groups. As the Secretary-General remarks in his preliminary report (see E/AC.54/L.60, p. 15), "A strong case could therefore be made for reinforcing the provisions of the International Development Strategy with regard to population policy."

25. In agriculture production gains have slowed radically in the past two years - to be sure, primarily because of the bad weather; yet the spread of the "green revolution" has become slower and more difficult, and whereas two or three years ago there was preoccupation with the distributional impacts of the new technology on rural life, there is now renewed and sobering concern over the adequacy of productive expansion itself. In a number of countries, industrial output and investment have been lagging. Human investments in public health, nutrition and, most particularly, in education have been strong - but their distributions have been uneven, and there is growing discontent with the deployment of educational resources and their results. Strides have been made in the more effective use of financial institutions to channel private savings to public uses - but the aggregate saving of the developing countries as a whole and taxation in particular have lagged well behind objectives. In some countries severe, often accelerated, inflation has had ugly consequences for the urban poor. In short, aside from one's rightly overriding concern about widened disparities, the composite picture in the developing countries gets neither very high nor very low marks. Certainly, as to development policy, most of the Governments of many of these countries are behaving in a more responsive way than was the case a decade ago. But also great room remains for improvement, for greater efficiency in the use of own resources, or, in the present context, for more systematic implementation of the International Development Strategy.

26. When it comes to the international community's side of the development effort during the past three years, the case is much less mixed. It is predominantly bad.

27. There are, it is true, some positive notes. Since the mid 1960s, exports of the developing countries as a group have grown as fast or faster than the rates targeted for the 1970s, partly because of the special case of petroleum, partly because of the rapid advance of many of the developed countries, particularly Japan, partly because of the success that certain developing countries have had in creating marketing networks, partially in collaboration with private multinational firms, for industrial components and other manufactures. On the policy front also there have been some gains. Certain trade preferences have been extended to developing countries. The International Cocoa Agreement has been successfully negotiated. In discussions of a new international monetary order, a Committee of Twenty has been established under the auspices of the International Monetary Fund (IMF), mainly to enlarge the representation of developing countries. The World Bank Group has greatly expanded its scale of lending. A number of developed countries, particularly some of the smaller ones among them, have demonstrated strong responsiveness to the requirements for international co-operation laid down in the International Development Strategy. Not merely have they accepted the provisions of the Strategy without reservation, but they have begun to apply them. Indeed, in some cases they have even set targets for themselves that go beyond the provisions of the Strategy. The experience of these countries points to the vital importance of effective Government leadership in enlisting public support for enlightened international policies. In some countries, public opinion itself has brought pressure on Governments to improve their performance in dealing with the world development problem. This suggests that in many countries public opinion may be readier to respond constructively to international development needs than is often assumed.

28. Yet the international community's effort remains predominantly disappointing. The International Development Strategy's most publicized goals were those for net financial transfers. Aggregate net transfers to the developing countries, which began the Second Development Decade far below target, have made little appreciable progress towards the 1 per cent of the gross national product of developed countries, and the dominant, most critical, portion of that total - net official development assistance - has made virtually no progress at all. It languishes at less than half the targeted figure of 0.7 per cent of the gross national product. The most conspicuous cause of this general sluggishness has been the diminishing effort by the largest bilateral supplier of development assistance, the United States of America. At the same time, in a period when their capacities to render assistance have been growing rapidly, the other advanced market economies as a group have managed only to offset - not more than to offset - the erosion of the United States share. The total volume of bilateral aid commitments by the centrally planned economies to developing countries appears to have risen in the initial years of the 1970s, but how much aid was actually disbursed is not known. The "soft-lending" operations of the World Bank Group remain under a tight rein from the industrialized member countries of the International Development Association. Moreover, there are as yet from the bilateral and multilateral development lenders collectively no signs of adequate measures to cope with the developing countries' inexorably mounting problem of debt burden. The trade outlook is equally clouded, with the threats to developing country exports that are posed

by strengthening protectionist forces and, in the case of Europe, the fall-out from the Common Market, being quite generally spread across the developed country terrain. Indeed, on the trade front, new initiatives and innovations since the adoption of the International Development Strategy have, by and large, been conspicuous by their absence.

29. The fact is that, judged in terms of international action since 1970, the cause of development has lost momentum. Part of the explanation is political. The very détente which should create greater opportunity for development support has apparently had - at any rate temporarily - the opposite effect: as the great Powers become more engaged with achieving accommodation among themselves, their attention to the third world slackens. In part this is explained by the preoccupation with the other great global issues that have already been mentioned. Part of the explanation may also be disappointment with development results, and part fatigue with foreign aid, although from the perspective of the international community as a whole there is no objective basis for either.

30. The net conclusion that emerges from this assessment, looking both at the developed and developing sides of the issue, is that the International Development Strategy remains much more a wish than a policy. It has not yet taken hold with anything like the force needed. In a period of growing global consciousness this is indeed, in one sense, curious. The reasons for global concern over development have in no sense diminished. On the contrary, as emphasized in the Committee's report on its eighth session and again here, effective attacks on mass poverty demand not fewer resources but more, not less economic growth but more, and, in all probability, not fewer imports but more - and therefore more ability to finance imports. The widening dispersion of experience among the developing countries demands increased attention to the predicament of the poorest and most disadvantaged - and the problem is only etched more sharply by new awareness of the elements of finiteness in the world's environmental frame. Similarly, the further demonstration of the dependency of internal achievements on the dispersion of export performance is only underscoring the urgency of effective trading opportunities for the developing countries - doing so at the very time when the politics and preoccupations of the advanced economies seem to be imperilling those opportunities.

31. In another sense it is not at all surprising that, in the turbulence of the new and newly oriented concerns which are animating the growth of global consciousness the priority for development has been shouldered aside. The attention of much of the world has turned elsewhere. In any case, what is certain is that the development objective needs to be returned to a central place in the constellation of great issues to which the world is urgently seeking effective and consistent solutions. The Committee earnestly recommends that, in this first review and appraisal round, the General Assembly together with all the Governments of Member States, should make precisely this effort to renew the development priority.

32. One should sound alarms, especially ones bearing short deadlines, with care. In many of the poorer countries the development process, while imperfect, is hardy and entrenched. These countries themselves can of course do much to speed, or retard their own processes, and in many cases they will probably not allow themselves to go down the drain whatever the rest of the world does about implementing the International Development Strategy. Nevertheless, the mode and speed at which the

poorer countries proceed are heavily dependent at the margin on the trade and resource-transfer environment provided by the international community. Governments of developing countries, moreover, must plan well ahead; they must make their choices of pace and mode well in advance of the results they seek. Governments now are in the process of making policy choices for the balance of the 1970s based on their best assumptions about the external environment in which they will be operating. In so far as those assumptions objectively interpret the trends of the past three years, they are bound to be bearish. Such is the strategic case for the international community to renew the priority for development quickly and convincingly.

33. There is an even more pressing tactical case for moving development back towards the centre of the global agenda. As noted, one major aspect of the new ferment of these most recent years is the stressful, ramifying concern surrounding international monetary and trade issues. These issues are now moving very rapidly, both in the monetary and in the trade negotiations of the next few months, towards decisive way-stops, if not ultimate solutions. Thus far the monetary and trade debates have been very largely preoccupied with the interests and counter interests of the developed countries. It is essential, if they are to arrive at viable global answers, that the measures adopted be as constructive as possible for the developing countries. The representational formalities in this regard - membership in the General Agreement on Tariffs and Trade (GATT) and in the Committee of Twenty - already are arranged. But by themselves these are not enough. For one thing, the developing countries themselves have to arrive at a clearer view of their common monetary and trade interests. But in addition, given the de facto distribution of bargaining power in these forums, a number of developed countries need to serve as active and resourceful partisans of the development priority; they should undertake not to agree to measures that cater only to some countries, but should work for measures that help all.

34. To call for a renewal of the development priority obviously is not to call for it to displace all other priorities. The rational pursuit of a set of major goals necessarily involves compromise and trade-offs. But - and this is a theme the Committee seeks to press in this report - there can also be very substantial complementarities among the major goals. The present report particularly highlights one such instance of complementarity between development benefits, on the one hand, and developed-country monetary and trade objectives, on the other - the link between the Special Drawing Rights of IMF and development assistance. But there are many other examples of such potential convergences. In the interplay between environmental and developmental concerns, for instance, there are substantial opportunities - substantially more, the Committee thinks, than the Secretary-General's report suggests - for mutually reinforcing outcomes. What is needed, in this regard, is to get the development objective reweighted into the international community's set of priority goals so that monetary or trade or environmental or other choices which are close on their own merits but which would have significantly different development consequences can be tilted in pro-development directions.

35. Usually reports like this first address advices to developing countries, then treat needed international measures. On this occasion, since the present gap between promise and performance is larger on the side of the international community than of the developing countries themselves, and also because incipient policy decisions in the poorer countries may be significantly conditioned by quickly signalled changes in the international environment, the Committee turns first, in section B, to

international measures. Then, in section C, it considers policy improvements that might be sought by developing countries, in part without regard to the degree to which the international community now renews the priority for development, in part conditioned by that response.

