



# **COMMITTEE FOR DEVELOPMENT PLANNING**

## **REPORT ON THE FOURTH AND FIFTH SESSIONS**

**(17-21 March 1969 and 7-16 May 1969)**

**ECONOMIC AND SOCIAL COUNCIL**

**OFFICIAL RECORDS: FORTY-SEVENTH SESSION**

**UNITED NATIONS**

**New York, 1969**

#### 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.

E/4682

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## INTRODUCTION

1. The Committee for Development Planning held its fourth session at United Nations Headquarters in New York from 17 to 21 March 1969. The Committee took note of the reconstitution of its membership by the Economic and Social Council recently, 1/ and re-elected the following officers, who were originally elected at the first session:

Chairman: Mr. J. Tinbergen

Vice-Chairman: Mr. M.L. Qureshi

Rapporteur: Mr. J. Pajestka

However, because of Mr. Pajestka's inability to be present at the fourth session, the Committee designated Mr. J. Sirotkovic as Rapporteur ad interim.

2. At the opening meeting of the fourth session on 17 March 1969, Mr. Philippe de Seynes, Under-Secretary-General for Economic and Social Affairs, made a statement, welcoming in particular the new members of the Committee.

3. The Committee adopted the following agenda at the opening meeting (E/AC.54/5):

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. Preparation of guidelines and proposals for the Second United Nations Development Decade
5. Provisional agenda for the next session
6. Report to the Economic and Social Council.

4. The Committee held a wide-ranging discussion on matters concerning the Second United Nations Development Decade. However, as it felt the need for further deliberations on a number of aspects, the Committee decided not to prepare its report to the Economic and Social Council on the subjects discussed at the fourth session until it had completed its discussions at the fifth session in May 1969. It was thus decided that the report would cover the work carried out at both sessions.

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1/ Decision taken by the Economic and Social Council at its 1575th meeting held on 18 December 1968.

5. The Committee held its fifth session at the headquarters of the Economic Commission for Asia and the Far East (ECAFE) at Bangkok from 7 to 16 May 1969. At the opening meeting of the fifth session on 7 May 1969, U Nyun, Executive Secretary of ECAFE, welcomed the Committee on behalf of the Commission, and Mr. Philippe de Seynes, Under-Secretary-General for Economic and Social Affairs, made a statement.
6. The Committee adopted the following agenda at the opening meeting (E/AC.54/7):
1. Opening of the session
  2. Adoption of the agenda
  3. Preparation of guidelines and proposals for the Second United Nations Development Decade
  4. Problems of planning and plan implementation (with special reference to Asia)
  5. Arrangements for future work
  6. Adoption of the report to the Economic and Social Council.
7. The Committee wishes to express its gratitude to the secretariat of the Economic Commission for Asia and the Far East for its generous hospitality and admirable co-operation in convening the session at Bangkok and for making every possible effort to facilitate the work of the Committee. It is indeed fitting that the Committee should have examined in some depth issues relating to the Second United Nations Development Decade during its session at the headquarters of ECAFE - the developing region where, because of both its population and economic size, the relevant issues carry an added weight. The co-operation of the secretariat has been particularly helpful in the Committee's examination of problems of planning and plan implementation in Asia.
8. The Committee also wishes to express its appreciation to various organizations for the information made available to it through their representatives and through the documentation submitted to it.

## I. PREPARATION OF GUIDELINES AND PROPOSALS FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE

9. In line with the time-table for completing the preparatory work with a view to enabling the General Assembly to launch the Second United Nations Development Decade in the autumn of 1970, the Committee has reviewed the principal problems involved in formulating an effective international development strategy for the Decade. Because of limitations of time, the Committee has not been able to consider all aspects of these problems. It hopes to examine a number of these problems at its next session. Meanwhile, the Committee has deemed it appropriate to prepare a provisional but coherent set of recommendations, which will assume final form only after discussions at the next session. At that time, the Committee intends to provide, for some of the recommendations, accompanying explanations and comments that it has not found possible to include in the present report. The Committee is aware that there are organizations in the United Nations system which are better qualified to deal with many of these problems individually in detail. However, on the basis of the experience of its members in development planning, it believes in the need to avoid both an over-aggregative and a too partial approach. On some points the Committee's suggestions may appear somewhat abrupt. If it has chosen, nevertheless, to present certain provocative formulations, it is not because the Committee has underestimated the difficulties encountered by Governments and the international organizations concerned. The fact is that the data available to it have convinced it of the necessity and the urgency of certain radical changes in the prevailing policies.

10. The designation of the 1960s as the first United Nations Development Decade has on the whole had a stimulating effect on thinking and action at both national and international levels. Although the annual rates of growth recorded in developing countries during the present Decade have in general been modest, they have often marked a break from the stagnation and inertia characteristic of the decades preceding the Second World War. Broadly speaking, the productive capacity of developing countries has increased significantly; their investment and saving levels have recorded gains; and, what is perhaps most important, their ability to undertake wider and more complex activities has been steadily on the rise. On the other hand, it has to be emphasized that the gains have not been evenly shared among developing countries. There has been a marked disparity among the rates of growth recorded in different developing countries or regions, and the underlying heterogeneity of economic and social conditions has generally remained unchanged. On the average, developing countries achieved during 1960-1967 an annual rate of increase of about 4.7 per cent in their total gross domestic product but only about 2.1 per cent in their per capita gross domestic product. During the same period, the comparable rate of increase in per capita gross domestic product for developing countries in Africa is provisionally estimated to have been around 1.5 per cent, in Asia 2.2 per cent and in Latin America 1.8 per cent. Taken individually, the per capita rate in Brazil was 1.1 per cent, in India 0.9 per cent, in Indonesia -0.6 per cent and in Pakistan 3.3 per cent. In many countries, and even on some continents, the average rate of increase in both total and per capita gross domestic product in this period has actually declined in comparison to the rate achieved in the 1950s. There are indeed not many countries which have made truly rapid progress, apart from those which have

benefited from exceptionally favourable external conditions (notably petroleum-producing countries and countries which have gained from war circumstances). By contrast, there are countries where the rate of progress has been very moderate. Particularly the performance of many countries with a low per capita income and large population has been totally inadequate and these constitute the core of the problem. For these countries, the basic preconditions, both economic and social, of accelerated progress are still absent. And in quite a few places, the most valuable energy is being vitiated by political crises, instead of being used for economic and social progress.

11. During the same period, developed countries continued to expand their economies at high rates. Between 1960 and 1967 the developed market economies increased annually their total gross domestic product by 5.2 per cent and their per capita gross domestic product by 4 per cent. The centrally planned economies of USSR and eastern Europe increased annually their total net material product by 6.6 per cent and their per capita net material product by 5.4 per cent. Developed countries have made further progress in science and technology and in reinforcing their trade and co-operation. On the other hand, their contribution towards achieving the objectives of the First Development Decade has not lived up to expectations. In particular, the net flow of financial resources <sup>2/</sup> as a percentage of the gross national product of the developed market economies has actually declined from 0.79 in 1960 to 0.68 in 1967, and reduced commitments for the final years of the present Decade imply a further decline. Moreover, in spite of some progress in opening up their markets for exports from developing countries and in expanding new forms of technical assistance, the present situation in these fields still leaves much to be desired, and the world market forces continue to affect developing countries adversely.

12. In these circumstances, the Committee suggests that the Second Development Decade should be launched by a General Declaration, to be adopted by the General Assembly, which would proclaim that it was in the common interest of all countries of the world that more rapid progress should be made in the developing countries during the Decade (and not only in respect to the rise in per capita gross product) and enunciate various commitments which would be accepted by both developed and developing countries to further this objective. In addition, since many of these commitments can only be specified in very broad terms in a General Declaration, each individual country would supplement this General Declaration by a unilateral statement in which it would define more precisely what it undertook to do - for example, a developing country might specify what kind of land reform it would seek to implement and when this would be effective, or a developed country might specify more precisely the scope

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<sup>2/</sup> Data on net flows refer to disbursements to developing countries and to the multilateral financial and technical assistance agencies, net of amortization. If account is taken also of net interest and dividend payments, the figures would be much smaller and in some cases - for example, in Latin America - even negative.



and timing of its measures to give a preference to imports of manufactures from developing countries. Wherever possible, countries should accept more far-reaching commitments in these unilateral statements than would be implied by the General Declaration.

13. In the analysis that follows, the Committee has indicated the points on which the General Declaration might state an objective or a commitment, and in addition the General Declaration might include a commitment in broad terms for developing countries to adopt reforms on the lines indicated in the Committee's analysis; details of what each country would undertake to do could be given in its unilateral statement. The Committee intends to elaborate on this subject at its next session.

#### A. Basic objectives

14. The past trends in the economic growth of developing countries cannot be allowed to remain unchanged. A continuation of these trends, 3/ implying an unchanged economic and social set-up, would be wrong. The world community cannot sit idle when a part of its population lives in great comfort and even affluence while much the larger part suffers from abject poverty, and when this disparity is increasing instead of diminishing. Admittedly, transformation of the present situation into a more equitable one cannot be encompassed in the span of a single decade; economic and social development is a long-term process. But the new progress made by the richest part of the world makes it more necessary than ever to help in accelerating the development of the poorest nations above the rates obtained in the past. If this is not achieved during the Second Development Decade, it would indeed lead to aggravation of world tension. The situation is difficult but not hopeless. Many valuable lessons have been learnt from the experience of the present Development Decade, and what is required now is to make effective use of those lessons so that the next Development Decade - and the decades to follow - bring to fruition the hopes of mankind.

15. To improve upon the record of economic and social development requires vigorous efforts and drastic changes in policies. Greater efforts have to be made by developing countries themselves, for economic and social development is primarily a national responsibility; but matching vigorous efforts also have to be made by developed countries which have the resources for improving substantially the international environment within which developing countries can plan and carry out their economic and social development.

16. An appropriate international development strategy for the 1970s has to consist of a clear enunciation of (a) the principal objectives, (b) the means for attaining the objectives and (c) the action to be taken by both developing and developed countries, and particularly through organizations of the United

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3/ Studies on economic projections for the 1970s indicate that if international policies are not modified and if internal changes are not made - especially, if it proves impossible to reduce the gap in the balance of payments and mobilize effectively domestic resources - many developing countries will encounter serious difficulties even in maintaining the present rates of growth.

Nations system, with regard to specific means. A main area of concern has to be identification of specific obstacles facing developing countries and the formulation of measures to overcome them. An effective international development strategy has, indeed, far-reaching policy implications. It requires pervasive social reforms and institutional changes in developing countries to create an environment conducive to rapid development. All such measures can be greatly strengthened if international relations are normalized and if agreements are reached to reduce expenditures on armaments so that the resources that become available can be used for solving the gravest economic and social problems faced by the world today.

