

United Nations

# GENERAL ASSEMBLY

THIRTY-SIXTH SESSION

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SECOND COMMITTEE  
20th meeting  
held on  
Tuesday, 20 October 1981  
at 3 p.m.  
New York

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SUMMARY RECORD OF THE 20th MEETING

Chairman: Mr. RINGNALDA (Netherlands)

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 69: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)  
(A/36/3/Add.2, 12 and 15-18, A/36/8, 16, 19, 25, 116 and Corr.1, 141, 142, 144, 149, 233, 260 and Add.1 and 2, 333, 356, 380, 418, 421, 452, 466, 470, 475, 497, 528, 531, 566, 567, 571, 572, 573, 590, 591)

- (a) INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT DECADE
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1. Mr. SARAF (Food and Agriculture Organization of the United Nations) noted that a number of delegations had raised the question of compliance with General Assembly resolution 35/69 on the situation of food and agriculture in Africa; a document on the subject, entitled "FAO contribution to the implementation of the Lagos Plan of Action", had been supplied to all delegations. As a supplement to the information contained in document A/36/149, he said that more than 40 per cent of FAO's resources and technical competence was channelled to the African region. Its field programmes in Africa covered all facets of the food sector and represented, in value, 37 per cent of FAO's field programmes in all developing countries. By way of example, he might mention that 31 projects in Africa designed to achieve significant progress towards a 50 per cent reduction in post-harvest losses had been approved. FAO had also been very active in the context of food security. It had allocated \$29.2 million to food security projects in 18 African countries; that amounted to 65 per cent of extrabudgetary resources from the FAO Food Security Assistance Scheme (FSAS). In September 1980 the Director-General of FAO had convened a special donors' meeting to urgently mobilize resources for 26 African countries seriously affected by food shortage, and in the same year emergency aid amounting to more than \$100 million had been provided to African countries. FAO's programme of work and budget for 1982-1983 had been very largely influenced by the Lagos Plan of Action.

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2. Mr. DIOP (Senegal) pointed out that, after a slow but steady increase during the period 1973-1978, world food production had been declining steeply since 1978. It was true that the decline had been world-wide, but Africa had been the continent most seriously affected. As reported by ECA, while food production had increased at an annual rate of 1.5 per cent during 1970-1979, as opposed to 2.7 per cent in the 1960s, the population of the continent had been increasing at a rate of 2.8 per cent a year. The causes for the decline were many. They included a lack of human resources because of the exodus from rural areas, which had resulted in a reduction of the acreage under cultivation, and the continuance of adverse climatic conditions, such as drought in the Sahel, which had led to disastrous harvests and ruined the efforts of the Sahelian States to achieve food self-sufficiency. The food deficit had had very onerous financial implications; the cost of food imports by non-oil-exporting African countries had been estimated at \$6 billion. The gravity of the situation called for emergency measures and redoubled efforts on the part of the international community. The developing countries were calling for the establishment within IMF of a food financing facility, and a positive response by IMF could alleviate their payments difficulties.

3. Senegal had attended the most recent meeting of the World Food Council, held at Novi Sad, Yugoslavia, in May 1981, and it reiterated its support for the Council's conclusions and recommendations, particularly on the need to replenish world cereal stocks and to donate 500,000 tons of grains yearly to the International Emergency Food Reserve. It was regrettable, however, that the target of 10 million tons proposed for the Food Aid Convention had not been reached. Food security was one of the major concerns for African heads of State. The Lagos Plan of Action gave a prominent position to the food question and defined a number of priority activities which reflected the desire of African leaders to implement a strategy that would ensure food security for Africa. It was to be regretted that the first five agricultural projects drawn up by ECA under the third regional programme for Africa had not yet found sources of financing.

4. Mr. WILSON (Jamaica) said that the world economy had entered a period of recession which severely affected the oil-importing developing countries; the growth in their output, when adjusted for declining terms of trade, had fallen from 6 per cent in 1977 to 1.6 per cent in 1980 and their borrowing now stood at \$400 billion, an increase of 600 per cent in 10 years. That situation, which provided evidence of the existence of severe structural disequilibrium, required coherent and co-ordinated solutions. With regard to industrial development, his delegation noted that the targets set in the new International Development Strategy were very ambitious and that significant increases in multilateral and bilateral financing would be needed in order to attain them. Direct investment would also have an important role to play.

5. Jamaica, which was totally dependent on imported petroleum for its energy needs, suggested that the programme of assessments of 22 countries' mineral and

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(Mr. Wilson, Jamaica)

energy requirements should be expanded in order to provide a better assessment of the developing countries' resource prospecting needs.

6. His delegation attached great importance to matters pertaining to the environment and held high hopes for the forthcoming session of a special character of the UNEP Governing Council, to be held in Nairobi in 1982. Jamaica had hosted the Intergovernmental Meeting on the Action Plan for the Caribbean Environment Project, jointly sponsored by UNEP and ECLA, and would participate in the Ad Hoc Meeting of Senior Government Officials Expert in Environmental Law to be held in Montevideo.