36. At various points in this opening discussion there have been references to the changes since 1970, not only in the events bearing on developing performance, but in the objectives of the development process. Before proceeding to a discussion of policy measures it may be useful to summarize broadly the Committee's understanding of the goals that most developing countries themselves presently are pursuing and for which they seek international reinforcement. The objectives recited in the International Development Strategy are by no means outmoded, but there has been a significant shift of degree and in emphasis. The emphasis placed on the issues of employment and social justice in the International Development Strategy was in itself an innovative note. Elaborating on this note, the Committee called attention, in the report on its eighth session, to major aspects of these issues and to the need to make them an integral part of national development thrusts. Yet these issues have still tended to be treated as additive matters appended to the central and familiar quest for extension of aggregate output and income growth. Meanwhile, many countries have increased further the humanistic emphasis of their development objectives. No longer willing to treat equity or employment as ancillary goals, they have raised them conceptually to full parity with output growth.

37. This change of balance in development design undoubtedly alters the trade-off between equity and economic growth in various respects. In particular, to the degree that countries succeed in pressing direct attacks on extreme poverty, their efforts, unless supported by adequate measures, will tend to increase consumption and, therefore, to decrease investment out of unchanged levels of income. In practice, these static conditions need not prevail. As the Committee has emphasized in its earlier reports, the degree of conflict between equity and economic growth involved in the "new approach" to development that entails a frontal attack on extreme poverty is easily exaggerated. First, the approach relies considerably on mobilizing quasi-idle and/or low productivity labour to additive capital formation at the same time it is raising consumption. Secondly, at the subsistence levels of welfare involved, increased consumption frequently yields direct improvements in productivity; indeed such consumption - better nutrition, health improvement and basic education - can be construed as a form of investment. Thirdly, Governments adopting the "new approach" need not be passive in letting "natural" savings propensities work their effects; rather, responsible employment-generating, public-consumption and redistributive programmes can be supported by additive fiscal and other savings measures - just as they can be greatly facilitated by additive inputs from abroad.

38. So construed, an increased priority for equity is fully compatible with a continuing priority for economic growth; indeed its implementation depends heavily on the latter. Such is the view of most Governments that have adopted the new approach, and it is easily embraced by the International Development Strategy.

## B. International co-operation

39. The renewal of the international community's commitment to development requires innovative action on a wide front, forged in a spirit of co-operation that genuinely seeks an integrated world economy, free from want and intolerable disparities. This surely all will not be achieved by the time the world community turns its attention to the mid-Decade appraisal. But at least that appraisal should lead to the conclusion that a genuine start has been made in the needed direction.

40. Given the profound importance of international trade for developing countries, trade and commercial policies must occupy a central position in any effective upgrading of the richer countries' priority on international development. While the export performance of the developing countries will depend importantly on their own efforts and upon measures to promote trade among themselves, their overall export prospects will continue to depend heavily on the accessibility and receptivity of advanced-economy markets.

41. While there will be no problem for the major petroleum and natural gas exporting countries, and perhaps not for exporters of some other minerals, such as iron ore, the exports of the rest of the primary products, especially food-stuffs and fibres, which constitute the bulk of the poorer countries' traditional exports, have a very different aggregate prospect. In general, the income-elasticity of world demand for them is much lower, and they often face stiff competition from synthetic substitutes. In many cases, the combination of fluctuations in supply and demand, which are both price-inelastic in the short run, subjects such exports to violent swings in earnings. The adverse consequences are compounded when countries are heavily dependent on one or a very few traditional exports, as is the case with a number of poor countries.

42. In such circumstances, those Governments of industrialized countries which are serious about promoting development will have to be receptive to international commodity agreements. With respect to supply-concerting efforts by the producer countries which seek to strengthen and not simply smooth prices, consuming countries should recognize that such procedures may serve to promote development in poorer countries. Furthermore, the importing countries, if they are indeed serious about development promotion, will need to take pains to reduce and then to eliminate within a reasonable period the adverse spill-over of their own agricultural policies and those of the enlarged European Economic Community on developing country suppliers. Such importing countries should give close attention to whatever complementarities may exist between development promotion and their own newer environment-related reasons for favouring certain natural raw material imports over domestic synthetics. They should also recognize the need of most primary product exporting countries to diversify their exports and, in particular, to move into labour-intensive manufacturing and food-stuffs. Such an approach must accept change in the international division of labour. It must seek the termination of multilateral, bilateral or, indeed, unilateral arrangements - such as the Long-Term Textile Agreement or voluntary controls on shipments of beef to the United States - that have the effect of limiting imports from developing countries. This is by no means an easy task. But concerned Governments should strive to promote general public awareness of the benefits that an evolving international division of labour can bring not only to the poorer countries but to the economically advanced countries themselves. In this connexion, moreover, safeguard clauses should not be used against normal developing country exports. Rather, industrialized nations should develop active reconversion plans and, in particular, effective

adjustment assistance for workers and enterprises in industries that are no longer competitive with developing country suppliers. It is also important that labour-intensive agricultural imports be favoured as much as manufactured products by such reforms.

43. Nevertheless, because it will determine most of the future growth potential for exports from the bulk of the developing world, the outlook for manufactures occupies the centre of the market access problem for developing countries. Here we do not propose to deal at length with the alternative mechanics that particular industrialized countries may choose for assisting market access. Some, certainly, may proceed, as has already begun, with an extension of trade preferences. In this connexion, it has become clear, in the case of countries which are already applying it, that this treatment urgently needs to be enlarged and liberalized if it is to yield the benefits expected from it. Having declared its intention to provide generalized tariff preferences to the developing countries, the United States, in its capacity as a great world market, should delay no longer in putting such a system into effect. The preferences accorded by the European Economic Community to its associated countries need to be extended to other developing countries as well, starting with the least developed among them. Such preferences should be given on a non-reciprocal basis; the reverse preferences that some developed countries have demanded and received from a number of developing countries are hardly in tune with requirements of development. These need to be phased out. Such a step would contribute towards greater harmony among developing countries. Instead of offering tariff preferences, some developed countries may rely on general tariff reductions and/or the elimination of non-tariff barriers, but ones that indeed open new opportunities to the poorer countries and root out hidden discriminations against their products. Some Governments will need to take the lead in redressing international conventions as to shipping and other "invisibles" that inhibit developing country exports.

44. Whatever the particular sequence of adjustments they choose, Governments serious about development promotion will recognize that, when account is taken both of their non-tariff barriers and of the present structure of their tariffs, their economies' present degree of effective protection against developing country manufactures probably in fact is high and perhaps prohibitive. Therefore the scope for improving the latter's market access typically is large. It is clear that effective liberalization of imports of manufactures from developing countries, although benefiting consumers, is likely to encounter formidable - in some cases now rising - opposition from protected domestic producers. Governments so disposed, therefore, will need to be determined and politically resourceful. In particular, as noted, they will need to be much more active, individually or within their arrangements for multinational co-operation, in providing "adjustment assistance" for domestic producers.

45. At present, developing countries are looking towards the forthcoming trade negotiations and to further rounds of discussions on monetary issues. Both aspects - trade and financial - engage the whole complex web of global international relations, which are often essentially in the hands of a limited number of large countries but whose effects are unfailingly felt by the developing countries. On past post-war occasions, the developing countries did not play an adequate role in world financial and trade negotiations. During these negotiations, they should.

46. Developed countries should ensure that the forthcoming negotiations yield tangible benefits for developing countries; and the latter will no doubt find it desirable - indeed, essential - to take their unity of purpose beyond the stage of general declarations into the level of actual negotiations. The results of the negotiations should not be such as to yield benefits to some groups of countries but not others. Only a final outcome generally satisfactory both to developed and developing countries would be in accordance with the aims of the International Development Strategy.

47. While some centrally planned countries presumably will be participating in the forthcoming trade negotiations, others will not. In these circumstances, it is necessary to recall the obligations assumed by these socialist countries in regard to the developing countries. These include wider preferential access for the latter to the markets of the former and the inclusion of increasing amounts of goods originating from developing countries in the purchasing plans of the centrally planned countries' trade and industrial enterprises. Policies for increasing the level of consumption pursued by the socialist countries should facilitate the expansion of their imports from the developing countries.

48. Finally, Governments serious about facilitating development via their trade and commercial policies will remain particularly alert to the implications that other aspects of their programmes may have for developing country exports. For example, as noted already, they should ensure that new regional trade groupings among them do not adversely affect developing country markets. In this respect emphasis must be laid on the negotiations to be carried out under article XXIV of GATT in connexion with the enlargement of the European Economic Community, since the alteration in the conditions of access to markets brought about by the entry of new members is a cause of severe concern to a number of developing countries. Governments of developed countries should be quick to see that the pollution costs and concerns newly attaching to some manufacturing processes in densely populated high-income locations may appropriately shift the comparative advantage for such production to the developing countries. As these Governments attempt to formulate new policies with respect to private multinational enterprises, they should give careful attention to the latter's growing function as organizing and marketing networks for developing country manufactures, while seeing to it that they do not engage in activities which have caused concern in a number of these countries and which are referred to in resolution 1721 (LIII) adopted by the Economic and Social Council on 28 July 1972.

