

at an average annual rate of 10.1 per cent. CMEA sought to equalize the level of economic development among the member countries; thus the most developed member States imported products of Mongolia's livestock-breeding industry on terms which were extremely favourable for Mongolia, and were helping that country to establish 12 scientific research centres, together with training institutes for scientific workers and specialists.

42. His delegation was convinced that the work of the Second Committee would help to strengthen international *détente* and to bring about the implementation of the decisions adopted by the General Assembly at the sixth special session.

43. Mr. SKEETE (Barbados) observed that despite their interdependence, the States comprising the international community often had conflicting interests. It would be Utopian to expect reconciliation of those interests without a prolonged dialogue and interchange of views. It was in that spirit that his delegation would approach the question of the establishment of a new economic order. While the goals had been defined, there was at times confusion between means and ends. The goal was the improvement of the welfare of all peoples on the basis of equity and social justice. The goal was therefore not to make the developing countries accept political reality or to create political will in the developed countries.

44. Despite almost three decades of international co-operation for development, three sessions of UNCTAD and the preparation of the International Development Strategy, a quarter of the human race was still on the brink of disaster, and almost all developing countries faced a future of declining living standards and zero growth. The growing gap between the poor and rich countries was not new; what was new was the background against which the problem had to be tackled: a payments crisis, food shortages, spiralling inflation and, more recently, an astronomical rise in the price of the world's main source of energy.

45. In such circumstances, it was not surprising that time should be needed to determine the causes of the crisis and

find a remedy for it, or that a spirit of co-operation should be replaced by more intransigent attitudes. It was therefore necessary that there should be dialogue directed to seeking new areas of agreement and widening those which already existed. The international community had to work together to articulate and implement the proposed new economic order, which was as much a reaffirmation of old principles as a definition of new approaches.

46. There were those who had expressed reservations concerning the new economic order on the grounds that it would be unrealistic to insist on hasty changes in long-standing relationships at a time when both developed and developing countries were having to make sacrifices. Naturally, a rapidly-changing world demanded psychological adjustments, but his delegation considered that it would be irresponsible to delay reforms, as desired by the more fortunate countries on the grounds that the reforms would be contrary to their interests. What the developing countries wanted was to participate to a greater degree in decisions governing the distribution of the world's resources. If they were denied that participation, their development would remain a dead letter.

47. Some reservations had also been expressed concerning the philosophy of the new economic order. In place of a system of cartels and global trading regulations, some States were calling for free trade and a new division of labour. However, a new division of labour would serve no purpose, in the light of the existing division of markets. It was not the suppliers of raw materials and primary products who could free trade. Despite an agreement in principle, all efforts so far made to regulate the commodity and raw materials markets had been fruitless.

48. The goal confronting the international community was to restructure world production and to let the developing countries participate in the decision-making process. To that end, the developed countries would have to co-operate with the less fortunate.

The meeting rose at 12.40 p.m.

1598th meeting

Friday, 4 October 1974, at 3.15 p.m.

Chairman: Mr. Jihad KARAM (Iraq).

A/C.2/SR.1598

GENERAL DEBATE (*continued*)

1. Mr. SHEMIRANI (Iran) said that during the winter of 1973 there had been a vast campaign in many western industrial countries to convince world public opinion that humanity was faced with disaster. Economists with a bent for dramatization had claimed that the international monetary and financial systems were near collapse because

of the rise in oil prices and that the blame for that situation lay with the oil-exporting countries. The sixth special session of the General Assembly had put everything in its proper context. Thus, there had been general agreement that the crisis was the direct consequence of problems that had been accumulating over the years in such fields as trade, the international monetary system and development assistance. It had further been agreed that the unsatis-

factory terms of trade of a number of developing countries had been aggravated by sharp increases in the cost of essential imports other than oil.