7. On the question of human settlements, he was gratified that the Commission on Human Settlements had chosen, at its fourth session, to focus on the role of the construction industry in economic and social development. Jamaica supported the proclamation of an International Year of Shelter for the Homeless. Lastly, the food situation was extremely critical and immediate action was needed to improve food production, world food security and food trade. FAO was to be commended for the assistance it was offering under its Special Action Programmes, despite inadequate funding.

8. Mr. KANTE (Guinea) said that, notwithstanding the declarations and decisions of international bodies, the situation of the developing countries, and particularly the least developed among them, was growing worse. Yet everyone seemed convinced of the need for a new and more just international order, and the Chairman of the Group of 77, Mr. Bedjaoui, had clearly set out the conditions, means and methods for achieving it. With particular reference to the International Development Strategy, he pointed out that the low rate of financing in developing countries was one of the obstacles to their economic take-off. His delegation therefore supported the proposal for a world development fund to channel the necessary resources to developing countries. By way of example, Guinea had set itself a growth rate of 10 per cent of GDP and had begun to restructure its economy to that end. However, in order to succeed it would need an input of financial and technical resources which it could obtain only through international co-operation.

9. His delegation was concerned at the seriousness of the food situation and noted that, after eight years during which the population had increased substantially, the target of 10 million tons of food aid per year, set by the World Food Conference had still not been reached. To remedy that situation, Guinea supported the proposal of the Director-General of FAO to raise the target from 17 million to 18.5 million tons up to 1985 and to include the food question in the agenda of the global negotiations. The first thing was to feed the hungry, because the sine qua non of all economic development was satisfaction of that need. It was therefore necessary urgently and unconditionally to help the developing countries to raise their agricultural output. The African Heads of State, meeting at Lagos, had emphasized that necessity. Quoting the example of his country, he pointed out that many developing countries had the benefit of

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favourable natural conditions, but that low agricultural yields were due as much to the lack of suitable technological inputs as to natural disasters such as drought.

10. With regard to the environment question, his delegation was gratified that the objectives of the programme advocated by UNEP were in line with the concerns expressed in the Lagos Plan. That Plan had set a number of priorities concerning the environment, including the campaign against soil erosion caused by deforestation and the rehabilitation of drainage basins which were of particular importance to Guinea. To achieve those objectives his delegation proposed the preparation of a pre-investment programme, for which the developed countries should expedite the implementation of the United Nations decisions on aid to development. It would also be necessary to initiate accelerated development by the end of 1981 in order to achieve a growth rate in the GDP of 10 per cent in 1990 and to promote accelerated growth while at the same time protecting the environment more effectively. The development and restoration of the drainage basins of the Foutah Djallon range, a project in which OAU, UNEP, UNDP, FAO and UNESCO participated, were relevant in that context.

11. As for the effective participation of women in development, he said that their integration in development involved real difficulties. Nevertheless, he believed that women in the developed countries did not have more real responsibilities than those in the developing countries. The only difference was that, in the latter countries, they had been exposed to two kinds of exploitation: by men and by a system which was equally oppressive for men. The problem was therefore world-wide in scope.

12. Mr. HANSPAL (India) said that the very meaning of international economic co-operation, as the Members of the United Nations had collectively understood it, had been challenged, which threatened to disrupt the carefully woven fabric of multilateral co-operation for development based on the mutual interests of States and the interdependence of the developed countries and developing countries. Referring to the statements of the Chairman of the Group of 77 and the Director-General for Development and International Economic Co-operation, he emphasized that it was pointless to propound outdated solutions to the world economic crisis, particularly as it affected the already weak economies of the developing countries, rendering them susceptible to external political pressures and threatening their independence. He recalled that the Minister for External Affairs of India, in his address to the General Assembly, had stressed the aggravation of political tensions which had accompanied the sharp deterioration in the economic crisis and that the undue emphasis emerging lately on free-market forces and bilateral channels of co-operation threatened to weaken the foundations of multilateral economic co-operation thus jeopardizing the efforts to introduce an element of order and sound management into the international economy.