49. In 1971, the net transfer of resources from developed market economies to developing countries and multilateral institutions again did not fulfil the target set in the Strategy. As a proportion of the gross national product of these economies, it represented only 0.74 per cent, lower than it was 10 years earlier - namely 0.86 per cent. Furthermore, the critical component, net official development assistance - designed to be concessional - amounted to 0.34 per cent of the gross national product in 1971 - as against 0.50 per cent in 1961 - while the target for such assistance is 0.70 per cent. The result of this shift to a greater weight of private flows in the transfer of resources has been to increase the cost to recipients - even more so as the grant element in official development assistance has been falling in recent years. Within the developed market economies members of the Development Assistance Committee (DAC), of the Organisation for Economic Co-operation and Development, only five attained in 1971 the target of

1 per cent of the gross national product to be given as net flow of financial resources to developing countries and only one reached or exceeded the target for official development assistance. The United States, which still accounts for close to two fifths of the total net transfer of resources, has influenced heavily the outcome, as it is still far from reaching the two above-mentioned targets. As a whole, the amount of resources transferred from these developed countries did increase in real terms in 1971; but such expansion has not been commensurate with the needs of developing countries with respect to its amount, structure and cost. The Committee feels particularly concerned about this outcome. 2/

50. The commitments of the centrally planned countries to transfer financial resources to the developing countries increased substantially during the initial years of the 1970s. However, because of the unfortunate lack of data on disbursements, the magnitude of the amount actually used on a year-to-year basis is not known. Nor is it possible to state with precision the costs of these transfers. In general, the terms of loans tend to be soft, especially in the case of China which very often does not charge interest on its loans. As in the past, the transfer of resources from these socialist economies has been heavily concentrated in a few developing countries.

51. Financial resources have also been provided by some developing countries to other developing countries. This has been done mainly by some petroleum-exporting countries. Although sufficient information is not available to permit precise conclusions, it appears that the impact of such resources has been limited to only a few countries.

52. All in all developing countries are facing a stringency of financial resources for development purposes, at least of official origin. Commercial loans at higher costs tend to take their place and in some countries are already the principal source of foreign financing. As a consequence, the debt burden is becoming every day more pressing. Servicing the debt of developing economies absorbed about \$6,000 million in 1971 - over 10 per cent of export earnings - and this ratio will grow rapidly if measures are not taken to strengthen the flow of official transfers of resources and to soften terms. Almost half the total debt is concentrated in 10 developing countries, with over 16 per cent of their export earnings going in service payments. A succession of payments crises and the need for emergency measures of refinancing may be expected. It would be difficult to exaggerate the problems that such developments could entail. Thus, for a number of countries, there is an urgent need for more extensive anticipatory refinancing on soft terms of past debt while the skies are clear.

53. The increasing indebtedness of developing countries and the higher cost of transfers of resources consequently dominates the picture of financial co-operation, overshadowing some progress made in other elements of this area of international co-operation. Although multilateral financial institutions are channelling a growing proportion of resources and one of them, the World Bank group, has succeeded in expanding considerably its lending operations, these institutions have found it necessary - because of their own rising interest costs on borrowings of capital - to demand harder terms in their ordinary operations in contrast with official assistance from bilateral sources. DAC members collectively are aiming at

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2/ The factual statements are based on the data of DAC as adjusted to conform to United Nations definitions. The data cover the period ending in 1971.

a target of a grant element of 84 per cent in their official development assistance; as of 1971 only four of them were below 80 per cent. Some countries have also moved towards a relaxation of their requirements of procurement of the so-called "tied loans". Nevertheless, if the amount of official assistance is not substantially increased so as to fulfil the targets set in the International Development Strategy, the result of this commendable effort will be neutralized by the harder terms of private financing.

54. The Committee urges developed market economies and centrally planned economies alike to make all the efforts needed to expand substantially the transfer of resources to developing countries and soften its terms. While favourable export conditions in the latter part of the 1960s helped some developing countries to achieve a relatively high rate of economic growth in spite of the insufficiency of development assistance, many have remained well below the average, and among them are some of the poorer and more vulnerable countries. New avenues of international financial co-operation are therefore urgently needed. International commodity policy, however well designed and however effectively carried out, will not suffice to protect developing countries against the adverse consequences of declines in export prices or earnings resulting from structural shifts or slackening in demand. The need for a scheme of supplementary financing along the lines originally proposed by the United Nations Conference on Trade and Development at its first session remains strong. The international community should take steps to break the current deadlock on this score, arising mainly from the difficulty of raising the necessary resources. One possible approach might be for IMF to expand the scope and purpose of the compensatory financing facility so as to provide for longer-term programme financing in cases of the above type. Multilateral and bilateral financial resource transfers not only need to be substantially expanded but also made flexible to suit the requirements of borrowing countries in the framework of their development plans or programmes. Further, it is essential to make multilateral institutions immune from political influence in their lending operations so as to preserve the confidence of developing countries in their judgement and ultimately in their role of promoters of development.

55. The world community should begin to devise new vehicles for enlarging and organizing the international transfers of resources. The net transfer of resources from the rich to the poor countries is not a temporary issue. The need will continue. It appears more and more necessary to consider these transfers not as the result of affluent philanthropy but as a response to the common interest of the world society as a whole.

56. A major increase in the net transfer of resources to developing countries can be justified in terms of development needs alone: developing countries could make efficient use of a much larger volume of assistance than is presently available to them. Such an expansion in the flow of resources to developing countries could, however, also make a significant contribution to easing current tensions in world trade and payments. In order to overcome the international imbalance of recent years, it is essential for a considerable improvement to take place in the United States balance of payments. A corollary of the current deficits in the United States balance of payments has been the surpluses in the balance of payments of a number of other developed market economies. An improvement in the balance of payments of the United States would ordinarily entail a reduction in these surpluses. However, it would be easier for the other developed countries to accommodate a larger shift in the United States balance of payments on current account if the

collective surplus of the industrial countries with the developing countries were suitably enlarged and the resulting deficit of the latter sustained through the requisite transfer of financial resources on appropriate terms.

57. While there are a number of ways in which such an increase in the import capacity of developing countries could be brought about, the Committee sees particular merit in the proposal for a link between the Special Drawing Rights (SDRs) of IMF and additional development assistance. The quantitative scope that such a link would afford for transferring resources to the developing countries in the near future is uncertain. It may well be quite large. But even if world needs for additional liquidity in the form of SDRs in the near future prove relatively modest, the basic principle represented by the link is highly important. The link would represent a new departure in collective action by the international community in support of the International Development Strategy. Moreover, the contribution that a transfer of resources could make to the adjustment process, as described in the preceding paragraph, provides further justification for building that transfer integrally into the international monetary system.

58. The Committee is aware that a number of variants of the link have been proposed. While it does not propose to enter into the detailed considerations underlying the choice, there are two issues on which comment may be made. In the first place, the choice between various forms of link should not be made to rest on speculation as to the extent to which one or another form might yield flows of aid that would be truly additional. We see little basis for such speculation, since the case for the link does not rest on concealing from Governments and legislatures the transfer of resources to developing countries that is involved. The intention of the link is rather to create a new and collective channel of assistance. Secondly, the choice as to the manner in which the new resources should be channelled - whether directly to developing countries from IMF or indirectly through multilateral financing institutions - should not be made to turn on considerations of inter-country distribution. The way SDRs work, their creation entails an unrequited transfer of international purchasing power to some set of recipients. There is no legal, let alone ethical or operational, reason - nothing more than a very young custom - that says that the initial distribution needs to be proportionate to IMF quotas. The purpose of new SDRs is to provide needed increments of international liquidity, and, however the latter are first distributed, they will find their way, via international transactions, to those countries which want and can afford to hold additional liquid assets in this form. If, as the Committee believes, there are good reasons of equity for skewing the initial distribution of SDRs to the poorer member countries of IMF, then there is no reason why those richer countries which want additional reserves should not have to earn all or part of their incremental SDRs by supplying a round of development-assisting exports to the poorer initial recipients. Nor is there any basic reason why direct distribution by IMF, on the one hand, or indirect distribution via development financing institutions, on the other, need have different distributional outcomes.

59. The Committee recognizes that many developing countries would prefer resources that are placed unconditionally at their disposal to resources that are tied to project or programme lending within a framework of conditionality such as that presently employed by the development financing institutions. On the other hand, in the absence of adequate monitoring of the use of funds, the amount of resources the world community would be willing to transfer through a link might well be limited. The Committee therefore feels that there is much to be said for a suitable combination of both methods.