2. A second such campaign seemed to be in progress. The industrial countries were trying to put the blame on others for the failure of a system that had been created to serve their own interests. The developing countries could not be blamed for a crisis which had its roots in the existing international economic order, in whose creation they had played no part. Inflation had existed in the industrial countries long before the oil-exporting countries had decided to readjust the prices of their natural resources. Since it was only recently that the cost of primary commodities had become a significant element in inflation, the manufactured goods and services offered by the industrial countries must have been mainly responsible for its acceleration. The oil-producing countries were again being accused of having brought about a slowdown in economic expansion and causing a recession. However, the *Annual Report, 1974* of IMF stated clearly that a marked slowing of output expansion in the industrial countries had been under way before the abrupt changes in the oil situation and that inflation had forced them to apply policies of financial restraint in late 1972 and early 1973.

3. The General Assembly had been told that the industrial countries wanted co-operation and not confrontation in order to solve world economic problems. His delegation believed that co-operation between the developed and developing countries was the answer, and had participated in the sixth special session in that spirit. However, some industrial countries had been very slow to realize the tremendous political significance of the sixth special session and wanted to approach the new realities without getting rid of their old patterns of thinking.

4. The sixth special session had demonstrated clearly and unmistakably that the time when industrial countries could dominate international economic life in their own interests and without taking into account the development imperatives of the third world was definitely past. At that session the General Assembly had reached the conclusion that the *sine qua non* for the establishment of a new, viable and just economic order was the full and effective participation of all countries in the formulation and application of all decisions relating to world economic problems. Profound and irreversible changes had taken place in the relationship of forces in all fields of international activity. The industrial countries could no longer massively exploit the cheap energy resources of the developing countries, for the third world could not permit its non-renewable resources to be exhausted in order to maintain a level of over-consumption and waste at which each citizen consumed in six months a quantum of energy and raw materials that had to last the citizen of a developing country his entire lifetime.

5. In the search for solutions to the current economic problems, none could be considered in isolation. Thus, while Iran had been the first to propose a dialogue between oil-exporting and oil-consuming countries, negotiations could not begin until it was recognized that the question of oil prices could not be separated from that of the prices paid by the third-world countries for imported commodities and goods. The magnitude of world economic

problems was such that only an integrated, objective approach would suffice. In particular, there was an urgent need for a joint effort to bridge the ever-widening gap between affluence and dire poverty.

6. Iran, which had mobilized all its resources to raise the standard of living of its own population, was fully committed to contributing to the establishment of the new international economic order. It had embarked on large-scale economic and technical co-operation projects with developing countries, including some of those most seriously affected by the economic crisis. It had also signed important agreements on economic, technological and scientific co-operation with a number of industrial countries.

7. The industrial countries had a special responsibility, that of helping the developing countries, and could greatly alleviate their poverty by reducing non-essential consumption. If, for example, consumers in affluent countries reduced their consumption of meat products by 10 per cent, that would release large quantities of grain for emergency assistance to needy countries. Reduction of non-critical, non-food-producing uses of fertilizer raw materials in the developed countries would also help the many developing countries that were suffering from a serious shortage of fertilizers. Had the industrial countries responded to the legitimate development needs of the third world and lived up to the goals of the Development Decades, the situation in the developing countries would certainly have been different. As things were, however, the industrial countries should be the last to speak on behalf of the third world and to complain about oil prices.

8. It was encouraging to learn that some industrial countries were seriously envisaging a return to or a search for energy sources other than oil and that steps were being taken to control over-consumption and waste. Such actions were in the best interests of all mankind.

9. Although discussions at the fifty-seventh session of the Economic and Social Council concerning the implementation of the Special Programme to provide development aid and emergency assistance to the developing countries most seriously affected (General Assembly resolution 3202 (S-VI)) had been very difficult, his delegation still believed that the Programme constituted the only remedy for the current complex economic ills. While it was aware that some developed countries had reservations concerning parts of the Programme, it felt it might be possible to resume informal consultations concerning the modalities for its implementation within the context of the Second Committee.