#### 1. Accelerated development

17. A fundamental objective should be to accelerate markedly, in relation to the performance of the present Decade, the growth of gross product per head, and to make the fruits of development available to the poverty-stricken masses of developing countries in greater measure than before. Acceleration of growth is now both technologically capable of achievement and socially more essential to aim at in view of the rapid growth of population and the urgency of the need to provide more equal opportunities and the minimum requirements of living to the lowest strata of society in these countries. The Committee is of the opinion that it is possible for developing countries as a whole to achieve an average annual rate of expansion of 6-7 per cent in total gross product and of 3.5-4.5 per cent per capita during the next Decade, provided - this is the basic assumption on which the assessment of the possibilities rests - vigorous and co-ordinated action is taken by all concerned, as indicated in the present report. The rate of growth of gross product per head is by no means an adequate indicator of economic and social progress since it does not fully reflect such major conditions of development as income redistribution or structural change. However, it is the one aggregative indicator which comes closest to providing some quantitative impression of the underlying change. And it is in this spirit that the norm for the growth of the per capita gross product of developing countries should be viewed.

18. Obviously, quantitative international norms, such as those just suggested, can only be of an indicative character. In the operational sense, it is up to each country to set its own targets for growth in consonance with its own circumstances. For some countries there will no doubt be very great difficulties, especially when structural changes are required, in accelerating the rate of growth to desirable levels, and in such cases special attention should be given by the world community so as to provide help where it is most needed.

19. The Committee wishes to stress that the average annual expansion of 3.5-4.5 per cent in the per capita gross product has been judged feasible on the assumption of 2.5 per cent average annual increase of population over the Decade. This rate of population increase is slightly smaller than the rate at present forecast for the 1970s. A further reduction in the rate of increase of the population of developing countries as a whole would be essential for achieving higher rates of growth of per capita gross product. The consequences of continuing with rates of population growth of anything like the present levels for more than a decade or two would in many countries be very serious. On economic and social grounds, therefore, and taking a long-term view, the world

community should formulate its position with regard to population growth. The position should be based on the premise of the implementation of a population policy, effectively conceived to influence the main determinants of demographic growth. For this purpose, knowledge concerning the problem and possible remedies should be widely disseminated, and facilities of an appropriate character assured. On this basis, it could well be expected that the average birth rate would start declining and would show a substantial reduction by the end of the Decade. The Committee considers that the General Declaration <sup>4/</sup> should call on each developing country that suffers from a problem of population growth to introduce an effective policy, including, for example, the possession by the end of the Decade of a family-planning service which is truly available to at least half the population.

20. To bring about an average annual expansion of 6-7 per cent in the total gross product, it will be necessary to achieve increases in the whole range of economic and social activities that contribute to the gross product. Thus, the progress achieved during the Second Development Decade should be judged not only by an over-all rate of growth of gross product but also by the structural changes brought about for achieving higher and stable rates of growth in the future.

21. Particularly important will be the contribution of agriculture, by far the dominant activity in most developing countries. The target of average annual expansion of 6-7 per cent in the total gross product implies an annual increase in the demand for agricultural goods of around <sup>4</sup> per cent in developing countries. Such a rate of aforementioned growth is, in any case, needed to feed growing populations and improve the people's intake of food, to ensure growing supplies of raw materials for industry and, concomitantly, to insulate pressures on domestic prices and to ease strains on the balance of payments. On the other hand, since the incomes of a majority of the peoples of the developing world are derived from agriculture, which constitutes the bulk of the gross product, the objectives of both over-all growth and equitable distribution of income require an increase in agricultural productivity. The Committee hopes that agricultural output can be increased, therefore, by at least <sup>4</sup> per cent per year on the average in developing countries. Should there be unavoidable shortfalls in reaching this target, the developed countries should stand ready to increase their assistance above the 1 per cent aid volume target <sup>5/</sup> in the form of agricultural commodities to avoid both bottle-necks to the expansion of growth and inequities in welfare.

22. Correspondingly, the industrial, construction, transport, communication, commercial and other productive activities will have to expand at a rate substantially faster than the rate of increase in agricultural output, for it is the dynamism injected by these activities that will help to boost the over-all average annual rate of growth to 6-7 per cent during the next Decade and also help to spread the fruits of modernization. Industry, in particular, will have to serve as the sheet-anchor of the modernization process. The average annual rate of increase in the manufacturing output of developing countries will have to be lifted to 8-9 per cent during the Decade.

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<sup>4/</sup> See paragraphs 12 and 13.

<sup>5/</sup> See paragraph 50.

23. In order to bring about such increases in production, it is necessary for developing countries to do their utmost to mobilize financial resources for development. Appropriate measures will have to be taken to ensure that total consumption increases at a rather slower rate than the total gross product so that a rising proportion of the gross product can be saved for financing investment. Developing countries should aim at increasing their ratio of domestic saving to 15-20 per cent of gross product by the end of the Decade, which will involve a considerable increase in many cases.

24. The quantitative norms suggested in the preceding paragraphs will be re-examined at the next session of the Committee in the light of further information and analysis, covering various regions.

## 2. Better income distribution and other social objectives

25. The ultimate purpose of developing is to provide opportunities to the people for a better life. For this, the glaring inequalities in the distribution of income and wealth prevailing in developing countries will have to be eliminated. Particularly important will be the elimination of the extremes of poverty and social injustice widely prevalent in these countries. New employment opportunities, greater supplies of food and more nourishing food, and arrangements for better education and health facilities will have to be provided for the growing population, especially for the lower strata of society. Such elements are both end-products and instruments of economic and social change. While a sustained increase in the per capita gross product is a necessary condition for strengthening the process of social change, there is no doubt that, in addition, appropriate policies will have to be adopted for bringing about improvements in the areas just mentioned.

26. On grounds of both social justice and efficiency, due attention should be paid to maldistribution of income and wealth. Economic power is often highly concentrated in both rural and urban areas in developing countries. Where such concentration of power is an impediment to increasing productivity of land and achieving other objectives of development, such as fuller employment and greater equality of incomes, land reforms should be undertaken. These should not merely be tantamount to scratching the surface but should bring true benefits to the actual tillers of the soil and at the same time contribute towards improving the productivity of the land. Similarly, inefficiencies and inequities should be weeded out through appropriate taxation and anti-monopoly legislation. Measures should be taken to prevent inflationary rises in prices which have deleterious effects on income distribution. At the same time, greater opportunities should be provided to the underprivileged through employment and education. It is a fallacy that a more rapid growth and a better distribution of income and wealth are necessarily competing elements. It is most desirable that economic development measures should be appraised from the viewpoint of income distribution.

27. In view of the sharp increase in labour force as the result of the maintenance of a birth rate in the face of a declining death rate in the preceding decades, the creation of sufficient employment opportunities to accommodate the increase in the labour force and to reduce the extent of unemployment and underemployment, has to be an important objective of the next Decade. As far as possible, developing countries should define the objectives of their employment policies in quantitative terms. This would involve setting up a number of indices of employment and unemployment relating to different sectors of

the economy, and the various projects linked with such indices, since a unified target expressed in single terms does not adequately reflect the nature of the employment problem in these countries.

28. It is inevitable that the pressure to secure education will continue to mount in developing countries, for it is through education that people seek to improve their lot. Education is also a powerful instrument for economic growth. However, investment in education is costly and yields results only over time. But an educational programme could be so designed as to increase productivity substantially in the short run and provide incentives for achieving higher rates of savings all around. What is most important is that educational systems should be attuned to serving development needs. The aim should be to prepare the younger generation for the important tasks ahead. Curricula should be revised and new approaches initiated in order to ensure expansion of skills in line with the rising tempo of activities, and to reduce educational costs wherever possible. Particular attention should be given to agricultural education. International co-operation will be needed to improve educational technology in developing countries.

29. Like education, standards of health require serious attention in developing countries. Expansion in health facilities, by lowering death rates and bringing about progressive declines in the incidence of debilitating and communicable diseases, together with an improvement in nutrition and in such matters as the provision of safe water supply, contributes to both general welfare and productivity. Thus, steps should be taken to ensure that at least a basic framework of health services is available. Such a framework is also vital for the effective implementation of family-planning policies. As in education, it is a case of balancing the costs involved against the returns that can be realized over a period. For resolving the difficult problems of manpower in health services, international co-operation will be essential.

30. Improvement in housing is a means of both raising standards of health and productivity and eliminating the most glaring inequities evident in developing countries. Economic considerations often lead to the conclusion that the expansion of housing as a competing element with other development needs should be rather curtailed during the most difficult periods of development. While this argument remains valid, it should not be forgotten that housing conditions have a great influence on human behaviour and attitudes, which in turn have economic implications. Some of the resources needed for clearance of slums and provision of low-cost housing could be found by restrictions on and taxation of luxury housing construction and by levies on land speculation. It is necessary, however, to look also for a solution which will bring a gradual and marked improvement in housing conditions at the lowest social cost. Low-cost housing involving exploitation of local materials and the use of labour-intensive techniques, often on a self-help basis, is thus a major issue for national policies and for international research.

31. It is true that the objectives mentioned in the preceding paragraphs at times pose difficult choices for policy makers in developing countries; but if the choices are evaded, the result is likely to be tragic. The commitment to development demands that, however harsh or difficult, the choices should be squarely faced and appropriate measures devised.

## B. National means and measures

32. It is axiomatic that the basic objectives of the Second Development Decade will not be attained if appropriate measures are not adopted to find the means for achieving the objectives. This rests primarily on national policies and measures. There is no substitute for each country developing its own economic and social forces for progress. Every development strategy has, therefore, to concentrate on these forces and on the international co-operation needed to make them effective. In particular, foreign aid and activities cannot substitute for national efforts and strong domestic measures. However important, foreign aid and activities can play only a supplementary role.

33. Developing countries should adopt vigorous policies for transforming traditional attitudes and for creating an institutional environment conducive to rapid economic and social progress. Political, legislative and administrative reforms should be undertaken to eliminate outmoded institutions and regulations. Governments of developing countries should constantly seek to galvanize the energies of individuals and groups so as to tackle the obstacles of development as quickly as possible. People in various walks of life - in particular, the youth - should be involved in the formulation and implementation of development plans. As stressed earlier, the expansion of education, health and other social amenities should serve not only as an important objective but also as a major instrument for speeding up development. The provision of social amenities as well as a better distribution of income should be made to act as a motivating force.

34. In order to increase levels of domestic saving required for expansion in output and employment, vigorous measures should be adopted for expanding and canalizing both public and private components of domestic saving. Through modification of existing rates and imposition of new taxes, and greater efficiency of taxation, the tax revenue should be made to increase significantly faster than the gross product of the country. Indeed, the ratio of tax revenue to gross product already reached and the speed at which this ratio rises in a developing country should be a crucial test of the country's commitment to development, provided the tax policy serves not only as an instrument for mobilizing financial resources but also, as stated earlier, for bringing about a better distribution of income and wealth. Taxes on large incomes and on large land holdings and other forms of wealth should be some of the prominent avenues to achieve this goal. Steps should be taken at the same time to ensure that the current expenditure of government does not rise unduly fast and that an expanding margin of current revenue over current expenditure is available for productive investment purposes. Measures need also to be taken to improve the efficiency of public enterprises; this would, among other things, require the maximum managerial autonomy being given to such enterprises, as also incentives for raising productivity of labour. Public enterprises need to be given a new mandate to earn larger profits than they now do (except perhaps in particular circumstances which might require their forgoing such opportunity temporarily in the larger social interests, as in state trading). Every effort should also be made to mobilize private savings through financial institutions (including insurance), thrift societies, post-office savings banks and other saving schemes, and through expansion of opportunities for saving for specific purposes, such as education and housing.