60. The recognition of global needs should also lead to the development of other new and collective vehicles for net transfers besides the SDR link. The use of sea-bed resources, on which discussions are currently going on in the United Nations opens up one such possibility. Particularly in their exploitation of natural resources lying beyond the territorial limits of sovereign States, Governments should accept the imposition of a charge by the world community collectively which in turn would be channelled to the poorer countries. Another possibility is the imposition of a levy throughout the world on the consumption of some luxury goods, such as cars, pleasure boats, television sets, refrigerators, washing machines and dish-washers. The Committee outlined a proposal in this connexion in the report on its sixth session. <sup>3/</sup> The proposal, characterized as a world solidarity contribution, suggested a levy at a low uniform rate - for instance, 0.5 per cent - on the purchase price of the items selected for this purpose. The contribution would be collected by the tax authorities of each country, and the proceeds used for financing international development in accordance with agreed arrangements. Still another possibility is a tax on the use of non-renewable natural resources; such a tax could not only provide finance for development, but also help to encourage more economical use of scarce natural resources. Still another possibility is the introduction of financial contributions by multinational corporations. The feasibility of all such proposals needs close study. Such studies should be undertaken in the United Nations system and in other concerned international organizations as soon as possible.

61. The reorientation of trade and commercial policies towards development goals, and the improvement in the volume and terms of resources - even if the latter is enhanced by the SDR link and other new mechanisms - would still need to be supplemented by other measures of international co-operation. There are, in particular, three interrelated matters of this sort to which the Committee would like to draw attention in the present report. These are the promotion of closer international co-operation for industrial development, an increase in the transfer of technology to developing countries and the encouragement of a more positive role for multinational corporations.

62. In recent years a number of industries of economically advanced countries have established or expanded production units in developing countries, not only to serve local markets but also for export, including to their own markets. Various forms have been used - direct transfer of production to subsidiary companies, subcontracting to local firms, complex agreements for enterprise-to-enterprise industrial co-operation - which have led developing countries towards greater integration in world production and trade, both in traditional industries, such as textiles and leather goods, and in such more technologically advanced manufactures as automobiles, electronics and machine tools. This development has an important potential which should be fully used. Industrial co-operation between developed and developing countries should be given impetus both at the governmental level and at the level of enterprises. Such co-operation should help to expand and diversify industrial activity and to build up technical and managerial skills in the developing world. Developing countries should themselves contribute to this process by delineating their priorities in production and technology and by defining their policies towards foreign partners. As a group, developing countries should increase the solidarity among themselves and strengthen their intra-group industrial co-operation at various levels. This could take place within subregional groupings by joint programming of industrial development, including harmonization of policies and decisions on establishment of multinational industries and equitable share of benefits, and by increasing industrial co-operation between countries and regions,

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<sup>3/</sup> See Official Records of the Economic and Social Council, Forty-ninth Session, Supplement No. 7, paras. 67-69.

including specialization in industrial branches of products, mutual provision of management, and the sharing of technical and consulting services. International organizations should assist in promoting world-wide industrial co-operation by projecting common frameworks for action and by providing forums for discussions and negotiations.

63. The application of appropriate scientific knowledge and technology is of fundamental importance to the progress of developing countries. The channels - both official and private - for transferring technology to the developing countries need improvement, and the range of options from which each country may choose technologies appropriate to its own conditions needs broadening. Governments of developed countries need to make their current policies more flexible in these regards. Not only should they provide adequate direct assistance to developing countries on scientific and technological matters; they should encourage activities in their own research and development programmes that are of use to the poorer countries. The practices of foreign private firms on such matters as royalties and licences should be better attuned to developing country needs. At the same time, it is at least as important to promote indigenous programmes of scientific and technological work in developing countries themselves, individually and through regional or subregional co-operation. In the research activities of both developed and developing countries, more effective attention needs to be given to evolving technologies that absorb more labour productively while, at the same time, moderating the physical strain and drudgery for individual workers. Finally, particular attention should be given to the development of new - for example, solar - forms of energy that may be especially adaptable to developing country needs.

64. In gauging the course of the world economy, the role of multinational corporations cannot be ignored. They have accounted for about one fifth of the total output and total exports of all market-based economies in recent years. While these corporations often act as effective agents for the transfer of capital and technology to developing countries, their activities have given rise to issues of economic control and intrusion into the domestic affairs of host countries. The Committee has learnt with interest that, in pursuance of Economic and Social Council resolution 1721 (LIII) of 28 July 1972, the Secretary-General will soon appoint a group of experts to study the role of multinational corporations and their impact on the development process. The Committee looks forward to seeing this study as well as the results of similar work in progress in other organizations. It will offer its own views and recommendations on this subject in due course.

65. The Committee concludes this section by drawing attention once again to the numerous opportunities which now present themselves - in international monetary reform, in multilateral trade negotiations, in measures for environmental management, and in the external policies of the regional groupings of the developed countries - for reversing the negative trends that threaten the implementation of the International Development Strategy and for promoting the common interests of the world's population. Such common interests include achieving a more rational international division of labour, and thereby lower consumer prices, using to the fullest extent the world's productive resources, more particularly the labour resources in developing countries, and avoiding a polarization of the rich and the poor. Unavoided, such a polarization is bound to produce violent reactions that are against the best interests of mankind.

### C. Policy needs in the developing countries

66. In the developing countries the principal task consists in combating mass poverty and unemployment and simultaneously fostering economic growth. A number of current development plans do indicate a shift in emphasis and a growing awareness of the need to pursue patterns of development that are more sensitive to social problems. The recognition of the need for new approaches and an expression of concern at social ailments, however, do not always amount to the incorporation of basic changes into actual development programmes and policies. And yet the latter, of course, is what is required.

67. Inadequate statistical information is still a serious handicap both for formulating a comprehensive approach to economic and social development and for evaluation of the progress made. The Committee notes with satisfaction the action that international organizations are taking to help the developing countries to improve their statistical systems, giving particular attention to the collection of basic data on such items as employment, unemployment, distribution of income, consumption, minimum standards of living and other topics which are relevant in respect of the social objectives of the International Development Strategy; it strongly supports the recommendations of the Statistical Commission of the United Nations on this subject. Administrators and policy makers in individual countries must be conscious that bold and immediate action is needed in this sphere if they want to get concrete results in a reasonable span of time. Yet the improvement of statistical systems can be a difficult, slow-moving and costly process, and the implementation of development policies seldom should wait until such results become available. Sufficient information for the initial moves can almost always be obtained by a better exploitation of the existing data or be drawn from administrative records, expert judgements and other sources.

68. The economies of a small number of developing countries have been growing for several, even many, years at very high rates whose possibility would not have been envisaged a decade ago. There is some evidence that countries with high rates of economic growth have been able to reduce unemployment more effectively than the slower-growing ones. Nevertheless many relatively rich developing countries have not escaped from mass poverty and unemployment. Moreover, rapid economic growth can also be accompanied by unfavourable social development if the spreading of economic gains does not form an integral part of a country's policies. The Committee believes that, with good policies, social problems are more likely to be solved within a framework of rapid economic growth. In fact, a preoccupation with social objectives to the detriment of economic growth and of technological modernization can result in an aggravation of social problems and tensions, particularly those of unemployment. There is no reason why a pattern of development cannot be devised which reflects the complementarity between a multiplicity of objectives - a pattern in which programmes for improving output, employment, income distribution, education, health and nutrition reinforce and sustain one another. Such patterns of development, attuned to the circumstances of the countries concerned, need to be reflected more fully in the new development plans for the 1970s.

69. The International Development Strategy calls upon developing countries to formulate population policies. While there are some countries where a larger population is thought to be desirable, many developing countries recognize that a reduction in the rate of population increase would permit a more rapid achievement

of the primary objective of eliminating mass poverty, and improving standards of health, housing and education. Population policies have several dimensions. The Committee wishes to draw attention to some of them, as is done in the next three paragraphs.

70. Although a lower rate of population increase in the 1970s in the developing world as a whole, as compared with the more than 2.5 per cent rate of increase in the 1960s, can hardly be expected, there are already some important signs that the desired reduction by the end of the 1970s will be achieved in many countries. There have been striking falls in the birth rate in several countries - these include Barbados, Chile, Costa Rica, Hong Kong, Singapore and Trinidad and Tobago - and significant falls in some others: Fiji, Guatemala, Guyana, Jamaica, Malaysia, Mauritius, the Republic of Korea and Sri Lanka. As yet, there is little evidence of a reduction in several large countries where the need for family planning has been felt and active programmes for the purpose have been adopted; some progress has nevertheless been registered even in these countries, and it is possible that more substantial results will begin to show in the course of the 1970s.

71. In most of the countries referred to above there was evidence of a decline in birth rates even before the institution of family planning programmes. It would appear that this was partly in response to a sharp decline in death rates, though with a time-lag, and partly due to urbanization, a rise in incomes within certain social strata and extension of education. Active and sustained programmes for making available the means of family planning to everyone are still an essential adjunct to success, especially in those rural areas where substantial improvements in standards of living and levels of education cannot be expected to be realized for many years. Extension of primary education, greater availability of health services, improved opportunities for female employment, especially in cities, are all areas where an attack on poverty and the achievement of a reduced rate of population increase are mutually reinforcing.