13. In that connexion, he reaffirmed the value of the principles set forth in the Charter of Economic Rights and Duties of States and the International Development Strategy for the Third Development Decade, principles which represented



(Mr. Hanspal, India)

the framework for international economic co-operation. He pointed out, however, that the Strategy, the main thrust of which was to solve the problems of the developing countries as a whole, and in particular of those which were least developed and most seriously affected, was not limited to a declaration of principles. It contained a description of the specific measures to be taken in each sector of the world economy in order to establish a New International Economic Order and an appeal to the international community to support economic and technical co-operation among developing countries. It also dealt with not merely long-term structural reforms but also short-term action for dealing with immediate problems which could not await the establishment of the new order. His Government hoped that the Cancún meeting would help to overcome obstacles to international co-operation and generate the necessary political will to facilitate the solution of the problems of the developing countries and consequently the recovery of the world economy. His delegation appealed to the United Nations system, on the one hand, to ensure the implementation of the Strategy and to Member States, on the other hand, to show the necessary political will for that purpose. That appeal was all the more urgent as there was a decline, in real terms, in the level of resources for the operational activities for development of the United Nations system, as indicated in the Secretary-General's report on the subject (A/36/478). The smooth and effective functioning of the United Nations system might be jeopardized unless there existed continuity, predictability of resource flows and sufficiently increased levels commensurate with the growing requirements of developing countries, as illustrated by the experience of UNDP, UNIDO and UNFPA. The report on operational activities for development also gave some telling figures showing a drop in the resources and expenditures of the major international financial institutions, such as the World Bank, owing to the movement by some major donors from their hitherto traditional support of multilateral aid channels towards increased reliance on bilateral flows. Those negative trends further complicated the possibilities of reforming those institutions so as to enable them to meet the challenge of the times and the particular socio-economic requirements of the third world. He fully supported the communiqué of the Group of 24 regretting that those institutions were tending to tighten their conditionality and harden their terms in extending their support and that some important industrialized countries were suggesting even stricter conditionality. He was also concerned that those developments might negate the positive outcome of some measures initiated to expand concessional lending to developing countries. He was still further concerned over the uncertainty besetting the replenishment of the resources of the International Development Association (IDA) and of such valuable proposals as that concerning the establishment of a world energy affiliate of the World Bank to finance energy development in developing countries.

14. The holding of the Conference on New and Renewable Sources of Energy had been timely in view of the topicality and seriousness of the energy problem and the need for concerted and collective action to assist the developing countries in particular. In that connexion he referred to the address, delivered by Mrs. Gandhi at the Nairobi Conference, to the effect that the present pattern of exploiting the world's resources, which were monopolized by the affluent, could only cause friction, arrest the growth of the poor countries and lead to

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(Mr. Hanspal, India)

instability and insecurity, and that energy should be a focal point of international co-operation with equitable distribution of conventional stocks and joint development of new and renewable sources. He hoped that the international community would have the political will to implement the Nairobi Programme of Action, that the necessary institutional arrangements would be made as soon as possible and that the additional requisite resource transfers would be mobilized, as the developing countries would not look kindly upon dilatory tactics.

15. While welcoming the adoption of the Substantial New Programme of Action for the 1980s for the least developed countries, he reiterated the hope that adequate resources would be forthcoming for its implementation.

16. The Lima target was far from being reached, as the share of the developing countries in world industrial production was only 12 per cent. An assessment of the performance of UNIDO would have to be viewed in the context of its contribution to that process. While the establishment of the system of consultations aimed at promoting the redeployment of world industry from developed to under-developed countries was encouraging, its scope should be expanded to provide, *inter alia*, an appropriate forum for intergovernmental consultations on energy-related industrial technology. His delegation welcomed UNIDO's proposal for the establishment of an international bank for industrial development and hoped that the Permanent Committee would adopt it at its meeting in November. It also hoped that the General Assembly would take appropriate measures to strengthen UNIDO's capacity to undertake feasibility and project studies, especially with regard to the industrial project preparation facility. The Industrial and Technological Information Bank should be provided with adequate resources, and he regretted that the modest target of \$50 million for financing the United Nations Industrial Development Fund, to which India was one of the largest contributors, had not been reached. He was concerned at the unrealistic expectations of those who had called for a zero-growth budget for UNIDO and hoped that action would be taken to strengthen the autonomy of that organization.

17. He said that, while it was essential to promote the national self-reliance of developing countries in food, the assistance of the international community remained indispensable. He regretted that it had not been possible to meet the various food targets which had been set, particularly with respect to the International Emergency Food Reserve, the Food Aid Convention and the resources for the World Food Programme for the current biennium; the lack of progress in negotiating a new Wheat Trade Convention was also regrettable. He stressed the importance of replenishing the International Fund for Agricultural Development and establishing a food security system. It was imperative that the International Emergency Food Reserve should be made truly effective through the adoption of a legally binding convention. He stressed the adverse affect that protectionist practices against the commodity exports of developing countries had on the terms of trade of those countries. His country, which had almost achieved self-sufficiency in food would draw from its own experience and do all it could to assist the poorer countries to solve their food problems, and would contribute

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(Mr. Hanspal, India)

to the establishment of the necessary food infrastructure, which included the creation of grain reserves and the establishment of a food security system. He emphasized that the combined effects of the privatization of the international monetary and financial system and the growing trend towards protectionism were weakening the economies of the developing countries. Accelerated efforts should be taken to make the Common Fund operational and to expand the Integrated Programme for Commodities.