35. For expanding and modernizing agriculture - the dominant sector in most developing countries - an array of measures is necessary. In many countries, the land tenure system has to be reformed, not only for the sake of social justice, including fuller employment and the creation of a greater sense of security, but also for improving farm efficiency. Often smaller-sized farms, which are cultivated by owners or by tenants with secured occupancy rights, tend to have higher output per hectare than larger-sized farms where absentee-ownership is the prevailing rule. Also necessary are measures for providing irrigation, fertilizer, better-quality seeds, suitable agricultural implements, technical knowledge, rural credit, plant protection and storage and marketing facilities. Provision of credit on the scale required for the smaller farmers is clearly linked with reform of the structure of land holdings, improvements in market structure that ensure opportunities for sale of produce at guaranteed prices, and changes in the criteria for advancing credit so as to place greater emphasis on production potential in each case rather than on the assets owned. A piecemeal effort with regard to such measures has often been one of the critical stumbling blocks. What is required is a co-ordinated approach on the part of the Government to ensure that the farmers can secure necessary inputs of agriculture. Of equal importance for both production and income distribution, though by no means easy, are measures for regulating agricultural markets. Steps should also be taken to provide equitable and remunerative prices to farmers. In addition, attention should be given to developing forestry, fishing and livestock.

36. Parallel steps should be taken to promote industry and related activities which are essential to the rapid expansion and modernization of the economy. Developing countries have succeeded in setting up a wide range of consumer goods industries, and thereby in reducing their dependence on imports. It is only logical that, through appropriate tax and import policies and through the provision of such inputs as finance, the process of industrial expansion should be given further momentum. Care should be exercised, however, to prevent unduly high-cost structures from being erected. Within the consumer-goods industries, the emphasis should be on the production of goods that benefit the masses rather than on luxury articles. As the process of development has to be viewed in its entirety, measures should be devised to ensure adequate expansion of the industries that utilize domestic raw materials, that supply essential inputs - such as, fertilizers and chemicals - to both agriculture and other industries, and that help to increase export earnings. A stage has been reached in many developing countries at which increasing attention has to be given to the expansion of engineering and other capital goods industries. Without such expansion, the foreign exchange bottle-neck will hamper the process of development. It is particularly important that for such industries joint programming and ventures should be undertaken by developing countries in order to create a sound basis for technological progress and for reaping the benefits of the economies of scale and specialization; indeed, economic integration arrangements among developing countries should prove to be very beneficial as a means of enlarging outlets for increased industrial production. An important policy objective should be to prevent the emergence of unutilized capacity. Vigilance should be shown to ensure that inadequate expansion in such vital areas as transport and energy does not impede the progress of development.

37. In most developing countries, the great bulk of external resources are earned through exports of their own goods and services, and appropriate policies should be formulated for increasing these during the Second Development Decade. The policies should include the maintenance of a realistic exchange rate, prevention of excessive

internal demand, tax measures designed to encourage exports, simplification of import and domestic controls so as to favour exports, direct assistance in the exploration of external markets and promotion of conditions to attract foreign tourists.

38. In order to attain the employment objectives, fiscal, monetary, trade and other governmental policies should be scrutinized from the viewpoint of their impact on both employment and economic growth. Particular attention should be given to the absorption of the expanding labour force in rural areas and in small-scale industries.

39. Even at the present stage of development of the economically less advanced countries, the inadequate capability to apply science and technology has become a serious obstacle to further progress. This problem will become still more acute during the next Decade. In many developing countries, further industrialization will be impeded unless adequate efforts are made to extend substantially research capacity in technology. Apart from the valuable assistance that the international community can and should provide for this purpose, developing countries themselves should devote considerably larger resources than they have in the past to bring about technological changes conducive to rapid development. While pure research is essential to the development of applied research, it is important to orient the over-all research programme to the development of technologies that are in line with the circumstances and requirements of the country. The bias of educational and research institutions should be clearly in this direction. Agricultural research and technology, as well as social problems connected with economic change, need particular attention. Specialized research institutions in relevant areas need to be organized in developing countries themselves, involving not only collaboration between scientists and technologists of developed and developing countries but also training programmes for advancement of scientific and technological work oriented towards the problems of these countries; the scope for international co-operation here is considerable, and this would also meet in part the problems of "brain drain" faced by developing countries.

#### C. International means and measures

40. While, ultimately, it is for developing countries themselves to do their utmost to accelerate their economic and social progress, their efforts may be frustrated if the necessary international policies are not adopted to create an environment conducive to supplementing and strengthening these efforts. It is important that economically advanced countries strive to maintain sustained expansion of their own economies, for their growth has favourable effects on the progress of developing countries. Developed countries should take deliberate action to maximize such effects and so contribute to a reduction of the prevailing disparities between people in different countries. These developed members of the world economy should undertake wide-ranging measures for providing impetus to the progress of developing countries, thereby helping to build a sound international economic order in which all countries reinforce one another's efforts. The measures should include increase in the export earnings of developing countries, expansion of genuine financial assistance to these countries and increased availability of know-how and greater access to the fruits of science and technology. The Committee feels that, in the context of international trade and financial



policies, there is a need to refine the twofold classification of countries as developed and developing. In such matters as granting of preferences by developed countries to developing economies and providing them with financial resources, it seems inappropriate to have a sharp demarcation line between the two country groups. For, were such a demarcation line maintained, it would mean that at a point of time in the future a country would be considered to have shifted suddenly from the developing to the developed country group, and as such would experience a set-back by virtue of the new obligations it was suddenly asked to assume in place of the assistance previously received. It seems more natural to introduce an intermediate group - comprising, say, countries with per capita annual gross product of less than \$1,000 in prices prevailing in 1969 and in terms of the purchasing power of the dollar in Japan - which would not have to undertake obligations towards developing countries but at the same time would no longer, as a rule, receive assistance or preferences. The Committee intends to elaborate this idea more systematically on another occasion.

#### 1. International trade

41. A rapid expansion in the exports of developing countries is crucial for enlarging their ability to import development goods, the demand for which tends to rise faster than their domestic production. Available studies suggest that it is essential to devise measures for increasing annually the capacity to import of developing countries by at least 1 per cent more than the desirable rate of growth of their gross product. Thus, in order to attain the basic objective of an annual average rate of growth of 6-7 per cent of the gross product of developing countries, appropriate policies should be formulated for increasing their capacity to import by a minimum of 7-8 per cent per annum during the next Decade. Adequate expansion in exports is essential not only to enhance the ability to import development goods but also to meet external debt-servicing requirements. Where the high level of existing external debt has become a hindrance to further borrowing, apart from such measures as debt rescheduling, 6/ the solution should be found in the growth of export earnings. Greater expansion in export earnings can even be a substitute for aid flows from abroad.

42. In the first place, the ability to expand exports depends on the measures to be taken by developing countries themselves to ensure that adequate supplies of the right kinds of goods are available at competitive prices, and that businessmen have an adequate incentive to seek out foreign markets for them and to deliver them punctually and in good condition. The policies needed to secure this result have been outlined in paragraph 57.

45. However, a heavy responsibility in this connexion rests on the developed market economies which control the markets for the bulk of the exports of developing countries. As a fitting follow-up to the Kennedy Round - which was concerned chiefly with the reciprocal reduction of tariffs on goods that move largely between industrial countries - each developed country should undertake to scrutinize its trade policies with a view to further liberalization of imports, concentrating this time on the goods obtained mostly from developing countries. A programme should be established for the progressive removal of the remaining impediments - protective customs duties, revenue duties and fiscal charges and quantitative restrictions - which discriminate against or limit the consumption of goods imported from developing countries. Undoubtedly, changes will have to be made by developed

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6/ See paragraph 52.

countries in their domestic economic structures to accommodate shifts of resources from one line of production to another. It is true that, in certain cases, such shifts will encounter obstacles, especially on social fronts. However, the economies of developed countries are sufficiently strong, competitive and flexible to absorb relatively easily such shifts, which would in fact make it easier for these countries to expand their economies. Indeed, it is in their own long-term interest that they should import commodities that can be produced more cheaply by developing countries. For most commodities, therefore, it should be possible to eliminate impediments to imports from developing countries during the next Decade. This will contribute substantially not only to the required increase in the export earnings of developing countries but also to a more rational system of international division of labour.

44. In accordance with this general principle, a beginning should be made without delay in a number of cases. Developed market economies should at least limit and even in some cases gradually reduce their production of high-cost agricultural products by a few per cent annually, such as beet for the production of sugar, which is at present heavily protected to the detriment of developing countries. As regards manufactures, the existing forms of special protection which discriminate against imports from developing countries in comparison with other imports should be gradually eliminated by the middle of the next Decade. <sup>7/</sup> In addition, tariffs on manufactures made from raw materials of a kind which come predominantly from developing countries should be progressively reduced to the level of the tariff on the raw material in question. The system of preferences proposed by the United Nations Conference on Trade and Development (UNCTAD) constitutes an appropriate contribution to the elimination of impediments to trade: preferences should be granted in 1970 for most of the manufactured and semi-manufactured products originating in developing countries, of a size which will have a real impact on the course of trade.

45. The expansion in exports from developing countries to the centrally planned economies has been a welcome feature of recent years. During the next Decade, the centrally planned economies should create conditions for an increase in imports from developing countries as a minimum at a rate in conformity with the expansion of exports of these countries corresponding to the 7-8 per cent annual increase in their capacity to import mentioned in paragraph 41. Also in line with their development plans, the centrally planned economies should indicate the percentage increase they intend to make in their imports from developing countries during the next Decade. The pattern of these imports should be such as to further the cause of industrialization and modernization of agriculture in developing countries.

46. Mutually beneficial opportunities of trade and economic co-operation also exist among developing countries, and full use should be made of them. Developing countries should harmonize their national plans at regional and subregional levels, expand their infrastructure facilities and adopt financial and commercial policies favourable to regional economic co-operation and trade. Aid-giving countries and organizations, too, should encourage enlargement of such trade and economic co-operation among developing countries, particularly through financing of roads, transport, infrastructure and joint industrial ventures among developing countries.

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<sup>7/</sup> One member of the Committee has reservations about the feasibility of achieving this by the middle of the next Decade.

47. In the case of a number of primary commodities, which often bulk very large in the exports of developing countries, especially the least developed among them, fluctuations in world market prices create severe problems of instability in the foreign exchange earnings of exporting countries. Appropriate international measures should, therefore, be taken to improve the organization of markets for these commodities with the aim of achieving stable levels of prices, remunerative for producers and equitable for consumers, due account being taken of the necessity to avoid, in the long run, an imbalance between supply and demand. Through the establishment of export quotas, the use of buffer stocks or control over production, some such primary commodities are already covered by international commodity agreements. However, the number of such agreements has remained quite small. As a part of the strategy for the next Development Decade, the interested countries should, as proposed in resolution 16 (II) of UNCTAD, extend such agreements beyond the commodities now covered, namely, wheat, tin, coffee and sugar. An agreement on cocoa, in particular, should be concluded no later than the early part of the next Decade. The scope of the sugar Agreement should be enlarged through the participation of European countries. Special recognition should be given to the difficulties encountered by producers of natural goods facing competition from synthetic materials, and production of these materials should be associated in an appropriate way in the elaboration of such agreements. Diversification programmes should be an integral part of any production control arrangement, adopted in the context of an international agreement for a commodity in persistent over-supply. Economically advanced countries should provide additional support to international price stabilization agreements by contributions to the financing of buffer stocks. It would be a step in the right direction if the World Bank and the International Monetary Fund were to provide assistance for this purpose.