10. Mr. DE GUIRINGAUD (France) observed that the establishment of the new international economic order envisaged by the sixth special session of the General Assembly, which all desired, would require co-operative measures to eliminate the four major problems facing the world. Since the food shortage would be discussed at the forthcoming World Food Conference, he would confine his remarks to the topics of inflation, oil prices and the critical situation of many developing countries.

11. One of the consequences of the expansion of world trade was that no State could entirely escape the effects of

inflation. No single factor could be blamed for the current world-wide inflation, for it was clear that anything which contributed to a rise in the cost of producing goods led to a rise in selling prices. As the French Minister for Foreign Affairs had stressed before the General Assembly on 23 September (2238th plenary meeting), the inflation resulting from the struggle for a share in the national income could only be accelerated by giving free rein to market trends, by the exploitation of strong positions and by the use of the various economic devices which had been advocated. Nothing could replace dialogue and negotiation between all the interested parties, whether at the national or the international level. He urged members of the Committee to institute such negotiations on the sharing of the fruits of economic activity. They could thus, in the spirit of the Declaration on the Establishment of a New International Economic Order (General Assembly resolution 3201 (S-VI)), substitute a rational and equitable order for the absurd and unjust distribution of the world's wealth which would otherwise result from the interplay of inflationary phenomena.

12. His Government's attitude to the question of raw materials was inspired by the same belief. It had constantly stressed that markets for raw materials should be organized in the common interest of producers and consumers and not left to chance. Such action had become all the more urgent as a result of the rise in oil prices, which undoubtedly marked a turning-point in the economic history of the world. The oil crisis had made everyone sharply aware of the scarcity of natural resources and the legitimate demands of the third-world producer countries and had demonstrated that the idea of gradual equalization of living standards throughout the world could no longer be overlooked. That would first require an end to waste, and relative austerity in the richest countries, together with a reorientation of their means of production and perhaps of all aspects of their economic activity. In addition, the enormous amounts of capital accumulated through higher oil prices must be used to assist the development, and particularly the industrial development, of the poorest countries, even if such investment did not appear to be the safest or the most profitable in the short term. Once again, dialogue and co-operation were necessary, either between all producers and consumers, or between smaller groups having historical or geographical ties, or even bilaterally. The essential point was to avoid a confrontation from which no good could come.

13. The question of what constituted a fair price for oil had also given rise to pointless controversies. Prices would, as always, be set at the point at which the seller's demands and the buyer's ability to pay coincided. Furthermore, since every Government sought for itself the most favourable possible terms of trade on the basis of an appropriate ratio between the price of what it sold and the price of what it bought, it was clear that none was able to set that ratio unilaterally. States should thus renounce doctrinal controversies and engage without delay in a dialogue on how to maintain, in the most satisfactory conditions possible, the supply of energy essential to the functioning of the world economy and perhaps to the very survival of the most disadvantaged peoples of the planet.

14. His delegation was gratified to note that the call for such a dialogue had come from many quarters. He referred

in particular to the statements in the General Assembly by its current President (2333rd plenary meeting), by the President of the United States of America (2334th plenary meeting), and by the Federal Secretary for Foreign Affairs of Yugoslavia (2244th plenary meeting). The first, speaking as the leader of the Group of 77, had said that the General Assembly was the most suitable centre for the discussion of development problems; the second had stated that global food and energy problems could be solved only through co-operation; the third had emphasized that, owing to the increasing interdependence of countries and peoples, none could remain isolated in either prosperity or crisis and that the conclusions of the sixth special session of the General Assembly represented a basis and a framework for a joint search for solutions to the current economic problems. Obviously, then, the General Assembly should put aside its differences and promote such a dialogue without delay.

15. The first question to be considered was clearly that of the "recycling" of oil revenues. It was plainly in the interests of all that the adjustment in the financial needs and capacities of the oil-importing and oil-exporting countries should be a co-ordinated process in order not to damage the stability of banking and financial structures, the ability of debtor countries to meet their essential needs, and the safety of the oil-producers' holdings. France had recently decided to limit its expenditure on oil in 1975 to a level which would restore its trade balance. As the French Minister for Economy and Finance had recently stressed, the ceiling on oil expenditure marked the ultimate limit which France could not exceed without seriously affecting the very basis of its economy. In that connexion, he drew attention to the provisions of paragraph 4 (f) of General Assembly resolution 3201 (S-VI), the wording of which had been one of the decisive factors in securing the adoption of the resolution.