72. No degree of success in the demographic field will, however, make any difference to the large and rising flow of work seekers until the mid-1980s at the earliest. The impact of population increase on the employment problem in several developing countries has already become very evident. The new emphasis on increasing work opportunities and the productivity of the less-than-fully-employed will remain valid for many years.

73. It has become plain that measures for spreading the benefits of economic growth need to be built into the development programme of each country. Such diffusion typically does not take place automatically. Though there has been progress in this direction in many countries through expansion of educational and health facilities, low-cost housing for the poorer sections of the population and other improvements, much remains to be done - especially in improving access to these facilities in rural areas. Claims concerning advances made in these particular fields also must be reconciled with the broader economic evidence regarding shifts in the distribution of income and wealth. The data available are regrettably not adequate to support firm conclusions. Yet the burden of the evidence suggests that, with few exceptions, there has been no significant shift in favour of the lower-income groups in the developing world. Some developing countries seem to have moved in the reverse direction. If the process of economic growth is to bring about a wider dispersion of benefits, the whole structure of production and of property

ownership in these countries will itself need to be modified to a greater degree than has been the case thus far. This no doubt raises complex and difficult issues, but they need to be faced. At the same time, the problems of mass poverty and unemployment cannot be solved through redistributive measures alone; the accent on economic growth must therefore continue. As noted, developing countries now show awareness of these two dimensions of their challenge. The issue is one of implementation.

74. Basically, what happens in the agricultural sector is crucial in most developing countries. Widespread unfavourable weather has had a depressing effect on agricultural production in the first two years of the Second Development Decade, and it is difficult to draw valid conclusions from the data on output available for this period. Yet, even if allowance is made for the impact of weather, there is reason for concern about the performance in the agricultural sector. Despite the availability of high-yielding varieties for several crops and the more intensive application of other inputs, progress has been uneven. The "green revolution" has shown impressive results in respect of wheat, but the record in other crops has generally been disappointing so far. At the same time it is probable that in certain countries improvements in agricultural production have been concealed by the inadequacies and deficiencies of the data available. The Committee would like to draw attention to the extremely undependable character of some of these data, particularly in respect of countries in Africa, and would caution against any but the broadest inferences being drawn from them.

75. In this context it is of particular concern that, though the area under cultivation has been expanding more rapidly than foreseen in the Indicative World Plan framed by the Food and Agriculture Organization of the United Nations - no doubt reflecting the pressure of the growing agricultural labour force - the targets of individual countries presented in the Plan in respect of irrigation are not being fulfilled. This could have serious consequences in Asia. Early and effective action needs to be taken to extend irrigation - specifically of the type that will make water available in the required quantities at the right time for each crop. The importance of exploration of ground-water resources, and measures for the exploitation of these resources, cannot be exaggerated. The Committee would also like to underline the need for making more efficient and economic use of the water available, and for minimizing losses of water through seepage and evaporation.

76. Though expansion of agricultural output has been handicapped by the non-availability or insufficient use of the necessary inputs, inadequacy of demand has also been a factor in varying degrees. This has been in evidence in some countries where agricultural expansion is primarily dependent on export demand. It has also been evident in the case of the coarser new varieties of rice which have encountered problems of market acceptance. This kind of phenomenon underlines the need to supplement programmes for increasing agricultural production with measures that would simultaneously increase the incomes of the poor.

77. At the same time, there has been inadequate awareness of the possibilities of increasing the output of high value commodities with good demand prospects like vegetables, fruits and animal and forest products. While the production of vegetables and fruits is generally labour-intensive, for livestock and forest products deliberate efforts are needed to promote efficient labour-intensive methods of production. Many developing countries have considerable export potential in this field, provided the necessary organizational and other support is made available. Inadequate efforts in this regard and the protection given to their

internal agricultures by both developed and developing countries continue to inhibit progress. Such expansion of exports is one of the best means available for increasing both employment and income for small farmers in the developing countries.

78. There is ample scope for using efficient labour-intensive methods of production in agriculture, and care has to be taken that the price mechanism does not result in a socially unjustifiable substitution of more mechanized methods. Agricultural output has at times suffered from shortage of labour in the peak seasons, particularly in areas from where there has been migration of rural labour to urban areas, and this has had the effect of promoting mechanization in some areas. It is therefore essential to consider organizational measures for making available labour in adequate quantity during the peak seasons - including devices that are labour-saving for particular operations and yet not too capital-intensive - and ensure that, in any case, low prices of farm machinery and easy terms of credit provided for such investment do not encourage mechanization where it is not complementary to employment.

79. Although considerable emphasis has been placed on land reforms in some developing countries, more so in recent years, the actual achievements in this regard have not been very impressive so far. Only in a few countries have small farmers benefited from land reforms in recent years. There have been some important exceptions, particularly in countries in Latin America. In most countries, the measures of reform have been slow in preparation and implementation still slower. This has been the case particularly in South Asia where the pressure of population has made it possible for the owners of land to enter into arrangements in violation of the legislation passed. Where attempts have been made to impose ceilings on land holdings, the area of land thus provided for redistribution has generally fallen far below expectations. The implementation of land reforms is commonly inhibited by the prevailing power structure in the rural areas.

80. Several developing countries have adopted systems of fixation of minimum producer prices for selected agricultural products. The assurance so provided has been in several cases an important factor in stimulating growth of production in both large and small farms. However, the largest benefit of minimum prices naturally goes to the large farmers. Indeed, a major defect of the rural institutional arrangements and of the government services to farmers - especially those concerned with credit, marketing and extension - in most developing countries is their failure to provide adequately for the needs of the mass of small farmers.

81. Since land reforms and related institutional arrangements have thus far had insufficient impact on the distribution of property and income in rural areas, it is essential to press forward with measures of agricultural taxation that have a significant element of progression built into them. Taxes assessed on agricultural income as such have not proved to be very effective; there are considerable difficulties in applying to agriculture some of the concepts used in the taxation of non-agricultural incomes, and the scope for evasion is wide. The possibility of linking direct taxes on agriculture with the potential productivity of land, supplemented by taxation of agricultural wealth above specified limits, needs to be explored. Steps in this direction have been taken by some developing countries, but not very systematically as yet. It is important for many developing countries to give high priority to introducing adequately progressive and effective systems of direct taxation of agriculture as integral parts of their development programmes.

82. Of fundamental importance to developing countries is the dynamic thrust provided by industrialization - a subject to which, as is indicated in chapter III below, the Committee will devote greater attention at its next session. Industrial expansion, as recorded, has been roughly in line with the targets set for the Second United Nations Development Decade. Industrialization has in fact played a leading role in the development process of many countries. The transformatory role of industry on the development of agriculture, transport and other sectors as well as its impact on the absorption of the growing labour force has, however, generally been small. There is, thus, a strong case for fostering industrial expansion at a faster rate and for strengthening the linkages with other sectors.

83. To date, in a number of developing countries, the pattern of development reflects the demands of the upper-income consumers in markets that are protected by high tariffs and import restrictions. Indirectly such development makes heavy drafts on scarce foreign exchange, both via its requirements for imports of intermediate goods and via its inhibitions to exports.

84. A phenomenon evident in many developing countries is the persistent substantial under-utilization of production capacity in manufacturing industries. The reasons appear to be many, and different in different countries. Developing countries do however need to investigate in depth the causes of this problem, case by case, and to take remedial measures. Such action can both improve their performance during the current decade and yield useful insights for future development programmes. The Committee itself expects to study this problem further.

85. The new orientation of policy towards the elimination of mass poverty will, if successful, result in some changes in the industrial structure. There will be increased demand, not only for food, including processed food, but also for the simpler non-food items of consumption such as clothing, footwear, domestic utensils and furniture. These are industries which may be suitable for labour-intensive production. If so, a direct attack on mass poverty can reinforce itself as the shift of demand itself creates more opportunities for work among the lower paid. For this same reason, the shifting of production incentives in favour of labour-intensive industries may itself tend to raise the demand for the products of such industries. Progress in this direction could be much greater than has been the case so far, given appropriate incentives and supporting conditions - to which reference has been made in the report of the Committee on its eighth session.

86. The needed industrial design under the "new approach" to development should not be confined only to simpler or more traditional products. Several developing countries have made significant advances in more sophisticated industries producing intermediate and capital goods, and further progress in this direction is desirable for strengthening the linkages between different sectors of the economy and for the promotion of technological advances in these countries. In fact a larger number of countries need to adopt patterns of development conducive to the expansion of such industries during the current Decade. Some of these industries are necessarily capital-intensive, particularly in respect of energy, transportation, minerals and some chemicals. Nevertheless there is a wide range of industries falling in this category which are not capital-intensive and offer scope for increasing employment significantly along with output, such as industries manufacturing some agricultural equipment, metal castings, lorries and buses, light electrical goods and machine and hand tools. Experience has shown that these industries of developing countries are successfully competing with those of developed countries. For many developing

countries, the direction, speed and pattern of development have been adversely affected by unfortunate internal policies and institutional arrangements: wrong investment decisions, inappropriate factor pricing - including over-valued exchange rates - cumbersome and arbitrary administrative controls, excessive tax concessions, loan policies favouring particular interests and inability to resist offers of turn-key projects on apparently concessional terms. Such factors have frequently led to over-capacity in industrial plants and to distorted industrial structures. Such conditions clearly warrant correction.