## 2. External financial and technical assistance

48. International financial and technical assistance is important for reducing the obstacles encountered by developing countries in accelerating their economic and social progress. The world today has both the resources and the technical and scientific knowledge necessary to meet the challenge of development of poor nations. While the bulk of technical assistance continues to be extended bilaterally, the role that international organizations play in providing technical assistance and in helping to apply science and technology for the benefit of developing countries remains vital.

### (a) External finance

49. As indispensable as the expansion in their export earnings will be the increase in the net flow of financial resources received by developing countries for attaining the basic objectives of the Second Development Decade. One of the most important developments in international relations in recent years has been the acceptance by developed countries of the principle that they should provide in increasing amounts such resources for the economic and social progress of developing countries. Ideally, as the developed countries also reflect differences in their stages of economic advancement, they should share more equitably the transfer of resources for international economic development, taking into account, inter alia, the level and growth of per capita income of the aid-giving country.

Ideally also, financial resources should be provided as grants and/or interest-free public loans, without any tying arrangement. In the same spirit, it will only be logical to consider at some stage the establishment of a world pool of finance for economic development, drawing upon revenues from the exploitation of resources of the sea and from other sources.

50. There are a number of measures and areas of agreement which should be given immediate attention by developed countries. To meet the external resource needs of the accelerated economic growth of developing countries, UNCTAD, through its decision 27 (II), recommended that each economically advanced country should endeavour to provide annually to developing countries financial resource transfers of a minimum net amount of 1 per cent of its gross national product at market prices in terms of actual disbursement, having regard to the special position of those countries that are net importers of capital. More recently, the General Assembly, in its resolution 2415 (XXIII), has recommended that, as a key element of the international development policy for the next Decade, economically advanced countries that have not done so should accept 1972 as the target year for the attainment of the aid volume target, as defined in UNCTAD decision 27 (II), and take urgent appropriate action to achieve this objective. The Committee believes that the achievement of this target should be a matter of first priority - in fact, a higher priority than marginal expenditures by developed countries on defence, space research or highways. Moreover, within the 1 per cent target just mentioned, and within the time limit described, developed countries should consider providing a minimum of 0.75 per cent of their gross national product by way of net official financial resource transfers as defined in UNCTAD decision 27 (II). Balance of payments considerations should not figure in decisions concerning the volume and terms of aid to be provided. There are many other ways of making adjustments in the balance of payments when required. Indeed, all expenditures on what might be called tradable commodities can be used for such adjustments, and these expenditures by far surpass the value of goods actually traded. Developing countries with surpluses of saving - in the main, petroleum-exporting countries - should also provide financial resources to other developing countries.

51. In connexion with the 1 per cent aid volume target, the Committee has taken note of the opinion that, on grounds of principle, a distinction should be observed between the developed market economies and the centrally planned economies, and that, on the basis of an equitable approach, this target may not be applied to the latter. There are also special features relating to them which need to be allowed for. The most important of them are that some of the countries belonging to this group would themselves belong to the category of developing countries if judged by the level of their per capita income, and large transfers of resources are being made by the more developed countries within the group to them which it would be difficult to bring within the scope of the aforementioned target. It has also been argued that the centrally planned economies do not receive dividends and profits from developing countries and that the rates of interest charged on the credits extended by countries in this group to developing countries compare very favourably with the rates of return realized on the foreign private investments of the developed market economies which have been conventionally regarded as part of the aid flow to developing countries; this introduces some qualitative differences in the further repercussions of aid flows. While taking note of these factors, which make it difficult to insist on any aid target being applied without appropriate allowances for the special circumstances and characteristics of the

centrally planned economies, the Committee would place equal emphasis on the fact that the centrally planned economies have greater control over the mobilization and use of their resources for accepted objectives than have the market economies. The structures of these economies make it possible for them to be an important source of supply of capital goods and provide large and growing markets for the raw materials and consumer goods which developing countries are in a position to export to them in exchange. The promotion of trade on such a mutually advantageous basis depends, however, to a considerable extent on the scale of the credits that can be offered by the centrally planned economies to developing countries and the terms of such credit including the period of repayment. The centrally planned economies also appear to be in a particularly advantageous position to provide technologies appropriate to the developing countries and related technical assistance. The centrally planned economies should take all these factors into account and make a contribution to the Second Development Decade commensurate with the efforts that the developed market economies are being called upon to make.

52. The balance of payments problems of developing countries are greatly affected by the terms on which financial resources are made available, as well as by the volume of these; moreover, the willingness of lender countries to refinance maturing debts is also important, especially in those cases where a country has got into difficulties and needs a general rescheduling of its obligations. The Committee considers it very important that the terms for new resources should be tailored as realistically as possible to the needs and repayment capabilities of individual recipient countries, and also that there should be prompt and co-ordinated action to introduce an appropriate rescheduling of debts, where the circumstances of a developing country justify such special assistance. Action of this latter kind should be part of a general scheme for meeting the country's difficulties, which might well include special measures to increase its exports.

53. In recent years, the average terms on which official financial resources are made available have been becoming harder, thereby increasing the risk that rescheduling may be needed later. The Committee considers that developed countries should, in line with the recommendations put forward by the Development Assistance Committee of the Organisation for Economic Co-operation and Development and by UNCTAD, undertake to provide immediately at least 70 per cent of their official financial transfers as grants. These grants would be concentrated mainly on the poorer countries and those in special difficulties; the average terms for the loans to a particular country should vary with the strength of its position, but, in general, bilateral official loans would be of long maturity and at low interest rates, with a substantial grace period.

54. The Committee suggests that developed countries should progressively improve these terms and should raise the grant component in their official transfers to 80 per cent by 1975 (or make equivalent improvements). As large a proportion as possible of the transfers should be in convertible currencies for untied purposes; if a loan is tied, it is equitable that the repayments should also be tied to specific exports from the borrowing country, if the latter so desires.

55. For an orderly implementation of their plans, developing countries need external finance on an assured basis for a reasonably long period. Aid-giving countries should, therefore, make their financial aid operations more susceptible to medium-term planning. Developed countries should create national funds to

handle financial aid to developing countries on a programme and revolving basis geared to the needs of development in such a manner as to avoid the inconvenience of certain budgetary rules.

56. The plans of developing countries are often disrupted by unexpected short-falls in their export earnings. The consequent decline in both foreign exchange receipts and government revenue is frequently of a nature or duration which cannot be dealt with by short-term balance of payments finance. A scheme for providing supplementary finance to deal with this problem has been under discussion in international forums. As part of the objectives of the next Decade, such an international scheme should be put into operation.

57. In matters of external finance, international organizations have a major role to play. A growing part of the financial transfers to developing countries should be channelled through multilateral institutions. In turn, these institutions should be enabled to adjust their lending operations to suit the special requirements of individual countries, as regards both the volume and the terms of finance. Efforts should be made to strengthen co-ordination between bilateral and multilateral aid.

58. The creation of new international liquidity through the special drawing rights scheme should also be linked to development assistance. Several members of the Committee have suggested that, pending results of further work and international discussion, to start with, an amount equal to 50 per cent of the new international liquid assets created through the scheme should be made available by the developed countries concerned as contributions to the International Development Association. The Committee will reconsider this subject at its next session.

59. Foreign private capital, too, can play a helpful part. It is necessary, however, to direct in a selective manner such capital to activities that are in accord with the economic and social objectives of a developing country as set out in operational terms in its national plan, and to avoid the negative impact on the balance of payments or on the use of resources which some of the foreign private investments might have. While it is up to developing countries to adopt appropriate measures for inviting and making effective use of foreign private capital, developed countries should help through their fiscal and other policies in encouraging private investments abroad in socially beneficial activities. An important way, among others, in which this help can be provided is through the extension of existing systems of investment insurance against restrictions on the transfer of earnings and expropriation and other non-economic risks.

60. The distribution of financial transfers among developing countries has been extremely unequal and strongly influenced by political considerations often alien to the international development strategy. In order to further the orderly progress of developing countries, and of world development in general, external assistance should be allocated on the basis of greater equity and efficiency. Appropriate criteria formulated to guide aid-giving countries and organizations in supplementing one another's assistance for bringing about a proper distribution would be useful. It needs, of course, to be emphasized that there is no unique solution to the problem, because the relative importance to be given to equity and efficiency involves a question of ethics and also because not all aspects of these two elements can be formulated in terms of sufficiently measurable criteria.

Although the complications inherent in the subject require further study, some broad indications can nevertheless be given in order to improve the present distribution of assistance.

61. There appear to be four main criteria which should be given attention in allocating aid. They are:

- (a) The needs of developing countries;
- (b) Their own development efforts;
- (c) Their performance in making productive use of aid;
- (d) Their resources and potentialities.

Essentially, it is for human beings that the development strategy has to be designed; and the larger their number, the larger the needs. However, the level of per capita income should be treated as the basic indicator of aid needs. Thus, for the sake of equity, the poorer the country, the greater should be the aid provided to it per head of population. However, other development needs and problems - for example, those arising out of balance of payments trends - should also be taken into account in the allocation of aid. On the other hand, as stressed earlier, the primary responsibility for development rests upon developing countries themselves. Therefore, aid should be forthcoming corresponding to the efforts made by these countries in mobilizing domestic resources. This is also an indicator of the ability to use aid effectively. Structural changes and improvement in income distribution should also be considered appropriate measures of the countries' own development efforts. Clearly, the ability to make productive use of aid in proper planning, project preparation and implementation should always serve as an important criterion for the allocation of aid. In addition, the ability of a country to utilize effectively its resources and potentialities should be given due attention. The Committee will examine the criteria for aid allocation in greater detail at a later session.

(b) Technical and scientific assistance

62. An outstanding feature of the post-war years has been the technical assistance provided through the United Nations system as well as bilaterally. A vast mechanism has been built up to channel needed skills from where they are relatively abundant to where their scarcity constitutes a hindrance to economic and social progress. During the next Development Decade, this machinery should be strengthened and, as appropriate, renovated and extended into areas in which needs have not yet been met.

63. International facilities for a developing country should be provided in a concentrated manner and directed to solving the most critical economic and social problems. The development plan of the country should be the essential mechanism for achieving such a concentration. The technical assistance offered by international organizations should be not only mutually reinforcing, but effectively co-ordinated with bilateral assistance as well. A greater effort should be made to learn from the experience of international technical assistance experts. It is necessary to ensure that the experts are well qualified for the

tasks entrusted to them and that, among other things, they devote appropriate attention to imparting knowledge and experience to their national counterparts in developing countries.

64. There should be greater international effort to establish, strengthen and promote scientific research and technological activities which have a bearing on the expansion and modernization of the economies of developing countries. Attention should be devoted to fostering technologies appropriate for these countries. This is particularly relevant for such fields as agricultural implements, food processing, mechanical and transport equipment, telecommunications, building materials and housing. Technological research is also needed for solar energy, ground-water development and water purification and desalination, which would bring benefits to the world as a whole. The efficient use of scarce international research personnel and the similarity of development problems require regional co-operation assisted by international institutions. Care needs to be exercised also to prevent inappropriate technologies from being inadvertently or otherwise forced on developing countries through the aid and investment policies followed by developed countries in relation to them.