16. With regard to the situation of the developing countries most seriously affected by the current crisis, his delegation believed that the prime need was to avoid a world recession, the first victims of which would be those countries and the poorest social strata in the industrial countries. Secondly, those with the most urgent needs should receive massive aid from all States, especially those currently in the best position to help them. His delegation hoped that the *Ad Hoc* Committee on the Special Programme would be able to establish an effective monitoring system to help in attaining that result. He was happy to announce that the Council of Ministers of the European Economic Community, the member countries of which were among those whose balances of payments had been the most severely affected by the current crisis, had decided to make an initial contribution of \$150 million to the United Nations emergency operation, including \$30 million for the Secretary-General's Special Fund.

17. The establishment of a new international economic order presupposed the search for long-term solutions. In that connexion, his delegation joined others in calling for changes in the Committee's methods of work, which it hoped might be implemented in time for the seventh special session of the General Assembly. To take but one example, it was almost inconceivable that the Committee should not have before it as it began its work either an up-to-date study by the Secretariat on the world economic situation or

advice from the Economic and Social Council on how it should be tackled. Another requirement was strict adherence to the time-tables and reasonable programmes of work. It was senseless to have everything discussed in all the bodies of the United Nations system, just as there was no need for a host of specialized conferences leading to the establishment of new agencies and new financial organs. Technical questions should be dealt with by the technical agencies. The most difficult problems should initially be studied informally and without publicity in small groups and, while establishing general guidelines, the General Assembly should avoid detailed conclusions.

18. One of the major conclusions arising from the sixth special session was that henceforth no country should be required to submit passively to the decisions of others. Appropriate decision-making procedures were thus required to ensure the participation of the developing countries in economic decisions, a principle France had long upheld. The disadvantages of the rule of unanimity and the majority decision could be overcome by adoption of the principle of decision-making by consensus. That procedure would, of course, have to be applied in good faith, without any attempts to silence or impose acceptance on any State. Governments participating in a consensus should also be able to express reservations when that was necessary in order to facilitate transition and make negotiated changes.

19. The desire to establish a new international economic order made an international development strategy, a set of carefully chosen interdependent economic and social objectives based on reliable economic information, more necessary than ever. Public opinion could only be effectively mobilized by a credible plan of action leading to visible economic and social progress.

20. Mr. OMAR (Libyan Arab Republic) said that throughout the previous year the world had been experiencing an acute economic crisis, which had affected the developing far more severely than the developed countries. The developing countries had been condemned to poverty, whether they possessed natural resources or not, because of their dependence on the developed countries; the response to their efforts to free themselves from that dependence had been to blame the developing countries for the crisis. The United Nations had taken its responsibilities seriously, and the Secretary-General's report to the sixth special session of the General Assembly¹ had shown that it was the developed countries, and not the developing countries, which were ultimately to blame for the rise in certain commodity prices, as well as for constraints on trade. Co-operation on the basis of equality was necessary to solve the present crisis. All countries were affected, especially the developing countries and the least developed among them in particular, and it was therefore unfair to blame the oil-producing countries for rises in prices. The oil companies controlled the markets; using their monopolistic position they had raised their prices, using the rise in the price of crude oil as a pretext. The developing countries were obliged to import goods and were therefore badly affected.