18. He stressed the importance of the activities of the United Nations Environment Programme and the United Nations Centre for Human Settlements (Habitat). As was the case with other United Nations bodies, their work had been adversely affected by a lack of resources. He hoped, however, that the session of a special character which the UNEP Governing Council was planning to hold 10 years after the United Nations Conference on the Human Environment would lay greater emphasis on the problems of developing countries and mobilize the requisite resources to overcome them. He also expressed the hope that economic and technical co-operation between developing countries would feature prominently in the planning of the activities and programmes of UNEP and Habitat, since some developing countries possessed labour-intensive technologies which were particularly suited to the needs of others.

19. He drew attention to the primary importance of building an endogenous infrastructure for science and technology in developing countries, since that would allow them to solve their problems independently and using know-how and technologies suited to their requirements. In that connexion, he regretted that, owing to a lack of enthusiasm and political will, very little progress had been achieved in implementing the Vienna Programme of Action and in using the United Nations Interim Fund for Science and Technology for Development. He welcomed the remarkable blueprint of the Intergovernmental Group of Experts on the United Nations Financing System for Science and Technology for Development. However, he regretted that the Intergovernmental Committee on Science and Technology for Development had not been able to begin negotiations on the subject at its previous session. Since the interim arrangement would expire at the end of 1981 and the long-term Financing System was due to enter into force on 1 January 1982, he hoped that the General Assembly would take the necessary steps to make the transitional phase of the System operational, as proposed by the Group of 77 in the report of the Intergovernmental Committee; the Indian delegation, for its part, would spare no effort to establish the Financing System. He felt that, if the economic gap between the developing countries and the developed countries was to be bridged, a transfer of technology on favourable conditions was essential and therefore regretted that the International Code of Conduct on the Transfer of Technology had not yet been finalized.

20. Technical and economic co-operation among developing countries, which was an integral part of the New International Economic Order, was essential to the promotion of individual self-sufficiency and collective self-reliance vis-à-vis the developed countries of the North and should allow them to use to

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(Mr. Hanspal, India)

the best possible advantage the complementary features of their economies. He therefore welcomed the Caracas Conference on Economic Co-operation among Developing Countries. Turning to the report of the High-level Committee on the Review of Technical Co-operation among Developing Countries, he expressed disappointment at the measures taken to implement the Buenos Aires Programme of Action. It was unfortunate that the developed countries paid only lip-service to the process and felt threatened by it. India would continue to support, in the most effective way possible, economic and technical co-operation among developing countries.

21. In conclusion, he stressed the need to acknowledge the fundamental interdependence of all countries and to solve problems in an integrated and coherent manner, as the global round of negotiations was intended to do. Given the urgency of the economic problems confronting the developing countries, there was no time to await experimental theories and measures. He therefore expressed the hope that the prospects of international economic co-operation would improve, that global negotiations would begin as soon as possible and that the co-operative and friendly efforts made by the Group of 77 would meet with a wider response.

22. Mr. SORZANO (United States of America) said that, in order to reply to the concerns and views expressed on the subject of development and international economic co-operation, he would draw on the recent speeches made by Mr. Reagan, the President of the United States, and Mr. Haig, the Secretary of State. While not wishing to deny the reality of the world economic crisis, he wanted to emphasize the remarkable economic and social achievements made in the previous few decades, especially in developing countries, with respect to the reduction in infant mortality, the increase in life expectancy, the improvements in adult literacy rates, and so forth. The growth in the gross national product of the developing countries had been particularly pronounced in the previous decade, to the extent that the comparative gap between the income of the developed countries and that of the developing countries had narrowed in 1980. Admittedly, however, that owed less to the improved growth rates of the developing countries than to the sharply deteriorating growth rates of the industrialized countries, which suggested that the renewal of economic growth in all countries should be given priority. It was, however, encouraging to note from the statistics for the period from 1800 to the present day that, if they maintained their growth rates of the previous two decades, some of the developing countries would achieve in 50 years what the industrialized countries had taken 200 years to accomplish. He pointed out that it was the collapse of the old feudal order in the Western countries and the advent of freedom of choice in religion, politics and economics, that had stimulated an outpouring of economic, scientific and technological innovations which had rapidly raised the level of material and social well-being. The fact that that historical change had not been spread evenly over the whole of mankind, most nations still being at the early stages of the process, was the major cause of the gap between the rich and poor nations. The gap was, therefore, not the result of a sinister plot, as had been alleged by

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(Mr. Sorzano, United States)

the representative of the Soviet Union, who, in a statement made the previous week, had blamed capitalism, the United States, colonialism, imperialism and transnational corporations for all the economic woes of the world and had offered socialism as the route to economic salvation. It was surprising that the Soviet delegation was still singing the praises of the Soviet model of economic development when that model had failed even by Soviet standards.