65. Economically advanced countries should devote a significant part of their research and development expenditure to projects specifically geared to the requirements and conditions of developing countries. Assistance should also be provided for building up research institutions in developing countries, especially on a regional or subregional basis. Scientific and technological institutes in developed countries should enlarge facilities for training personnel from developing countries so that the pool of knowledge available for the latter expands rapidly. Private foundations and institutions, which have already played a valuable part in promoting research on such matters as the development of high-yielding varieties of grains, should further help to expand and diversify research activities of benefit to developing countries. On matters concerning scientific research and development, the Committee looks forward to further co-operation with the Advisory Committee on the Application of Science and Technology to Development.

#### D. Appraisal of progress during the Second Development Decade

66. The Second Development Decade should be a continuing exercise for harmonizing national and international policies aimed at speeding up the economic and social progress of developing countries. Thought should, therefore, be given to arrangements for conducting regular appraisals of progress towards achieving the goals of the Decade. More precisely, such appraisals should focus on the extent to which intended plans and policies are implemented, targets and other objectives attained and commitments fulfilled. The appraisals should be designed in the main to bring about necessary adjustments and modifications in policies, and to induce all participants in the Decade to carry out their obligations in respect of past agreements and commitments and provide an opportunity to introduce new aims and policies as needed.

67. As the process of economic and social development concerns the level of living of people and changes in the productive capacity of institutions and countries, the main task of measuring progress has to be undertaken at the national level on which goals are determined, policies formulated and measures



executed. As part of their contribution to the Development Decade, therefore, individual developing countries should ensure that appropriate means are at hand for evaluating their own progress and the operation of the policies and measures being pursued in the implementation of development plans. Through adaptation of the existing mechanisms and, when necessary, the establishment of new machinery, regular and timely appraisals should be made and organized so as to bring judgement to bear as promptly and effectively as possible on policies and programmes, and, when necessary, on priorities and objectives. The international community should help in this connexion through technical advice and through dissemination of information.

68. Appraisals of development problems and progress are currently made as part of the machinery for consultation between interested aid-providing and aid-recipient countries belonging to different configurations - for example, the World Bank aid consortia and consultative groups and the Inter-American system organized under the Alliance for Progress. It would be useful to broaden and strengthen such machinery of consultation and to link the reviews carried out within its framework with the targets, objectives and policies of the next Decade. Arrangements might be made, possibly on a group basis, for bringing into the consultation machinery the aid-receiving countries in which problems are similar but which are not at present covered by it.

69. The links among neighbouring countries and the similarity of their problems suggest the particular role and value of appraisals on a regional basis. Appraisals through regional arrangements not only help to bring intimate knowledge to bear upon the critical problems and policies, and in particular on the qualitative aspects of institutional change, but also to strengthen regional trade and economic co-operation. Such appraisals would most logically be carried out by the regional economic commissions in collaboration with functional organizations of the United Nations system. In those regions where systems of periodic appraisals are currently functioning, the regional economic commissions should co-ordinate their evaluation work with them in order to avoid duplication.

70. To give the Development Decade coherence as an international exercise, it is necessary to take a global view and regularly assess the performance of developing countries on a comparative basis and in relation to the targets and objectives of the Development Decade. Such global assessments should identify the persisting obstacles to the economic and social progress of developing countries, suggest remedial action and re-examine targets and objectives in the light of changing circumstances. A global survey of progress should be made every year by the United Nations on a comprehensive international basis. It would be useful to supplement these annual surveys by periodic but less frequent examination in depth by functional organizations of the United Nations system of selected sectoral problems and the measures for institutional and social change. The global annual survey and the periodic functional surveys should help Governments, through the forums of the Economic and Social Council and the General Assembly, to keep under close scrutiny not only the process of economic and social development but also the machinery and procedures of the Development Decade itself.

71. It would be useful, from time to time, to have independent appraisals at both global and regional levels by experts. The independent opinions of well-known experts could have a significant influence on policy making and thereby help to strengthen national and international action for a more rapid economic and social progress.

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72. Some members of the Committee think that the General Assembly should give consideration to the establishment of a world development council of independent experts, appointed by the Secretary-General of the United Nations, but not representing either Governments or institutions, which might be provided with its own small staff. The functions of such a Council would be to review the criteria used by national, regional and world bodies in their evaluation programmes, to act as a court of last resort, to express judgement on differences of evaluation by these bodies, and to produce for consideration by the Secretary-General and the General Assembly an over-all summary annual appraisal of the progress of both developed and developing countries towards the objectives of the Development Decade. Some other members of the Committee have reservations about the establishment of a new body which, in their opinion, might lead to duplication and might also not prove to be an efficient approach. 4

73. The Committee believes that national and international appraisals of progress can be carried out successfully only if adequate statistical information is available. It is necessary, therefore, to expand and improve statistical services in developing countries. This is an area where the technical and financial help of the world community is of great importance. Attempts should also be made to fashion more appropriate indices of economic and social progress and to strengthen international harmonization of statistical concepts and nomenclature. It is desirable in this connexion to ensure standardization in the layout of development plans, which should include a minimum list of objectives within the framework of international statistical standards.

74. The ideas put forward regarding appraisal of progress during the Second Development Decade will be examined in greater detail at a later session of the Committee.

## II. PLANNING AND PLAN IMPLEMENTATION WITH SPECIAL REFERENCE TO THE ECAFE REGION

### A. Institutional aspects of planning and plan implementation

75. As part of its continuing work on planning and plan implementation, the Committee has reviewed some of the salient problems of the institutional framework for planning and plan implementation in the developing ECAFE region. The Committee has found marked similarities in weaknesses in the planning process in the developing regions of Africa, Asia and Latin America. <sup>8/</sup> At a later date the Committee intends to prepare a systematic and comparative review of planning and plan implementation problems in developing countries. Such a synthesis, by throwing some light on the nature of planning problems, might help to improve planning as an important instrument for promoting economic development.

76. In the past two decades planning has become widely accepted in the developing countries of Asia as a means of allocating limited resources according to a system of priorities for attaining accelerated growth and improvements in standards of living. The degree of commitment by the Governments and people to planning, however, leaves much to be desired. In several countries where such commitment had existed, there has been, in recent years, a marked decline in the authority and prestige of the national planning agency vis-à-vis the ministries. Not only has government commitment been inadequate but also the planning process has been weakened by the failure to get the whole-hearted support of organized private industry and various important organizations. This has led to a decline in the role and effectiveness of planning in several countries. To resuscitate the diminished influence of the national planning agency, attempts have been made to locate it close to the office of the chief executive. In some countries, as a result, the effectiveness of planning has tended to improve. The degree of success, however, has depended on the personal interest taken by the chief executive in planning and the planning process, as well as on the professional efficiency and competence of the planners themselves.

77. A crucial task for the countries during the Second Development Decade should be a thorough examination of the reasons for the weakening of planning and the formulation and implementation of appropriate policies to reverse this trend. In carrying out this task, it will be important to review the institutional framework connecting public and private sectors, with a view to improving the links between them so as to establish a rapport and a working basis for collaboration as well as for devising effective instruments for influencing critical policy decisions in the private sector. In this connexion the objectives of the plan and the efforts required to achieve them should be made clear to all sections of the population and their co-operation sought in implementing it.

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<sup>8/</sup> For the Committee's views on planning and plan implementation problems of Latin America and Africa, see the reports on the second and third sessions, Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 7 (E/4362) and ibid., Forty-fifth Session, Supplement No. 7 (E/4515).

78. Inadequate or faulty development strategies have often been responsible for poor performance of planning. The basic objective of planning - the promotion of structural change in the economy through a conscious direction of investment flows according to a predetermined scheme of priorities - has commonly been lost sight of in the singular pursuit of a high rate of growth. So long as external demand remained high, fed by such phenomena as the Korean and Viet-Nam wars, which contributed to the attainment and maintenance of a high growth rate, the acute need for structural reform has been relegated to the background. Further, development strategy has often shifted in emphasis from industry to agriculture and vice versa, without adequate policies to ensure the transmission of the growth impulses generated in the sector of concentration to the other sector. In the face of structural defects in the economies of Asian countries, dependence on market forces to transmit such growth impulses has often resulted in the neglected sector constituting a constraint on over-all development.

79. Planning has often been partial in scope, excluding the private sector. Sometimes even the public sector planning has been limited to infrastructure and basic facilities, with trade, industry and finance outside the purview of the plan. Even where plans have been comprehensive, there has been a general failure to devise and formulate policies for inducing the private sector to adopt investment and other activities so that public and private sector development activities converge towards plan objectives. It is desirable that comprehensive plans be adopted with a carefully formulated policy framework prepared in consultation with various private interests so as to induce the necessary compliance of the private sector to plan orientation and objectives. Progress in the direction of comprehensive planning should be made to the extent that the necessary skilled manpower becomes available in each country to carry out a policy effectively.

80. In the public sector, the importance of close co-ordination between the planning agency and the functional organs cannot be over-emphasized. Comprehensive medium-term plans should be conceived within a longer-term perspective and implemented through annual plans. So far, very few Asian countries have formulated perspective plans. Also, a beginning has yet to be made in annual planning on a systematic basis. The planning agencies in the ECAFE countries should be adequately equipped for undertaking the technical work on comprehensive planning within perspective frames and through annual plans as early as possible. The report of the recent Workshop on the Technique of Annual Planning in the ECAFE region should be useful in organizing the work on annual planning. 9/

81. Sometimes plan failures, far from being a problem of plan implementation, have been the result of deficiencies in plan formulation owing to wrong assumptions concerning such important issues as resource mobilization, employment and the availability of external resources. For example, the failure of projected availabilities to materialize has frequently led to significant dislocations in plan implementation. The lack of adequate project preparation capacity constitutes a major gap in the planning process. The consequences have often been the absence of carefully appraised projects ready for preparation and implementation, and faulty economic appraisal of projects.

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9/ See "Progress report on the techniques of annual planning" (E/CN.11/L.236).

82. Considerable improvements will be needed if planning is to make an appropriate contribution to the development process. The administrative capability of the countries to implement plans has to be strengthened to a level commensurate with the task it is called upon to perform. Particular attention and action will be needed in the following areas:

(a) Project formulation

Efforts should be made to organize planning units within ministries and to develop and strengthen adequately the project preparation at national and international levels. So far as possible this work should be done by the people of the country concerned. However, both financial and technical assistance should be accorded for this purpose on an increasing scale from bilateral donors and international agencies in order to get the work started under the responsibility and inspiration of the nationals of the country, and to provide the necessary training on the job;

(b) Progress reporting

The implementation of plans in many countries has suffered greatly from the failure to complete projects and bring them into effective operation within the period foreseen. In order to monitor investment schedules with an eye to timely implementation of projects/programmes and to adjust the phasing of the investment plans according to the effort in mobilization of resources, effective arrangements are necessary in many countries of the region for reporting of progress and evaluation. Much depends also on proper time scheduling of the projects. The technique of "critical path" may be effectively used for this purpose. The two principal requisites for an effective progress-reporting machinery are:

- (i) an efficient and integrated reporting system, and
- (ii) administrative arrangements for the effective and speedy resolution of the bottle-necks encountered;

(c) Evaluation

The Governments of some developing countries have provided too little in the way of careful evaluation of the results achieved both at the level of the individual enterprises that have been launched and for the economy as a whole. It is important that such evaluation should be both made and published.