87. The drive against poverty and unemployment will have to permeate all sectors of the economy, not merely agriculture and industry. The situation in many developing countries is so urgent as to demand additional efforts, pointedly focused on eliminating at least the most acute forms of poverty. It is the belief of this Committee, as already spelt out in the report on its eighth session, that construction activity and land improvement are particularly well suited to providing a decisive momentum now as an integral part of the general development design of the countries concerned. Public construction programmes in both rural and urban areas not only establish links between the developmental activity in the two sectors, but also yield high social benefits in relation to costs. Low-cost housing, water supply, sewerage schemes, feeder roads, etc., which encourage the use of local materials and idle labour, can make a significant contribution to the objectives of a more equitable distribution of consumption and income.

88. Serving as it does as an input to other activities - agriculture, industry, transport and housing, among others - construction work is by its nature a spread-out activity and therefore open to the influence of a host of local circumstances or factors. While remaining an integral component of the national plan so as to promote spatially rational development, the design and execution of construction projects should give full opportunity for local initiative and efforts. This calls for a greater degree of decentralization of planning and of administration, and therefore of greater participation on the part of the local people in decision making, than has been common in the past. Suitably designed construction work can go a long way in meeting the minimum needs of the most backward or disadvantaged groups of society and in bringing them into the main stream of development.

89. However, care has to be taken to see that a broadly based pattern of complementary activities is planned in advance. Otherwise, as experience has shown, excessive emphasis on particular items, for example road construction, can easily be taken to the point of futility, reducing considerably the social value of such activities. In fact, as noted in the Committee's report on its eighth session, actual experience with public works has been highly unsatisfactory, in part for this reason. It is important that, before this kind of developmental activity gets discredited, a systematic and massive effort is made by the developing countries to formulate and execute programmes that have a visible impact not only on employment and income among those who are acutely under-employed, but also on the infrastructure of development.

90. Developments in education in the developing countries are a cause for growing concern. Not only has very little progress been made in orienting education to the requirements of development but in most countries the structure of education that has been built up is extremely lopsided. Rural education has commonly received insufficient attention. In several countries, particularly in Asia, the development of primary and secondary education, including vocational education, has lagged behind - more so for girls - while higher education has been growing at a rate out

of all proportion to the requirements, thereby exacerbating the problem of unemployment among the educated. Both the allocation of educational resources and the types of education offered reflect inadequate appreciation of the positive contributions that education can make towards raising productivity in agriculture, industry, and indeed in all spheres of economic activity. A crisis of very serious proportions is now in the making in some of these countries, which Governments will not find it easy to face unless they undertake thorough-going overhauls of their educational systems. In contrast, in most African countries and in some parts of Latin America, there has been considerable emphasis on basic education but insufficient attention towards orienting it to development. The lack of vocational training, and more generally, shortages of personnel with the right kinds of education pose problems in these countries that are no less serious.

91. The income differentials between those who have received higher education and those who have not are very large in most developing countries. They are mainly a legacy of the earlier colonial era. In some cases, the traditional differentials have been considerably eroded by inflation. Nevertheless in most developing countries salary structures still are heavily biased towards those with higher education, and this partly explains the tendency of higher education both to get over-extended and not to adapt its output to needs. As major employers of the educated, Governments have a major responsibility for improving this situation. At the same time, since there are also other organizations that offer high salaries to the educated - such as private companies - the changes in policy made by Governments, and by public sector enterprises, in regard to their own employees will have to be part of a larger incomes policy. The latter should be coupled with efforts to provide greater job satisfaction to highly qualified personnel who might otherwise be persuaded to migrate to high-wage countries. Nevertheless, unless a restructuring of salaries is begun in the poorer countries, the existing differentials not only will give the wrong signals to the educational system, and through it to the young people, they will pose entrenched obstacles to the achievement of a more egalitarian distribution of income.

92. The progress made in regard to the expansion of health facilities has also been inadequate. These facilities generally remain maldistributed. The improvement of health services, including those for family planning, the development of health personnel and the prevention and control of diseases are of obvious importance for promoting welfare, especially of the poorer sections of the population.

93. The Committee believes that there is considerable further scope for the use of mass media to promote education, family planning, use of new technology and generally to create greater awareness of the problems and possibilities of development.

94. To meet the financial requirements implicit in the new development efforts the saving ratio will have to increase in most developing countries. The statistics available regarding the savings rates in these countries are among the least reliable. It is only in respect of the saving of the public sector and of the private corporate sector that the estimates are dependable; the basis of estimation of household saving is generally very weak. This has to be borne in mind in drawing inferences from the data regarding savings. The average annual increase of 0.5 percentage point in the share of saving to gross product suggested in the International Development Strategy may seem difficult to achieve for some countries. Since the rate of saving tends to be higher the higher the rate of growth of income,

and export performance has a considerable bearing on the latter, a strong relationship between saving and export performance is at work in many countries. But whatever the impact of export performance, vigorous measures are clearly needed to stimulate saving, and with vigorous and appropriate measures the saving target suggested in the Strategy is well within the reach of the developing countries as a whole. Tax revenue can be raised by various means: eliminating loopholes in tax laws, curtailing tax evasion, devising new and more efficient taxes and procedures of tax administration. Experience has also underlined the need to eliminate subsidies to upper-income groups (given in a variety of forms), improve the performance and increase the investible surpluses of public enterprises, and exercise strict controls on the expansion of expenditure on government administration and defence.

95. Financial institutions can be used to achieve to a greater degree the necessary flexibility for collecting savings and channelling them to areas of development to which high priority is attached. It has been the case in some instances that savings mobilized in the private sector have led to unduly high capital-intensive investment without much of an impact on employment, and have very seldom reached to a significant degree small enterprises in agriculture and industry. Necessary changes will have to be made in the practices of lending institutions to widen the spectrum of borrowers, to assure more widespread access to credit funds, and to limit the use of credit for financing luxury consumption. Subsidies may need to be provided to some institutions for bringing about these changes.

96. Inflation has continued to be a serious problem in many developing countries. Apart from the adverse effects it can have on personal savings, when there are no built-in hedges to protect them, inflation encourages unproductive use of capital. Although inflation has been defended as a means of transferring resources from consumption to investment, the welfare implications of such a process may be detrimental to low-income groups whose consumption gets curtailed the most by the increase in prices. Moreover, it causes demand for land and real estate for speculative gain and comes in the way of the more productive use of such resources.

97. It has often been the case in many developing countries that prices of ordinary consumer goods have increased more than of luxury goods - which in some cases have even declined. It is therefore necessary to go beyond measures strictly designed to prevent inflation and take steps for tilting relative prices against luxury goods. Tax measures can be selectively applied in order to create a structure of product prices that tend to improve income distribution. At the same time, efforts are in order to see that systems of wholesale and retail distribution are organized so as to check increases in the prices of essential goods during periods of shortage.

98. A very important ingredient of success will consist in the expansion and diversification of exports. As mentioned in other parts of the present report, export prospects of developing countries now depend significantly on the scope and character of the impending trade and monetary negotiations. The outcome of trade negotiations would have important effects on the patterns of world markets for primary and manufactured products alike. Exports of manufactured products from developing economies, though encouraging, are still restricted to very few countries and are still concentrated on few products. Towards the end of the 1960s, three fourths of these exports came from 10 countries and nearly 60 per cent of them belonged to three categories: textiles and clothing, food and wood products. The expansion and diversification in trade in manufactures is indeed one of the long-run

conditions of development for all countries and it should be one of the most important objectives of their policies. Possibilities do exist for more developing countries to join the small group of these which have made a remarkable advance in export trade, but first it is necessary to remove the many obstacles at home that this trade currently encounters. Success in exporting manufactures requires convergent efforts to promote production of goods in demand abroad, to meet the quality requirements of export markets, and to provide adequate incentives for exports. Developing countries should establish their own priorities, taking into account both supply and demand factors, and deploy a consistent set of policy instruments, such as exemption from taxes on inputs, export credits and technical assistance in marketing. The resources of international financial institutions should be flexibly used to help developing countries establish programmes of export credits and guarantees.

99. The efforts of developing countries to promote trade among themselves have fallen short of expectations. The intra-group trade of these countries has thus far been increasing at a slower pace than their trade with the rest of the world. Developing countries have made advances in establishing various forms of regional co-operation, ranging from trade agreements and arrangements for individual commodities - such as the arrangements made recently in Asia for coconut and pepper - to broader based regional integration schemes. At present, 50 developing countries are members of one or other of 10 operating integration or co-operation schemes. Their combined population is 580 million, and their total gross domestic product of around \$200 billion accounts for over half of that of all developing countries. However, the results have not been as large as the broad coverage of the schemes would suggest.