23. Turning to the question of measures which had to be taken to overcome the current world economic difficulties, he said that he realized that given the interdependence between the economies of the developed and the developing countries and the fact that the United States was the world's largest market and producer, the health of the American economy was of special concern to all other nations. He was convinced that the new policies of the current Government would succeed and that the restoration of non-inflationary economic growth in the United States was the best contribution that the country could make to the cause of development. With respect to the high interest rates in the United States, he pointed out that, while anti-inflationary measures of that kind had certainly affected other countries, including their debt-servicing costs, the American economy and people had been even more directly and seriously affected.

24. To answer criticism to the effect that the United States favoured the adoption of laissez-faire policies in the developing countries, it must be noted that in advocating reliance on market forces, the United States administration was not asking Governments to withdraw from the economic arena or to ignore social injustice, but was merely stating that certain governmental policies hindered economic growth while others fostered it, and that account must be taken of market forces and the energies of citizens in various countries working to advance their own interests. The United States also considered that economic and political development were best and most rapidly achieved by granting individuals the widest freedom of economic choices. It was none the less true that each developing country must choose its own particular path to economic development in the light of its own particular situation. Policies of co-operation designed to promote economic growth must, therefore, make allowance for the cultural and social diversity of countries. In that connexion, the United States Government considered that official development assistance continued to play a useful and necessary role; however, since experience had shown that the expenditure of more money did not necessarily produce better results, official development assistance programmes must be evaluated in terms of the best estimate of their actual results and not in terms of some simplistic calculation of their redistributive effect.

25. Lastly, he said that, if all Governments dedicated themselves to the economic development of their countries in a practical and co-operative spirit, there was every reason to expect that their mutual efforts would succeed. At the international level, it was a matter of establishing a dialogue on the economic issues in a fresh spirit of co-operation and mutual political will.

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26. Mr. BIRIDO (Sudan) expressed alarm at the growing tendency to lessen the emphasis on multilateral development co-operation, even though the economic interdependence of countries was a universally recognized fact. The need to restructure international economic relations on a collective basis was indisputable and it was to be hoped that the Cancún summit meeting would pave the way for the launching of effective global negotiations.

27. In addition to the political will on the part of the developed countries, South-South co-operation was an essential prerequisite for the establishment of a new international economic order. The Sudanese delegation therefore welcomed the results of the Conference on Economic Co-operation among Developing Countries held in Caracas, including the Programme of Action it had adopted, which demonstrated the combined will of the developing countries to take the necessary measures to strengthen co-operation among themselves and to promote their economic development and emancipation. The Sudanese delegation, fully recognizing the important role of technical and economic co-operation among developing countries in restructuring international economic relations and as a means of promoting collective and individual self-reliance, would urge the development agencies of the United Nations and the international community to co-operate in promoting the implementation of the Caracas Programme.

28. With regard to the question of food and agriculture, he noted with particular satisfaction the recommendation adopted by the World Food Council at its seventh ministerial session (A/36/19) calling for a total assistance effort with special attention being devoted to the needs of low-income and food-deficit countries and particularly the least developed countries. The example of Sudan, which had committed itself to an integrated policy aimed at increasing food production and accelerating development, showed that those objectives could not be achieved without adequate international support. In that connexion, the Food and Agriculture Organization, the World Food Council, the World Food Programme and the International Fund for Agricultural Development were to be commended for their valuable efforts in assisting the developing countries to overcome the problems of food on a short- and long-term basis.

29. As to industrialization, the Sudanese delegation wished to join other delegations in expressing deep concern at the dismal situation of industrial development in the developing countries. In 1980, the share of the developing countries in global industrial output amounted to a mere 10.9 per cent. It would not be possible to attain the target set by UNIDO for their share to reach 25 per cent by the year 2000 unless UNIDO were provided with the necessary financial resources. The policy of economic austerity aimed at maintaining zero growth in budgetary expenditure for UNIDO was, therefore, unacceptable. The Sudanese delegation, noting with satisfaction that the Industrial Development Board, in adopting resolution 54 (XV) at its fifteenth session, had declared the Industrial Development Decade for Africa to be one of the most important programmes of UNIDO, trusted that the General Assembly would provide the necessary funds to achieve the objectives of the Decade. It also attached great importance

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(Mr. Birido, Sudan)

to the System of Consultations, the technical assistance programmes and the proposal to establish an international bank for industrial development.

30. With regard to the relationship between the environment and development, Sudan welcomed the fact that the International Development Strategy properly reflected environmental considerations and viewed with considerable interest the fact that the Governing Council of UNEP would be holding a special session on the occasion of the forthcoming tenth anniversary of the United Nations Conference on the Human Environment. While grateful to UNSO and UNEP for their assistance to Sudan in its efforts to combat desertification, the Sudanese delegation considered that the resources available to those two agencies were not sufficient to meet the needs of the countries in the Sudano-Sahelian region. It therefore attached great importance to the recommendations made by the group of high-level consultants on international financing with regard to the financing of the Plan of Action to Combat Desertification (A/36/141). It trusted that the Committee would give its support to the establishment of an independent operational financial corporation for the financing of anti-desertification programmes and projects. The Sudanese delegation also fully endorsed the proposal for an International Year of Shelter for the Homeless. Finally, it wished to extend special thanks to the United Nations Centre for Human Settlements (Habitat) for its valuable report on the housing project for the refugees in the Port Sudan.