B. Development strategies

83. The Committee has noted with interest the suggestions regarding development strategies contained in a paper (E/AC.54/L.34) on selected problems of planning and plan implementation in the ECAFE region, prepared for its use by the ECAFE secretariat. While it has not been possible to consider in detail various aspects of the complex issues involved, paragraphs 84-105 below indicate the main points that emerged during the discussion.

84. While the indicated measures will improve the efficiency of planning, it will be the strategy of development that is adopted in the coming years which will be of crucial importance. Those very few countries that actively intervened into the

development process for effecting a rapid structural change in their economy during the past two decades experienced very serious bottle-necks of material supply, equipment, foreign exchange and food. Those countries adopted a strategy of rapid industrial development on the assumption that its spread effects would push forward agricultural development which would then provide an increasing sustenance through a feed-back process. Programmes for agricultural development themselves rested largely on the more traditional inputs and institutional changes of essentially a marginal nature. In practice it was found that the feed-back process did not function and that the growth impulses generated both by the industrial investment and by such agricultural growth as took place were intercepted by various institutional barriers that characterize the agrarian system in Asia. These institutional barriers could not be eliminated partly because of the political and social power positions built in by the agrarian system itself and partly because of the heavy population pressure on land and the consequent rural unemployment and underemployment. The heavy demand for land that such population pressure generated prevented the elimination of high rent, usury and severe exploitation of rural labour. The scope for earning high rates of return from investment in socially less productive avenues was another factor in slowing down the rate of growth of output in agriculture. The inflationary spiral that was generated by forced investment in the industrial sector and in the infrastructure and housing, and failure of agricultural output to increase, aggravated those trends. The high cost structure and growth of internal demand adversely affected the exports. Internal and external resource scarcity gradually increased the squeeze on the growth potentials, and successful plan implementation became increasingly problematical in those countries.

85. The appearance of high-yielding seed varieties, particularly of rice and wheat, is a welcome development. Agriculture now enjoys the prospect not only of meeting the food requirements of those countries but even of providing a surplus to other sectors. The growth of irrigation and the development of new high-yielding seed varieties, which require intensive labour and permit production of several crops annually on the same plot of land, can provide the necessary conditions for triggering the long-awaited agricultural revolution in Asia. Increases in the demand for labour introduced by these technological changes could even alter the more undesirable characteristics of owner-tenant relationships in Asian agriculture. The potentialities of the new technology could also make the introduction of land reform easier and accelerate the processes of agricultural transformation. The technological possibilities of the high-yielding varieties thus bring nearer the chances of setting off a chain reaction that will ultimately produce the necessary surplus and the market conditions for bringing about total structural changes.

86. A word of caution is, however, necessary. While the high-yielding varieties of seed can be a powerful instrument of economic and social change, they have to be handled with great care. If rushed forward without adequate preparation, the new varieties can cause irreparable damage and a serious setback to the progress in these countries. For example, the high-yielding varieties require great precautions against insects and pests, sophisticated water management and fertilizer application, careful and intensive weeding and other complicated cultural practices. Where these developments lag, the possibility of crop failure becomes very great. In the prevailing conditions of agriculture in Asia, the margin available to the farmers for covering themselves against risks is extremely small and may not be adequate to withstand these losses. That this danger is great becomes evident when a careful examination is made of the conditions of irrigation

and water management in the region. The absence of a guaranteed water supply over large areas, the dependence of most of the irrigation projects on the very uncertain monsoon rains, the gravity flow system of irrigation, the inadequate development of ground-water irrigation and, above all, the on-and-off system of water management that is needed by the high-yielding varieties are some of the difficulties which first have to be overcome before the new varieties can be introduced on a mass scale. In those districts or villages where water management has reached this level of sophistication, the high-yielding varieties can and should be introduced without delay, and the necessary inputs should also be supplied as the farmers are trained to use them. In view of the risks involved, it is necessary to select these villages and districts very carefully. It is better to be conservative in this matter rather than to be over-enthusiastic or give in to political pressure. These areas are necessarily small at present and sooner or later the new programme will become saturated as these areas are covered.

87. Moreover, this kind of selective approach will necessarily leave out large areas in most countries. What is needed, therefore, is not exclusive concentration on the high-yielding varieties and the technology associated with them but simultaneous investment for expanding irrigation, conserving water resources and developing varieties and techniques suited to regions less well endowed with water resources. For, taking all agricultural land into account, water still remains the leading input; the returns from it have never been in doubt. In fact, increases in total output resulting from investment in water resource development may not be smaller than those resulting from the new agricultural strategy based on the high-yielding varieties programme, if the high risk involved and the foreign exchange required for fertilizers and pesticides are taken into consideration.

88. Meanwhile, it must be recognized that, as part of the social cost of the new agricultural strategy, the increases in income disparities among both regions of a country and different sections of the population have already reached the margin of social tolerance in many countries of the region. For the high cost of inputs and the associated risks will prevent the bulk of the small and medium farmers from adopting the new technology and obtaining benefits from it unless the necessary credit and crop-insurance benefits are extended to them. Moreover, though the new technological possibilities could increase the demand for labour (and have indeed done so in several cases), the high profits yielded by them - together with the problems which the larger landholders face in managing hired labour on an extended scale - have promoted the adoption of capital-intensive and labour-saving techniques of production. The net effect on landless agricultural labour needs, therefore, to be watched very closely. For these reasons, and the possible further effects on social and political stability, there is a strong case for pressing ahead with structural changes in the agrarian system even while attempting to exploit the new technological possibilities in the immediate future to the maximum extent.

89. It needs to be stressed that there is no single strategy which can be considered universally applicable. It would be prudent for the Governments in the region to carry out extensive programming exercises to determine the optimum input mix suitable for different areas of the country, and the feasibility of institutional reforms, taking these and other relevant considerations into account.

90. The need for such careful calculations arises from the fact that agricultural development is not an end in itself in these countries. The basic goal is in part

to raise the living standards of the rural population and in part to help accelerate progress in other sectors of the economy. Agriculture has therefore not only to provide better living conditions to the farmers but, even for its own sustenance, it has to provide the necessary capital for the development of the other sectors. For the latter reason the cost of technological advances in agriculture becomes important. Technological innovations that require continual investment support from other sectors may not be justifiable from the point of view of the long-run economic growth of the countries. The fault may not lie, however, with agricultural technology alone. Even under the conditions of existing technology, considerable amounts of rural savings could be mobilized if proper institutional arrangements and policies could be devised and implemented; the scope for such mobilization and redeployment of savings could increase with rising incomes from agriculture.

91. The major part of total savings in the ECAFE region comes from the private sector; so far as available data show, its share in total saving varies from 56 to 68 per cent. Yet the propensity to save of the private sector is by no means as large as is required; at the margin it is higher in the public sector in several cases. The uses to which private savings are put are also not always those to which priority needs to be attached for accelerating development. This raises important issues concerning the scale and methods of transfer of resources from the private sector to the public sector for speeding up economic growth and achieving accepted social goals. The taxation structure, which has been the main instrument of resource transfer, has been evolved historically for purposes of meeting routine administrative and other expenditures and not for initiating or accelerating economic development. The basic consideration in tax design has been administrative convenience and minimization of effort for raising the resources needed. From the developmental point of view, the emphasis has to shift not only to maximization of tax yield but, in terms of incidence, to taxing at the points where the surpluses generated by growth could most effectively be mobilized for achieving the desired objectives. The role that government taxation and expenditure could play in the region should not be underestimated. The share of public revenue to total national income varies from 10 to 20 per cent, while the share of public expenditure varies between 11 to 20 per cent in the region. These percentages should give the State sufficient leverage to control, guide and direct the flow of resources in the desired direction without much difficulty, especially if they are combined - as they should be - with the leverage that can be obtained through public enterprises which are run along the lines indicated in paragraph 34. If they do not, it is largely due to the perverse articulations of the system resulting from structural dualism which weakens this leverage considerably. This has become glaringly evident in the case of agriculture in recent years. Unless efforts to mobilize and transfer financial resources according to planned priorities are made, along with steps for removing the real bottle-necks of food and agricultural output, it will be difficult to exploit fully the opportunities now open to accelerate development all along the line.

92. Agricultural output in this region has shown a growth rate somewhat higher than the rate of growth of population over the past two decades. Yet agriculture has failed to generate the necessary surplus for accumulation and investment. In many cases, there have had to be large transfers to the agricultural sector. The explanation for this is to be found partly in the heavy investment in overheads, such as irrigation, required for accelerating agricultural growth; partly in the bias towards capital-intensive investments in the larger holdings; and partly in the alternative non-productive uses of savings provided by the traditional agricultural system and social values. The land-hunger, stagnation and dualism in



these economies often provide conditions in which the potential surpluses get diverted into consumption and into commodity stocks held for speculation instead of being utilized for productive investment.

93. Under these conditions a policy of guaranteed high prices for agricultural commodities could by itself strengthen the market imperfections by transferring resources to those who gain from their existence. The export prospects could also be adversely affected by a rise in price of agricultural commodities and food. The policy should therefore aim at reducing the premium earnings that rural savings can make in non-productive uses. The immediate task should be to institutionalize the market particularly for food-grains and other primary produce. A beginning can be made by creating buffer stocks and open-market operations with a view to preventing inventory investments, speculation in food-grains or excessive investment and lengthening of the trading chain. Buffer stocks and open-market operations should be used not only to reduce the seasonal and year-to-year variations in food-grain prices but for implementing a long-term price policy in agricultural products. While the prices maintained over the long run should be adequate to provide small holders with reasonable income and incentive to increase output, care should be taken to avoid fixing minimum guaranteed prices so high as to support in effect the inefficient use of resources often found in the larger holdings. The open-market operations can also be extended gradually to introduce a competitive element in the rural market structure and thus reduce the excessive monopoly profits derived from non-productive uses of the rural savings. This process can be expedited by land reform, followed by formation of farmers' associations and rural co-operatives as has been done in China (Taiwan). Through these associations a direct link with the urban money market can be established which will then provide the channel for the smooth flow of savings to more productive uses.

94. So far as urban savings are concerned, the problem of mobilizing them is less acute than in the case of rural savings. Nevertheless, there is reason to believe that the volume of savings that can be mobilized for investment could be considerably increased by preventing expenditures on ostentatious consumption, public or private, and by providing opportunities for investment in securities and saving deposits with various combinations of safety and yield factors so as to have a wider appeal to the saving public. Regarding corporate savings, the trend among the bigger corporations to distribute a large share of profits as dividends and the rise in the number of corporations in the service sector are definite indications that the pressure on consumption is mounting in the region; this, if allowed to go unchecked, will certainly reduce the volume of savings. The art of allowing consumption to increase just enough to stimulate production but not so greatly as to reduce the volume of saving and investment has yet to be learnt by the countries of the region. It can be learnt only by carefully gathering and assimilating the lessons of experience by the countries after a thorough study of the saving behaviours of various sections of the population rather than by relying on a priori hypotheses.

95. During the years 1955-1967, the annual growth rate of exports of the developing ECAFE countries was about one-third that of the developed countries and less than one-fourth that of the developed ECAFE countries. This has partly been the result of a decline in export prices which reflects the failure of the international community to agree upon a system of price stabilization that would prevent transfers of resources from developing economies to developed countries.