21. The standards of living of the developed and the developing countries were very different, and the United

Nations could not accept that such disparity should continue; it should rather take steps to narrow it. The developed countries, particularly the United States, had started a campaign against the oil-producing countries as part of a plan to limit the exercise by the developing countries of their sovereignty over their own natural resources. Those countries, it would be remembered, had abstained or voted against General Assembly resolution 3171 (XXVIII), which reaffirmed the rights of countries to their natural resources and the use of them to ensure their economic development. They had looted the developing countries for centuries, and on the pretext of restructuring the world economy they were still trying to subject the world to economic, military or political domination. It should be noted, in that connexion, that paragraph 6 of the resolution he had mentioned emphasized the duty of all States to refrain in their international relations from military, political, economic or any other form of coercion aimed against the territorial integrity of any State and the exercise of its national jurisdiction.

22. The economic crisis had existed before the increase in the price of oil, as the successive devaluations of the currencies of major Western countries showed. When the developing countries alone had been affected, their complaints had been ignored. When, however, the developing countries began to exercise their rights over their only resources, the developed countries claimed that the increased revenues derived from oil sales would cause or aggravate inflation. Inflation was not caused by oil price increases but by the monopolistic policies of the developed countries and by the existing international economic order. The General Assembly at the current session had the obligation to find solutions to the monetary crisis and to the food crisis, and to undertake the search for new forms of economic relations and international co-operation.

23. The deliberations of the Economic and Social Council at its fifty-seventh session had produced satisfactory results. It was to be hoped that in future the Council would be its own master and allowed to exercise its full responsibilities for its programme of work. His delegation would support it in that endeavour.

24. Mr. BENITO (Spain) said that the outstanding feature of the current economic crisis affecting all countries of the world was the lack of agreement about its causes; for that reason even the economists did not know what measures should be taken, either at the national or international level.

25. It was futile to lay the blame on specific countries or groups of countries. Moreover, to resort to nationalist policies as a short-term defence against an international crisis would only aggravate its long-term consequences. However, there were some favourable elements in the current situation: first, the widespread recognition of the fact that the glaring disparities in the distribution of wealth at the world level constituted the main source of disequilibrium; and secondly, that in a highly interdependent world, the repercussions of that situation could affect all countries. All should therefore work together to find a remedy for the crisis. The most urgent need was to reduce the gap between the industrialized and the poorer countries. Goodwill alone would not attain that objective: to

¹ A/9544 and Corr.1.

launch the Programme of Action, which was an important step in that direction, required the radical changes necessary to establish a new international economic order within which the development of those countries whose hopes had been most severely frustrated under the former order could take place.

26. It was inevitable that some of the reforms contemplated, such as the unilateral fixing of prices for certain raw materials, should directly affect the industrialized countries. However, to revert to fluctuating market prices, whose abrupt changes vitiated any attempt at stable economic development in countries dependent upon the export of those products, was impracticable.

27. The only solution was multilateral co-operation with a view to stabilizing markets of primary products on the basis of fair remuneration for the producers while safeguarding the legitimate interests of the consumers, especially with regard to the assured supply of economically vital products. Although such arrangements might be a departure from certain entrenched principles, similar departures had come to be accepted in other areas, such as the special non-reciprocal preferences given to imports from developing countries in almost all industrialized countries.

28. His delegation had repeatedly spoken of the inadequacy of the criteria by reference to which the whole United Nations system of development co-operation was administered. The simplistic dichotomy between developed and developing countries did not reflect the real world. Furthermore, the criteria and indicators used to classify countries, in particular *per capita* income in dollars, had become almost meaningless as a result of the monetary convulsions of the preceding three years. The United Nations, and specifically, the Economic and Social Council, should as a matter of urgency work out new criteria to define different types of developing countries, as a basis for better and fairer utilization of the international community's development efforts.

29. For example, on the basis of existing unofficial studies, a structural typification could be attempted for the various groups of developing countries, to replace classification by *per capita* income, which placed certain exporters of primary commodities at the head of the list.

30. In any event, the usual indicators should be corrected by taking into account the effects of the following factors: the external sector and the structure of exports; the size of the industrial sector and its dependence on foreign investment; the structure of the labour force; and the structure of the agricultural sector. Furthermore, the basic indicators should be adjusted in the light of consumption of certain goods and services and of financial indicators concerning the capital market and its effects on the balance of payments. Appropriate weight should be given to over-all social welfare indicators representing truly quantifiable elements, such as the literacy rate, health status, calorie consumption and urbanization.