31. Mr. OO (Malaysia), noting the impact of the current world economic crisis on peace, stability and security, stressed that all countries must co-operate fully in the establishment of the new international economic order. In connexion with the new International Development Strategy, he urged all major donors to announce binding commitments to increase their flow of concessional assistance to the developing countries in the 1980s so as to ensure the attainment of the targets set in the Strategy.

32. As to food questions, the Malaysian delegation, having regard to the needs of the developing countries, would favour the establishment of an effective system of world food security based on food aid, emergency food reserves and the early conclusion of the new international wheat agreement. In addition, the developed countries, particularly those with a food surplus, should help to alleviate food shortages without however using such assistance as a political weapon.

33. With regard to energy, his delegation welcomed the recent adoption of the Nairobi Programme of Action on New and Renewable Sources of Energy and trusted that global solutions would be found to energy problems along the lines agreed upon in the Programme of Action.

34. Malaysia was currently actively pursuing an industrialization programme and welcomed the fact that the Lima Plan of Action had been incorporated in the new International Development Strategy. Developing countries must contribute generously to the United Nations Industrial Development Fund.

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35. In the field of trade, Malaysia was very much affected by the protectionist policies applied by the developed countries. As a producer of commodities, Malaysia favoured the adoption of the principle of a dynamic comparative advantage in international trade; it therefore called upon all countries that had not yet done so to sign the agreement for the establishment of the Common Fund for Commodities without delay. The Government of Malaysia was particularly interested in the stability of commodity prices and had recently signed and ratified the Sixth International Tin Agreement which provided for certain concrete improvements in buffer stock arrangements. It therefore also requested those countries that had not yet done so to sign and ratify the Agreement without delay.

36. Finally, being aware of the importance of international co-operation with regard to human settlements, the Malaysian delegation welcomed the proposal to proclaim an International Year of Shelter for the Homeless.

37. The CHAIRMAN, recalling that at the General Committee's first meeting it had been agreed that the study on the relationship between disarmament and development (A/36/356) submitted under agenda item 51 (d) should be included in the documentation relating to item 69, gave the floor to Mrs. Inga Thorsson, Swedish Under-Secretary of State for Disarmament and Chairman of the Group of Experts responsible for the study.

38. Mrs. THORSSON (Chairman, Group of Governmental Experts on the Relationship between Disarmament and Development) said that the Group's report had been submitted that day to the First Committee and that in preparing it, the experts had taken account of the situation in the field of disarmament and the importance of disarmament for détente, peace and security, social and economic development and the promotion of international co-operation. The study had been designed to determine how disarmament could contribute to the establishment of a new international economic order and to serve as a basis for decisions on concrete actions with a view to utilizing for social and economic development goals the resources freed by disarmament measures.

39. She stressed that the arms race and under-development were a single problem for which a single solution must be found. The stockpiling of arms was one of the causes of poverty, since the enormous resources devoted to it over the past 30 years should have been used to end under-development. The 1972 United Nations study on the same theme had concluded that disarmament and development stood fundamentally apart. That might have been true at the time, when development had simply been equated with development assistance, but it was no longer true today, since the concept of development had been broadened to involve structural changes in all societies and the establishment of a new international economic order.

40. In the current study, the Group of Experts had introduced a new conceptual framework defined in a triangular interrelation between disarmament, development and security. Today one could no longer equate national security and, much less international security, with military might. The security of States could be

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(Mrs. Thorsson)

threatened in many ways, and the arms race was one of them. Thus, disarmament, particularly nuclear disarmament, would directly enhance security, and hence prospects for development. National security was not a goal in itself, its ultimate purpose being to secure the independence and sovereignty of States, the freedom of their citizens and the means to develop economically, socially and culturally, which defined exactly what was meant by development. In a world in which all countries were interdependent, that objective could be achieved only through international security.

41. A number of non-military factors currently aggravated the security problems of States. Such factors included widespread reductions in prospects for economic growth, physical limitations (ecological stresses, resource scarcities, notably in the field of energy, constant growth of the world's population) and a morally unacceptable and politically hazardous polarization of wealth and poverty. Those problems were largely of man's own making, and men were perfectly capable of providing for the basic needs of the world's entire population and establishing a more equitable economic order. Economic growth was possible even with a continuing arms race, but under those circumstances it would be relatively slow and very unevenly distributed throughout the world. Co-operative management of interdependence could, on the other hand, be in the economic and security interests of all States.