The commodity composition of the exports of the region, however, is showing a significant shift. Exports of manufactures are expanding at a faster rate than primary commodities, thus adding to the more dynamic elements in the trade structure. While great attention has been paid in the region to export promotion measures, the question of structural change in the production base for exports has received little attention so far. The problem of exports from the developing countries requires both long-period and short-period solutions. Over the long period, it involves planning problems, regarding suitable choice of industries as well as techniques. Over the short period, it requires policy measures that give proper incentives to potential exports.

96. The experience of developing ECAFE countries in exporting manufactures, though limited to a few countries and over a short period, seems to suggest that structural changes in production should be made by establishing those industries for which the world market is growing rapidly and for which the labour component in total cost is relatively high. To start with, they should be domestic-market-based, except where particular domestic natural resources provide a good base for export production. At a later phase, as experience increases, industries relying mainly on the export market may be established. In every case, the development strategy needs to be much more export oriented than it has been so far. The productivity considerations require much greater emphasis under this strategy than under a strategy based purely on import substitution. The short-period policies should be aimed at isolating the export sector from the internal stresses and strains which a developing economy must inevitably face; this might also be attained by changing the rate of exchange. Sometimes this is attempted by establishing export zones or bonded warehouses. Since production for export cannot be entirely isolated from the trends in wages and costs in the domestic market, various schemes of compensation or subsidy have been devised by the countries of the region. Their aim is to compensate the exporters for any losses that may incur if they export instead of selling in the domestic market. Like protective tariffs, there is sometimes a great danger in these schemes; they may easily lead to the creation of monopolistic groups which would then use their power to perpetuate the system at the cost of the rest of the community. There is a need, as pointed out by the Conference of Asian Economic Planners, <sup>10/</sup> to compute the relative domestic costs of these measures, not only to determine the sacrifice that the community is being asked to make to support them but also to discover if any optimization of benefits can be achieved by altering the combination of the various types of incentives. Lastly, administrative incapacity to carry the heavy load of implementing these schemes, along with the various import and exchange control measures, has led to the suggestion that the restrictions be liberalized on a selective basis and that, as far as practicable, countries should adopt an automatic and self-implementing system which would provide the necessary stimulus to exports without causing too great a sacrifice on the part of the consuming public at large. The exchange-bonus scheme of Pakistan, which is a typical example of this type of semi-automatic export subsidization scheme, has been in operation with some degree of success for several years. The major difficulty that arises from such schemes is the deflection that they cause in the flow of investment away from the preferred path indicated in the plans.

97. Despite the poor performance of exports in most countries in the region, the pace of investment in the region has not faltered, thanks to the doubling of

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<sup>10/</sup> "Report of the Conference of Asian Economic Planners: third session" (E/CN.11/804).

foreign aid received during 1955-1965 from \$1,000 million to over \$2,000 million. There are, however, a number of undesirable features in this development that are causing great concern to the aid-recipient countries. The increase in the proportion of loans relative to grants, and the large proportion of loans bearing a high rate of interest, the increasing debt-servicing charges, the predominance of tied loans, the uncertainty of receiving aid and the consequent difficulty of planning investment projects and programmes, are some of the problems that have prevented foreign aid from having a fuller impact on the development effort. The recent efforts to increase the proportion of soft loans and the use of consortium techniques have eased the difficulties to some extent. The developing countries may find it easier to raise foreign loans and grants on more reasonable terms, if their project preparations and formulations are more thorough and if they shop around with a comprehensive list of priority projects rather than try to raise loans on each project individually. Moreover, foreign exchange budgeting has become an important planning activity in some countries in the region; this helps them to avoid haphazard project development depending on the inclinations of foreign investors. It has also proved useful to the donor countries in assessing the aid-worthiness of projects and evaluating their own interest in the development projects and plans of the recipient countries.

98. The technical and financial co-operation of foreign private capital may be helpful for the development of Asia. However, as indicated in paragraph 59, foreign private investments need to be selectively directed towards those activities which meet the objectives of national development plans and policies, for otherwise they may create difficulties and imbalances in plan implementation.

### C. Economic integration

99. The need for regional co-operation and integration, particularly among the smaller and less developed countries of Asia, has become more urgent than ever. The failure of exports to expand rapidly has created serious difficulty in plan implementation by severely restricting the import capacity of most of the Asian countries. The traditional exports, consisting mainly of primary commodities, show, as in all other developing countries, a slow growth resulting from inelastic demand and competition from synthetics. The protection implied by import-substitution policies and the smallness of domestic markets also seriously affect the competitive power of their industrial products in the foreign markets. Most of these countries showed considerable progress during the post-war years in import substitution in consumer goods industries. They are, however, unable to take the forward step of establishing producer goods and basic industries owing to the smallness of their domestic markets. Regional co-operation and integration conceived as a strategic element of a global development policy could bring about a radical transformation in the situation and produce rapid acceleration in their development rate.

100. Regional co-operation and integration could help Asian countries to overcome some of their basic resource limitations and constraints on better utilization of idle capacity and skill which are acquiring serious proportions in a number of them. Furthermore, a co-operative arrangement among them could also be helpful in attracting foreign capital and aid by making the projects more viable.

101. However, the vastness of Asia and its heterogeneity create difficulties in developing regional co-operation. Non-economic factors play as important a role

as economic factors in developing economic integration, and these are not generally favourable in Asia. Beneath political discords that characterize the region lies, more often than not, a basic inequality of power resulting from inequality of size, population and level of economic development. Even among the smaller countries, political relationships have not always been friendly. Internal political instability also creates difficulty in developing stable and permanent economic relationships with neighbouring countries. Nevertheless, the inner logic of economic development and a search for political security are forcing the countries of Asia to join together in co-operative development efforts in many areas and projects.

102. From its inception, ECAFE has played an important role in developing regional co-operation in Asia. It has conceived many of the more important regional projects and helped in their implementation. Progress, however, has necessarily been slow and halting.

103. An approach of partial integration has been developed by ECAFE by which an effort is made to bring as many countries together as possible around a common centre of interest, such as solution of the primary commodity problem, establishment of common research institutes, development of intercontinental highways and promotion of river basin development programmes, joint industrial ventures and financial institutions. In the difficult Asian situation such a pragmatic approach is, perhaps, inevitable and useful indeed as a means for building up new forces for integration. The Committee has noted with interest that further efforts are being made by ECAFE to remove obstacles to intra-regional trade; the merit of this approach is that it demonstrates clearly the value of regional co-operation and thus helps in the progressive development of the sentiment for regional co-operation among the countries. Moreover, the growth of subregional groups in the ECAFE region within the framework of the United Nations shows that the countries are being influenced by ideas of regional co-operation for accelerating their economic and social development.

### III. ARRANGEMENTS FOR FUTURE WORK

104. The Committee shares the concern of the Economic and Social Council and the General Assembly that the international development strategy for the 1970s should be formulated with great care but that at the same time the preparatory work should be completed reasonably early so as to enable the Council to complete its recommendations in time for the Assembly to launch the Decade in 1970. Accordingly, The Committee has decided to concentrate its attention at its next (sixth) session on the substantive agenda item dealing with the preparation of guidelines and proposals for the Second United Nations Development Decade. It suggests that its sixth session should be held early in January 1970 at United Nations Headquarters in New York.

105. On the basis of the discussions already held and those to be held at the sixth session, the Committee intends to prepare a fuller and self-contained report on the Second United Nations Development Decade. Among the topics proposed for further discussion are: interrelation of economic and social objectives, population growth, the role of education, distribution of income, co-ordination of the Indicative World Plan for Agriculture with the objectives of the Second Development Decade, industrial development strategy, international division of labour, transfer of technology and technical assistance, regional economic co-operation, priorities with regard to policy measures and arrangements for appraisal of progress during the Second Development Decade. The members of the Committee will prepare comments on the topics to be discussed and send them to the Centre for Development Planning, Projections and Policies by August 1969 for circulation among members with a view to assisting in the preparation of the final report dealing with guidelines and proposals for the Second United Nations Development Decade.

106. The Committee's report on the fourth and fifth sessions will be sent to organizations of the United Nations system for obtaining their views on the matters discussed with regard to the preparation of guidelines and proposals for the Second Development Decade, and, in particular, on the topics mentioned in the preceding paragraph.

107. The Committee will take up the other regular substantive item on its agenda, namely, problems of planning and plan implementation, at its subsequent session. As already indicated, on the basis of its appraisals of problems of planning and plan implementation in different regions, it intends to prepare an over-all comparative review at a future session. As recommended at its earlier sessions, and in accordance with Economic and Social Council resolution 1259 (XLIII), the Committee will also examine problems of annual planning in developing countries.

108. The Committee takes note with appreciation of the invitation from the Executive Secretary of the Economic Commission for Europe (ECE) to hold one of its future sessions at the headquarters of ECE. The Committee hopes that it will be possible to make arrangements to hold a future session there. At that session, the Committee will wish to devote attention, inter alia, to relevant planning problems in developed countries.

Annex I

ATTENDANCE AT THE FOURTH SESSION

Members of the Committee

- Mr. Gemani Corea, Permanent Secretary, Ministry of National Planning and Economic Affairs, Ceylon
- Mr. Nazih Deif, Institute of Statistical Research and Studies, United Arab Republic
- Mr. A.N. Efimov, Director, Economic Research Institute of the Gosplan, Union of Soviet Socialist Republics
- Mr. Paul Kaya, Secretarie administratif, Fonds d'entraide et de garantie des emprunts du Conseil de l'entente
- Mr. J.A. Lacarte, Ambassador of Uruguay, Argentina
- Mr. T.J. Mboya, Minister of Economic Planning and Development, Kenya
- Mr. Max F. Millikan, Director, Center for International Studies, Massachusetts Institute of Technology, United States of America
- Mr. Saburo Okita, President, Japan Economic Research Center, Japan
- Mr. M.L. Qureshi, Member, Planning Commission, Pakistan, and Special Adviser, African Development Bank
- Mr. K.N. Raj, Professor of Economics, University of Delhi, India
- Mr. W.B. Reddaway, Professor of Political Economy, University of Cambridge, United Kingdom of Great Britain and Northern Ireland
- Mr. Jean Ripert, Directeur général, Institut national de la statistique et des études économiques, France
- Mr. Raúl Sáez, President, Empresa Nacional de Electricidad S.A. (ENDESA), Chile
- Mr. Germánico Salgado, Director, Economic Affairs Department, Organization of American States
- Mr. Jakov Sirotkovic, Professor of Economics, University of Zagreb, Yugoslavia
- Mr. Jan Tinbergen, Professor of Development Planning, Netherlands Economic Institute, Netherlands
- Mr. Zdeněk Vergner, Deputy Secretary-General, National Economic Council, Czechoslovakia

United Nations

Department of Economic and Social Affairs

Mr. Philippe de Seynes, Under-Secretary-General for Economic and Social Affairs

Mr. Jacob L. Mosak, Director and Deputy to the Under-Secretary-General for  
Economic and Social Affairs

Mr. Tse Chun Chang, Assistant Director, Centre for Development Planning,  
Projections and Policies

Mr. Andrew G. Brown, Chief, Economic Planning Section, Centre for Development  
Planning, Projections and Policies