100. The process of economic integration raises difficult problems, particularly as regards the distribution of the resulting benefits. The setbacks suffered by some regional co-operation schemes or the limited success achieved by others should not act as a deterrent. Rather, the innovative efforts that have begun in some cases to achieve a rational distribution of activities among members and harmonization of their development policies need to be encouraged. The need for vigorous efforts towards regional economic co-operation remains undiminished in much of the developing world. In several of the least developed among the developing countries especially, the problems of extreme poverty are complicated by the small size of their economies and, in some cases, by the fact that they have no access to the sea. While special measures at both national and international levels are required to ease the difficulties of these countries, such measures will be more effective if conceived within programmes of regional economic co-operation or integration. Indeed, for a large number of developing countries, programmes of economic co-operation or integration are fundamental to their long-term economic and social progress.

101. The modifications and suggestions put forward in the preceding paragraphs of this section cover a large territory. To be incorporated into a coherent, thrustful development programme, they call for significant changes in planning methodologies and planning institutions. Development planning needs to encompass a multiplicity of decisions and become more of an interdisciplinary and representative process than in the past. Yet, it must also be understood that the new development orientations involve much more than merely technocratic changes in planning. They involve institutional and other changes that are often of a radical kind and that are contingent on the existence of a political will to bring them about. Unless the balance of political and social forces in the developing

countries is conducive to the adoption of the new approaches and unless the decision-making authorities are responsive to the needs for them, their realization will fail. This indeed is the major challenge facing the developing countries, and their major responsibility, during the Second United Nations Development Decade. The new orientations will involve conflicts of group interest and resistance to change on the part of some sectors, often very influential sectors, of society. If these problems are not dealt with firmly, the search for new patterns of development will surely be frustrated. Currently a number of development patterns can be discerned that, while differing widely as regards their basic principles and aims, reflect a growing endeavour to resolve the prevailing problems of under-development in a harmonious way. That the need for an integrated socio-economic analysis of development objectives - emphasized over the years by the Commission for Social Development and other bodies of the United Nations system, including the Committee for Development Planning - has generally come to be accepted represents an important evolution of thought. What is required now is to give, resolutely and tellingly, an operational content to the new approaches to development.

## II. OTHER MATTERS REFERRED TO THE COMMITTEE BY THE ECONOMIC AND SOCIAL COUNCIL

### A. Identification of the least developed among the developing countries

102. In pursuance of Economic and Social Council resolution 1726 (LIII) of 28 July 1972, the Committee examined at its ninth session the up-dated statistical information for identification of the least developed among the developing countries contained in a note by the Secretariat (E/AC.54/L.58). In the two years that have elapsed since the Committee last examined such information, <sup>4/</sup> the situation does not appear to have changed in a significant way. As the Secretariat's note points out, there continue to be serious gaps in the available information. Data on gross domestic product are in many cases merely rough estimates, often representing no more than extrapolations from estimates for earlier years with the help of some indirect evidence. Population estimates for many countries are likely to undergo substantial revisions when the results of censuses taken in the early years of the 1970s become available. These results will also shed new light on the state of literacy. The literacy data currently available for the developing countries are generally a decade old.

103. While the Committee invites the attention of Governments to the up-dated information contained in the Secretariat's note - if for no other reason than to provide a pointer to the statistical work that needs to be undertaken in the countries concerned - it does not think that the time is ripe for suggesting a significant revision in the list of the least developed countries. Although in one or two cases the more recent information casts some doubt whether those countries should continue to be included in the general list of least developed countries, it is not possible to say with certainty that the data are not affected by some temporary aberration. Similarly, although the available information does not provide valid ground at present for recommending the inclusion of additional countries in the list approved by the General Assembly in its resolution 2768 (XXVI) of 18 November 1971, the new data that will become available on such variables as the gross product and its components, population and literacy may well suggest otherwise. It is the responsibility of Governments to make the necessary efforts to compile relevant data on the basis of standardized concepts as recommended in the relevant decisions of the United Nations, and to transmit those data to the Statistical Office of the United Nations. The Statistical Office should carefully scrutinize all such data so as to ensure their comparability and, where necessary, draw the attention of Governments to any modifications that may be deemed appropriate in their current statistical procedures in order to bring their data in line with international practices. The new information should provide the basis for a more meaningful examination of the question of identification of the least developed countries at the time of the mid-Decade review and appraisal of progress in 1975 than is possible now.

104. The work carried out by the Committee on this question in 1971 was necessarily in the nature of a preliminary exercise. The simple criteria used at that time

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<sup>4/</sup> See Official Records of the Economic and Social Council, Fifty-first Session, Supplement No. 7, chap. II.

made it possible to arrive at a broad consensus concerning a general list of the least developed among the developing countries. However, those criteria themselves call for a critical look with a view to further refinement and elaboration as appropriate. For example, the Committee now feels that information for such a variable as per capita gross domestic product for a single year does not provide an adequate basis for suggesting modifications in the list of least developed countries, since the data for that particular year may be affected by such factors as the vagaries of weather or alterations in foreign exchange rates; an average of such data for a few years will be a more reliable indicator. The Committee also believes that a two-fold classification of the developing countries as "the least developed" and "the rest" is not sufficient for the purpose of policy making at the international level. There is a far greater heterogeneity of conditions among the developing countries than among the developed countries. This calls for a more sophisticated classification of the developing countries than the binary approach that has come into use since the adoption of the general list of the least developed countries. The subject of appropriate country classifications will form part of the future work programme of the Committee. The work on this subject should facilitate, among other things, the task of identification of the least developed countries at the time of the mid-Decade appraisal in 1975.

105. Meanwhile, the Committee wishes to reiterate strongly its earlier assertion that any general list of the least developed countries should not be used in an inflexible manner; rather, it should be used in a pragmatic way. As stated in the report on its seventh session, a number of countries not appearing in any such general list may well merit special treatment in the context of certain regional or sectoral programmes of action. 5/ The competent organizations of the United Nations system and other intergovernmental bodies should elaborate their own criteria - including the impediments encountered by land-locked countries - and procedures for identification and the appropriate measures needed within their fields of competence. At the same time, it has to be remembered that, while special measures are required in favour of the least developed countries, the needs of many other developing countries are also great - especially of those countries where large numbers of people live in extreme poverty. International policies for accelerated economic and social development will need to keep in view the totality of the picture.

#### B. Human development

106. In resolution 1666 (LII) of 1 June 1972, the Council requested the Committee "to take fully into account the section of the International Development Strategy entitled 'Human development'"; invited it "to utilize the expertise available in the Secretariat in the field of social development, when preparing comments for the Committee on Review and Appraisal"; and requested it "to draw upon the conclusions and recommendations of the Commission for Social Development in order to ensure their integration in the over-all development planning and in the process of review and appraisal of the International Development Strategy". The Committee has always considered the development process to be an integrated whole, and its work takes into account all aspects of the International Development Strategy. It remains eager to draw upon the work of all United Nations bodies that deal with

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5/ Ibid., paras. 70 and 71.

development problems and to utilize the expertise on these matters available in the Secretariat. At the current session, the Committee had the benefit of receiving the relevant documents prepared for and the reports of or communications from the Commission for Social Development, the Statistical Commission, the Committee on Science and Technology for Development, and the Advisory Committee on the Application of Science and Technology to Development.

#### C. Realization of economic, social and cultural rights

107. In resolution 1689 (LII) of 2 June 1972, the Council requested the Committee "to transmit to the Commission on Human Rights all available information relevant" to the question of the realization of the economic, social and cultural rights contained in the Universal Declaration of Human Rights, taking into account special problems relating to human rights in developing countries. In response to this resolution, the Committee transmits to the Commission on Human Rights the present report and the report on the eighth session, especially chapter I of the latter report entitled "Attack on mass poverty and unemployment". It will gladly transmit to the Commission its future reports, if relevant.

#### D. Attack on mass poverty and unemployment

108. In resolution 1727 (LIII) of 28 July 1972, the Council invited the Committee to continue its work on problems of mass poverty and unemployment in developing countries, "taking into account the provisions of the present resolution and the views expressed in the Council at its fifty-third session, with a view to recommending further measures for the eradication of mass poverty and unemployment in the developing countries". The Committee is appreciative of the invitation extended by the Council. It is continuing to work on problems of mass poverty and unemployment, as is attested by the discussion in the preceding chapter.

#### E. Frequency of sessions

109. At its 1837th meeting, held on 28 July 1972, the Council "reaffirmed the principle that its subsidiary organs should meet not more frequently than every other year and invited those bodies meeting more frequently to consider whether biennial meetings would not be feasible". The Committee wishes to state that its responsibilities in the fields of both review and appraisal of progress during the Second United Nations Development Decade and development planning and policies are such that it is necessary for it to meet at least once a year. The review and appraisal of progress alone requires it to devote virtually the whole of its session in every odd-numbered year to this important task. Other important subjects can now be dealt with by the Committee at the plenary level in even-numbered years only. In fact, the Committee had originally intended to hold two sessions in every odd-numbered year, both devoted to the task of review and appraisal of progress, and this arrangement was approved by the Economic and Social Council in its resolution 1625 (LI) of 30 July 1971. Subsequently, the Committee came to the conclusion that, instead of holding an extra session every alternate year, it would be more convenient to precede the discussion at the plenary level on review and appraisal matters by a meeting of a Working Group that could do the

necessary preparatory work. The Committee believes that, as a minimum, it will need to hold a session every year for a period of two weeks and to convene three Working Groups every year.