42. It was imperative that non-military challenges to security should be treated as such in order to avoid a crisis situation in which States might see the use of force as a way to produce results quickly - for example, to protect their supply of certain goods. The current trends in international relations showed that such a crisis situation was far from being a remote possibility.

43. Today at least 50 million people were directly or indirectly engaged in military activities world-wide, including 500,000 scientists and engineers, or 20 per cent of the world's total, engaged in research and development for military purposes. Military research consumed one quarter of all the funds spent on research and development. Eighty-five per cent of such research activities took place in the United States and the USSR. Clearly, if even a modest portion of the resources now devoted to military research and development were reallocated to development objectives, that would produce dramatic results in many fields. For example, the Group thought that researchers currently working in the military sector could redirect their skills towards the environment, housing and urban renewal, inter alia. The urban-transport sector would also benefit greatly from such a transfer of skills.

44. In purely financial terms, it was known that world-wide military expenditures in 1980 had exceeded the astounding figure of \$520 billion, representing 6 per cent of world output. That amount was roughly equivalent to the value of all investible capital in all developing countries combined. The fact that those resources were spent on armaments accentuated the inefficient allocation of the remaining 94 per cent. Three characteristics of the arms race reinforced that

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misallocation: the magnitude of the volume of resources, the composition of expenditure and the fact that that massive armament effort had been sustained for over 30 years.

45. As an illustration of the contribution which disarmament measures, even limited ones, could make to development, one could envisage three scenarios: (i) a continued arms race, (ii) an accelerated arms race, and (iii) modest disarmament measures involving the reallocation of some resources to development purposes. Utilizing the United Nations input-output model of the world economy, one could see that the first scenario would adversely affect economic well-being in all but one of the regions of the world and result in a decline in the world's stock of capital, a reduction in the value of non-military exports and an increase in industrial unemployment in the poorest regions of the world. Modest disarmament measures (the third scenario) would, on the other hand, facilitate increasing per capita consumption for the various regions, increasing the GDP, expanding the capital stock and enhancing agricultural output, to mention only a few of the economic gains. Those measures could yield significant benefits for the poorest developing countries, which was of considerable significance when one recalled that increases in the military outlays of industrial countries were accompanied by a decline in their development assistance.

46. What had been predicted for the future was equally valid for the past. If half of the funds spent on armaments throughout the world from 1970 to 1975 had been invested in the civilian sector, annual output at the end of that period would have been \$200 billion higher. Military outlays, by definition, fell into the category of consumption, not investment. Their increase thus tended to depress economic growth, either directly through a displacement of investments or indirectly through constraints on productivity. The coexistence in the past of high military expenditure and rapid economic growth could not be considered proof of a cause-and-effect relationship between the two phenomena. The availability of unutilized and underutilized resources in developing economies could produce short-term results, suggesting a parallelism between high rates of growth and significant military spending. In the long run, however, the adverse socio-economic consequences of sizable military outlays were more significant. Today it was known that military expenditure did not foster growth but stimulated inflation and created an economic and political malaise which inhibited investment for development purposes; it restrained productivity gains by depriving the civilian sector of valuable talents and funds and was not a great provider of jobs. By heightening tensions, it increased expenditure on armaments, thus creating a vicious circle.

47. The costs of the establishment of a new international economic order would certainly be felt sooner than the benefits, but there was also little doubt that the international community as a whole would reap major benefits from a reduction in military activities. Therefore the Group unanimously recommended that Governments should urgently undertake studies to identify and publicize the benefits that would be derived from the reallocation of military resources in

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a balanced and verifiable manner to address economic and social problems at the national level and to help reduce the income gap that now separates the industrialized nations from the developing world and establish a new international economic order.

48. The Group had, moreover, examined the technological and economic feasibility of reallocating resources from military to civilian purposes, the main objective being to devise short-term and long-term policies designed to consolidate the goal of disarmament by economic growth measures. The defence industry was characterized by a high degree of geographical concentration and a considerable degree of labour specialization. Yet those were not insurmountable problems, since any form of social and economic change was progressive. Responsibility for conversion inevitably fell on national Governments, but the role of Governments would vary from country to country, depending on the economic system. To make the transition as smooth as possible and to avoid squandering resources, the extent and character of the problems which would surely arise should be anticipated. For that reason, the Group recommended that Governments should create the necessary prerequisites, including preparations and, where appropriate, planning, to facilitate the conversion of resources freed by disarmament measures to civilian purposes.