Mr. Omprakash Talwar, Senior Economic Affairs Officer, Centre for Development  
Planning, Projections and Policies; Secretary of the Committee

Mr. Andrews K. Pianim, Associate Economic Affairs Officer, Centre for Development  
Planning, Projections and Policies

Economic Commission for Africa

Mr. A.L. Mullier, Director, Research and Statistics Division

Mr. J.H. Mensah, Director, Trade and Economic Co-operation Division

Economic Commission for Asia and the Far East

Mr. G.A. Marzouk, Chief, Regional Centre for Economic Projections and Programming

United Nations Conference on Trade and Development

Mr. Sidney Dell, Director, New York Office

Mr. Gerassimos Arsenis, Chief, Trade Plans Section

United Nations Industrial Development Organization

Mr. Samuel Lurie, Senior Adviser, Office of the Executive Director

African Institute for Economic Development and Planning

Mr. George Abangwu, Lecturer

Asian Institute for Economic Development and Planning

Mr. D.V. Ramana, Development Economist

Latin American Institute for Economic and Social Planning

Mr. José Ibarra, Deputy Director, Training Programme

United Nations Development Programme

Mr. Robin T. Miller, Chief, Evaluation Division

Office of the United Nations High Commissioner for Refugees

Mr. V. Dayal, New York Office

United Nations Institute for Training and Research

Mr. Beat A. Jenny

Specialized agencies and IAEA

International Labour Organisation

Mr. N.N. Franklin, Economic Adviser

Food and Agriculture Organization of the United Nations

Mr. W.H. Pawley, Director, Policy Advisory Bureau

United Nations Educational, Scientific and Cultural Organization

Mr. H. Ben Amor, Division of Applied Social Sciences

World Health Organization

Sir John Charles, Consultant

International Bank for Reconstruction and Development

Mr. Michael L. Hoffman, Associate Director, Development Services Department

Mr. Andrew M. Kamarck, Director, Economics Department

International Monetary Fund

Mr. Michael Dakolias, Exchange and Trade Relations Department



Inter-Governmental Maritime Consultative Organization

Mr. Y. Sasamura, Head, Shipping Section

International Atomic Energy Agency

Mr. Robert Najjar, Liaison Office with United Nations

Other organizations

Commission on International Development

Mr. Bimal Jalan, Economist

European Economic Community

Mr. D. Frisch, Chef de Division à la Direction générale de l'aide au  
développement

Organisation for Economic Co-operation and Development

Mr. Edwin M. Martin, Chairman, Development Assistance Committee

Mr. Edgar Kroller, Principal Administrator, Development Department

Annex II

ATTENDANCE AT THE FIFTH SESSION

Members of the Committee

- Mr. Paul Kaya, Secrétaire Administratif, Fonds d'Entraide et de Garantie des Emprunts du Conseil de l'Entente
- Mr. J.A. Lacarte, Ambassador of Uruguay, Argentina  
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- Mr. T.J. Mboya, Minister of Economic Planning and Development, Kenya
- ~~Mr. Max F. Millikan~~, Director, Center for International Studies, Massachusetts Institute of Technology, United States of America
- Mr. Saburo Okita, President, Japan Economic Research Center, Japan
- Mr. Jozef Pajestka, Director, Institute of Planning, Poland
- Mr. M.L. Qureshi, Member, Planning Commission, Pakistan, and Special Adviser, African Development Bank
- Mr. K.N. Raj, Professor of Economics, University of Delhi, India
- Mr. W.B. Reddaway, Professor of Political Economy, University of Cambridge, United Kingdom of Great Britain and Northern Ireland
- Mr. Jean Ripert, Directeur général, Institut national de la statistique et des études économiques, France
- Mr. Germánico Salgado, Director, Economic Affairs Department, Organization of American States
- Mr. Jan Tinbergen, Professor of Development Planning, Netherlands Economic Institute, Netherlands
- Mr. Zdenek Vergner, Deputy Secretary-General, National Economic Council, Czechoslovakia

Adviser

- Mr. Evgueni V. Khrustalev,\* Counsellor, USSR Embassy in Bangkok and Permanent Representative to ECAFE

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\* On behalf of Mr. A.N. Efimov, member of the Committee.

United Nations

Department of Economic and Social Affairs

Mr. Philippe de Seynes, Under-Secretary-General for Economic and Social Affairs

Mr. Jacob L. Mosak, Director and Deputy to the Under-Secretary-General for Economic and Social Affairs

Mr. Tse Chun Chang, Assistant Director, Centre for Development Planning, Projections and Policies

Mr. Omprakash Talwar, Senior Economic Affairs Officer, Centre for Development Planning, Projections and Policies; Secretary of the Committee

Mr. Gunal Kansu, Economic Affairs Officer, Centre for Development Planning, Projections and Policies

Mr. Andrews K. Pianim, Associate Economic Affairs Officer, Centre for Development Planning, Projections and Policies

Economic Commission for Asia and the Far East

U Nyun, Executive Secretary

Mr. C. Suriyakumaran, Special Assistant to the Executive Secretary

Mr. Hiroshi Kitamura, Chief, Research and Planning Division

Mr. N.K. Sarkar, Chief, Economic Development Branch, Research and Planning Division

Mr. G.A. Marzouk, Chief, Regional Centre for Projections and Programming, Research and Planning Division

Mr. Esra Bennathan, Chief, Economic Analysis and Survey Branch, Research and Planning Division

Economic Commission for Africa

Mr. A.L. Mullier, Director, Research and Statistics Division

Economic Commission for Europe

Mr. Jacques Royer, Chief, Centre for Projections and Programming, General Economic Research Division

Economic Commission for Latin America

Mr. Manuel Balboa, Deputy Executive Secretary

United Nations Economic and Social Office in Beirut

Mr. Taher Kanaan, Economic Affairs Officer, Economic Section

United Nations Conference on Trade and Development

Mr. Gerassimos Arsenis, Chief, Trade Plans Section

Asian Institute for Economic Development and Planning

Mr. P.S.N. Prasad, Director

Mr. P.B. Patnaik, Deputy Director

Mr. D.V. Ramana, Development Economist

United Nations Children's Fund

Mr. Mohammed B. Namazi, Programme Officer, Regional Office

United Nations Development Programme

Mr. Peter Aylen, Regional Representative

Mr. Donald R. Bergstrom, Deputy Regional Representative

Specialized agencies

International Labour Organisation

Mr. N.N. Franklin, Economic Adviser

Mr. M.M. Mehta, Regional Adviser

Food and Agriculture Organization of the United Nations

Mr. Ahsan-ud-Din, Regional Representative

Mr. M. Yamashita, Chief, FAO/ECAFE Agriculture Division

United Nations Educational, Scientific and Cultural Organization

Mr. H. Ben Amor, Division of Applied Social Sciences

Mr. A. Chiba, Regional Office

Mr. J. Porras, Regional Office

World Health Organization

Dr. P.M. Kaul, Consultant

International Bank for Reconstruction and Development

Mr. Andrew M. Kamarack, Director, Economics Department

International Monetary Fund

Mr. Donald K. Palmer, Senior Adviser, Exchange and Trade Relations Department

International Telecommunication Union

Mr. K.V. Pai, Senior Regional Expert

Mr. D. Tadde, Regional Expert

Other intergovernmental organizations

Council for Mutual Economic Assistance

Mr. Gheorghe Olteanu, Deputy Chief of Department, CMEA Secretariat

Mr. Igor Ikonnilkov, CMEA Secretariat

European Economic Community

Mr. M. Durieux, Directeur à la Direction générale de l'aide au développement

Organisation for Economic Cooperation and Development

Mr. Edgar Kroller, Principal Administrator, Development Department

### Annex III

#### LIST OF DOCUMENTS

<u>Document symbol</u>	<u>Title</u>
E/AC.54/5	Provisional agenda (fourth session)
E/AC.54/6	Decision taken by the Commission for Social Development at its 507th meeting; note by the Secretary-General
E/AC.54/7	Provisional agenda (fifth session)
E/AC.54/L.28	Comments on a procedure for reporting and evaluation of development progress during the nineteen seventies; paper prepared by Mr. Max F. Millikan, member of the Committee for Development Planning
E/AC.54/L.29/Rev.1	Developing countries in the nineteen seventies; preliminary estimates for some key elements of a framework for international development strategy; paper prepared by the Centre for Development Planning, Projections and Policies
E/AC.54/L.30	International development strategy for the nineteen seventies: a preliminary sketch; paper prepared by a working group of the Committee for Development Planning
E/AC.54/L.31	Preparation of a preliminary framework of international development strategy for the nineteen seventies: questions posed to organizations of the United Nations system; questionnaire prepared by a working group of the Committee for Development Planning
E/AC.54/L.32	Comments by Member States and organizations concerning international development strategy for the nineteen seventies; International Bank for Reconstruction and Development, International Labour Organisation, United Nations Conference on Trade and Development
E/AC.54/L.32/Add.1	Comments by Economic Commission for Asia and the Far East, Economic Commission for Europe, General Agreement on Tariffs and Trade, United Nations Educational, Scientific and Cultural Organization
E/AC.54/L.32/Add.2	Comments by Inter-Governmental Maritime Consultative Organization, Office of the United Nations High Commissioner for Refugees, United Nations Children's Fund, Universal Postal Union, World Food Programme, World Meteorological Organization

- E/AC.54/L.32/Add.3      Comments by International Bank for Reconstruction and Development (additional comments), International Monetary Fund, United Nations Development Programme
- E/AC.54/L.32/Add.4      Comments by Argentina, Greece, Japan, Turkey, United Arab Republic, United Kingdom of Great Britain and Northern Ireland
- E/AC.54/L.32/Add.5      Comments by Food and Agriculture Organization of the United Nations, United Nations Industrial Development Organization, World Health Organization
- E/AC.54/L.32/Add.6      Comments by United Nations Development Programme (additional comments), United Nations Economic and Social Office in Beirut, World Meteorological Organization (additional comments)
- E/AC.54/L.32/Add.7      Comments by Australia, Kuwait, Netherlands, Norway, Upper Volta
- E/AC.54/L.32/Add.8      Comments by Cuba, Czechoslovakia, Sweden
- E/AC.54/L.32/Add.9      Comments by France
- E/AC.54/L.32/Add.10     Comments by Economic Commission for Latin America
- E/AC.54/L.33             The Second United Nations Development Decade: preliminary framework for an international development strategy; paper submitted by the Centre for Development Planning, Projections and Policies
- E/AC.54/L.33/Add.1     The Second United Nations Development Decade: preliminary framework for an international development strategy: tabular summary of issues and proposals; paper submitted by the Centre for Development Planning, Projections and Policies
- E/AC.54/L.34             Planning and plan implementation in the ECAFE region, 1950/51 to 1957/68; paper submitted by the secretariat of the Economic Commission for Asia and the Far East
- E/AC.54/L.35             Towards integration in Asia; paper submitted by the secretariat of the Economic Commission for Asia and the Far East
- E/4488/Rev.1  
ST/ECA/104 and  
Corr.1                    World Economic Survey, 1967; Part One, The Problems and Policies of Economic Development: an Appraisal of Recent Experience
- TD/B/235                 UNCTAD and the Second United Nations Development Decade; report by the Secretary-General of UNCTAD