#### F. Programme objectives

110. At its 1849th meeting, held on 10 January 1973, the Council decided, in pursuance of General Assembly resolution 3043 (XXVII) entitled "Form of presentation of the United Nations budget and duration of the budget cycle", to "instruct its functional commissions and standing committees to state their programme objectives so that the Secretary-General can examine and elaborate the most effective and economical means of achieving the objectives in question, and make appropriate recommendations in the biennial programme and budget and the medium-term plan". The programme objectives of the Committee are determined by its terms of reference, set out in Economic and Social Council resolution 1079 (XXXIX), and by other decisions of the Economic and Social Council and the General Assembly, such as those relating to the over-all review and appraisal of progress during the Second United Nations Development Decade. The arrangements for future work described in chapter III below are premised on the need for the most effective and economical means of achieving the programme objectives in question.

### III. ARRANGEMENTS FOR FUTURE WORK

111. The Committee notes with satisfaction that, as recommended in the report on its eighth session, 6/ the substantive servicing facilities for meeting the requirements of its expanded programme of work have been strengthened. The establishment of the Technical Service for the Committee for Development Planning within the Centre for Development Planning, Projections and Policies should prove helpful in carrying out the responsibilities entrusted to the Committee.

112. The Executive Director of the United Nations Industrial Development Organization (UNIDO) has invited the Committee to hold its tenth session, in 1974, at Vienna and devote a major part of that session to an examination of principal aspects of industrialization in developing countries. This is indeed an important subject, since industrialization is a major force for modernization and diversification of the economies of developing countries. An examination of the subject by the Committee should also help in the preparation of substantive documentation for the Second General Conference of UNIDO, to be held at Vienna in the early months of 1975, and at the same time serve as an input for the mid-Decade review and appraisal of progress in the implementation of the International Development Strategy, also to be undertaken in 1975. The Committee is therefore pleased to accept the invitation, subject to approval by the Economic and Social Council, and hopes that appropriate arrangements will be made to hold the session during March/April 1974. The Committee has also decided to convene a Working Group to meet in advance of that session in order to go over the substantive documentation and prepare a preliminary report on the main topics to be discussed at the session. The Committee has authorized its Chairman, in consultation with members and the Secretariat, to initiate arrangements in due course for the convening of the Working Group in New York in January/February 1974.

113. The Committee has given preliminary thought to the topics that might be covered at the tenth session under the general heading of industrialization in developing countries. It believes that the subject of industrialization should be discussed in a broad perspective, encompassing both the long-term development of the countries concerned and the world-wide setting as between the developing and the developed countries. The Secretariat has made note of the topics suggested by members during the discussion at the ninth session, and these should prove helpful in deciding the scope of the agenda for the next session and of the documentation to be prepared for it. Details in this regard will be worked out by the Secretariat in consultation with the Chairman.

114. The Committee has also given thought to the question of other work to be carried out. The major part of its annual session in 1975 will need to be devoted to aspects of the mid-Decade appraisal of progress. At the annual session in 1976 the Committee will take up another major theme. While it has had a preliminary exchange of views on the kinds of subjects that might be discussed at the annual sessions

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6/ Ibid., Fifty-third Session, Supplement No. 7, para. 106

when its attention is not mainly engaged by the review and appraisal work, it is leaving open for the present the question of the main theme to be taken up at the session in 1976.

115. The Committee believes that, in addition to preparing the ground for its annual sessions, the machinery of its Working Groups should help to enlarge the thrust of its activities. It has therefore decided to convene a Working Group in the latter part of 1973 to examine questions relating to measurement of development, especially the concept of "net beneficial product" to which the Secretary-General has drawn attention in his preliminary report entitled "The International Development Strategy: first over-all review and appraisal of issues and policies" (see E/AC.54/L.60, chap. I). The Group will also examine the question of appropriate country classifications which was mentioned in the preceding chapter. This Group will probably need to hold two sessions in 1973 in order to complete its tasks. It will be useful to invite one or two experts who have done outstanding work in this field but who are not members of the Committee to serve as co-opted members of the Working Group. This procedure should be very helpful when highly technical topics are examined. The Committee has authorized its Chairman, in consultation with members and the Secretariat, to initiate arrangements for convening the Working Group.

116. After its tenth session in March/April 1974, the Committee intends to convene two Working Groups in 1974 to deal with certain topics. A number of topics have been suggested in this connexion. Prominent among these are planning of co-operation among developing countries; mechanisms and criteria for resource transfers to developing countries; implications for planning of new concepts of development; environmental protection, exhaustion of mineral resources and development; and objective principles of collective decision making in development matters. The decision with regard to which among these and other relevant topics should be discussed by Working Groups in 1974 will be made at the tenth session of the Committee. At that time, some preliminary thought will also be given to the topics that might be assigned to the Working Groups to be convened in 1975.

# ANNEX

## LIST OF DOCUMENTS

<u>Symbol</u>	<u>Title</u>
<u>A. Documents of the Committee</u>	
E/AC.54/11	Provisional agenda
E/AC.54/L.51 and Add.1	Developing countries and the International Development Strategy: paper prepared by the Centre for Development Planning, Projections and Policies (CDPPP) of the Department of Economic and Social Affairs of the United Nations Secretariat
E/AC.54/L.52	Developed market economies and the International Development Strategy: paper prepared by CDPPP
E/AC.54/L.53	Centrally planned economies and the International Development Strategy: paper prepared by CDPPP
E/AC.54/L.54	Economic co-operation schemes in developing regions: an appraisal of mechanism, policies and problems: paper prepared by CDPPP
E/AC.54/L.55	National development strategies and the Second United Nations Development Decade: a selective review of targets indicated in recent plans of developing countries: paper prepared by CDPPP
E/AC.54/L.56	Employment objectives and policies in developing countries: report of the International Labour Office
E/AC.54/L.57	Identification of the least developed among the developing countries: comments of Philip Ndegwa, member of the Committee
E/AC.54/L.58	Updated information for identification of the least developed among the developing countries: note by the Secretariat
E/AC.54/L.59	Matters referred to the Committee by the Economic and Social Council: note by the Secretariat
E/AC.54/L.60	The International Development Strategy: First over-all review and appraisal of issues and policies - preliminary report of the Secretary-General

SymbolTitleB. Other documents

- A/RES/3018 (XXVII)      The problem of mass poverty and unemployment in developing countries: resolution adopted by the General Assembly on 18 December 1972
- E/RES/1666 (LII)      Implementation of the International Development Strategy and the role of the Commission for Social Development: resolution adopted by the Economic and Social Council on 1 June 1972
- E/RES/1689 (LII)      Question of the realization of the economic, social and cultural rights contained in the Universal Declaration of Human Rights and in the International Covenant on Economic, Social and Cultural Rights, and the study of special problems relating to human rights in developing countries: resolution adopted by the Economic and Social Council on 2 June 1972
- E/RES/1723 (LIII)      Review and appraisal: resolution adopted by the Economic and Social Council on 28 July 1972
- E/RES/1726 (LIII)      Identification of the least developed among the developing countries: resolution adopted by the Economic and Social Council on 28 July 1972
- E/RES/1727 (LIII)      The elimination of mass poverty and unemployment through the adoption of national development strategies and the International Development Strategy: resolution adopted by the Economic and Social Council on 28 July 1972
- E/5236      Report of the Statistical Commission on its seventeenth session (Official Records of the Economic and Social Council, Fifty-fourth Session, Supplement No. 2)
- E/5252 (Extract)      Report of the Commission for Social Development on its twenty-third session
- E/CN.5/476      Social objectives and related policies and programmes in national plans of selected developing countries for the Second United Nations Development Decade: report presented by the Secretary-General to the Commission for Social Development
- E/CN.5/477      Report on a unified approach to development analysis and planning: preliminary report presented by the Secretary-General to the Commission for Social Development
- E/CN.5/490      Report on a unified approach to development analysis and planning: report presented by the Secretary-General to the Commission for Social Development on the meeting of a group of experts

<u>Symbol</u>	<u>Title</u>
E/CN.5/SR.566-571, 580 and 583	Provisional summary records of the 566th to 571st, 580th, and 583rd meetings of the Commission for Social Development
E/CN.11/L.350/A and B	Economic Survey of Asia and the Far East, 1972: preliminary draft presented by the secretariat of the Economic Commission for Asia and the Far East to the Commission at its twenty-ninth session
E/C.8/10	Science and technology in the Second United Nations Development Decade: note presented by the Secretary- General to the Committee on Science and Technology for Development on the meeting of a panel of experts
E/INF/130	Rationalization of the work of the Economic and Social Council and its subsidiary bodies: note by the Secretary- General
ST/ECA/174	<u>Disarmament and Development. Report of the Group of Experts on the Economic and Social Consequences of Disarmament</u> (United Nations publication, Sales No.: E.73.IX.1)

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