49. Turning to the question of concrete actions to be taken in order to reallocate the resources released and establish an international disarmament fund for development, she said that disarmament measures would in the first instance benefit the States directly affected by the measures. The benefits to development in the developing countries would be numerous and varied. Thus, capital flows to developing countries would increase and become more predictable, a factor of vital importance. One way of fostering such flows would be to establish an international disarmament fund for development, financed from budgetary savings arising from the implementation of disarmament measures, as well as by a levy on armaments or by voluntary contributions. Accordingly, the Group unanimously recommended that further consideration should be given to establishing an international disarmament fund for development and that the administrative and technical modalities of such a fund should be further investigated by the United Nations, with due regard to the capabilities of the agencies and institutions currently responsible for the international transfer of resources.

50. The increased volume of research and information activities relating to disarmament and development required increased co-ordination. The study of the relationship between disarmament and development was interdisciplinary, and since there was no special centre of expertise, different organizations should play a part, particularly the United Nations Centre for Disarmament and the Office of the Director-General for Development and International Economic Co-operation. Bearing that in mind, the Group also recommended that the Secretary-General should take appropriate action, through the existing interagency consultative mechanism of the Administrative Committee on Co-ordination, to foster and co-ordinate the incorporation of the disarmament and development perspective in the programmes and activities of the United Nations system.

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51. No analysis of the social and economic gains to be made from disarmament could be complete without referring to the catalytic effects of disarmament measures, which could break the vicious circle she had mentioned and produce a climate more conducive to other disarmament measures. Considerable progress could be made in North-South negotiations and East-West détente. Negotiations were blocked by interference between politico-strategic and economic considerations. Disarmament measures could improve the prospects for international co-operation in many economic spheres. There were many indications that the arms race had exacerbated disruptive influences on, for example, the international monetary system, that it had aggravated the balance-of-payments problems of the less developed countries and that it had interrupted the continuous flow of capital and technology transfers to those countries. It should also be noted that the growing international arms traffic had contributed to the balance-of-payments problems of the importing countries, 75 per cent of which were developing countries. The disruptive influence of the arms race had thus become a matter of concern in the field of international trade.

52. It was acknowledged that the true foundation of national security was a strong and healthy economy. The present study revealed that the arms race undermined the basis of economic and social development in all countries. The Group therefore recommended that all Governments, but particularly those of the major military Powers, should prepare assessments of the nature and magnitude of the short-term and long-term economic and social costs attributable to their military preparations, so that the general public might be informed of them.

53. The study had revealed the economic and social effects of disarmament on development by identifying military spending as an impediment to economic growth and social development, and the arms race as an obstacle to the establishment of a new international economic order. It was to be hoped that the report would not remain an isolated project but would be followed by other activities to the benefit of all mankind.

54. Mr. BOYD (United Kingdom), speaking in exercise of the right of reply, said that his Government had always been ready to enter into bilateral discussions on the subject of abandoned war matériel, especially that left in Malta by United Kingdom forces, to which the Maltese representative had referred on 15 October. The Prime Minister of Malta had been informed in June that if that matériel really constituted an obstacle to the country's development, he should inform the British High Commissioner, providing him with full information on the question; that had not yet been done. Moreover, the United Kingdom had stated on several occasions that although it had no legal obligation to clear abandoned war matériel from Maltese territorial waters, it would consider what assistance it could make available under the development plans for the port, if such matériel constituted an obstacle to those plans. The United Kingdom's attitude was consistent with its policy of not clearing wrecks and unexploded shells, unless they threatened navigation. With regard to Filfolia Island, it was true that following Maltese independence it had still been used as a firing

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range, but that had been done with the full agreement of the Maltese Government. From the attainment of independence by Malta in 1964 to the withdrawal of United Kingdom forces in 1979, his country's Government had always acted in full agreement with the Maltese Government.

55. Mr. GAUCI (Malta), speaking in exercise of the right of reply, said that his Government would prefer to see the United Kingdom Government recognize its moral responsibility for removing abandoned war matériel which hindered Malta's development, rather than undertaking bilateral negotiations. His Government had sent several communications to successive British High Commissioners without receiving a clear reply. Moreover, it was worth noting that before 1964 Malta, having had no independent Government, had not been able to approve or disapprove of the activities of United Kingdom forces. While the activities undertaken by the United Kingdom after independence had had the agreement of the Maltese Government, the United Kingdom was still responsible for war matériel abandoned before independence.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

Draft resolution A/C.2/36/L.6

56. The CHAIRMAN said that Angola and Bolivia had joined the sponsors of the draft resolution.

Draft resolution A/C.2/36/L.8

57. The CHAIRMAN said that Bolivia had joined the sponsors of the draft resolution.

AGENDA ITEM 71: TRAINING AND RESEARCH (continued)

Draft resolution A/C.2/36/L.11

58. The CHAIRMAN said that Bolivia had joined the sponsors of the draft resolution.

ORGANIZATION OF WORK

59. The CHAIRMAN said that the list of speakers on the second part of item 69 (Development and international economic co-operation) and item 72 (Special economic and disaster relief assistance) would be closed at 6 p.m. on Friday, 23 October.

The meeting rose at 6.10 p.m.