31. As a result, it would become apparent that among the over one hundred "developing countries" there were several distinct groups which could be classified on a scale, at the top of which would be the most developed countries and at

the bottom the least developed—those requiring the largest volume of co-operation. The United Nations had already recognized the existence of a group of "relatively less developed countries", and more recently of the group of countries most severely affected by the current economic crisis.² The idea of a scale of development was also contained in the draft Charter of Economic Rights and Duties of States. That approach should be followed in order to clarify a situation which was further confused by the fact that some bodies, such as UNCTAD, adopted the single criterion of geographical position to determine to which official group a country belonged and thence its level of development. On the basis of the criteria he had suggested, his country, together with other countries of the Mediterranean region and certain Latin American countries, would be classified as a country of "intermediate" development.

32. Such a scale would make it possible both to identify a country's real economic problems and to choose the areas in which development would be most useful. The approach to be followed, as his Government had repeatedly pointed out, was that of a transfer of assistance and technology in successive steps from country to country down the scale, each step being nearest to, and best acquainted with, the problems of the following one. Because of its belief in that approach, his country had decided not to seek a UNDP indicative planning figure for the coming cycle, and would at the same time increase its contribution by 10 per cent to start with, and increase its technical input. Some of the UNDP projects in his country were of great interest for the development of certain areas of the economy, but Spain could not continue to receive free assistance when other countries needed it far more. It had therefore decided to pay the cost of the UNDP inputs to the projects concerned. That policy was based on the conviction that his country in the light of its level of development, should redouble its efforts on behalf of countries less developed than itself. It hoped that its waiver of an indicative planning figure and the increase in its contribution, would be used in favour of the least developed countries. It was to be hoped that a similar effort would be made by the countries in similar circumstances.

33. Mr. BULAJIĆ (Yugoslavia) said that, as the head of the Yugoslav delegation had pointed out in his statement to the General Assembly during the general debate (2244th plenary meeting), the changes which had taken place since the last regular session of the Assembly were characterized by profound socio-economic upheavals in many countries and by increasingly strong demands for a radical change in international economic and political relations; internal progress was increasingly linked to the struggle for full independence and political and economic equality.

34. The developing countries had spoken out for over two decades against their unequal position, and had warned that the perpetual worsening of the crisis in international economic relations would eventually affect all countries. The majority of developed countries, satisfied with their privileges, had not listened, and had continued to develop and maintain an international economic system characterized by inequality and exploitation, which had further widened the gap between the rich and the poor countries.

² See A/AC.168/6/Add.1.

Many speakers, both in the General Assembly and in the Second Committee, had expressed their concern over the current economic troubles, of which galloping inflation was the greatest, and had made suggestions that should enable the international community to tackle them more successfully. Despite disagreement concerning the true nature of the world economic crisis, there was no doubt that it constituted a grave threat to the future development of the world and particularly of the developing countries, which had the greatest difficulty in overcoming it. The developed countries had only become alarmed when the economic crisis had begun to threaten their monopolistic position in the world economy and particularly in the capital market.

35. Efforts were still being made to seek partial solutions within closed and privileged circles, outside the United Nations, while the interests of the developing countries were threatened with less consideration. Inflation was viewed as an isolated phenomenon directly linked to the increase in the price of petroleum; yet inflation was not, of course, the only evil of the current situation nor was it primarily caused by the increase in prices. It should not, therefore, be combated unilaterally, while the blame for the situation was laid upon others. The lack of an adequate solution to all major international economic problems carried the risk of a further worsening of the contradictions which, if dealt with by unilateral and uncontrolled methods, could have disastrous consequences for the entire international community. No long-term solution could be found to the crisis without reducing the gap separating the developed and the developing countries, which was the fundamental contradiction and potential source of conflict of the modern world. Therefore, any action by the international community or an individual country aimed at helping the insufficiently developed countries to accelerate their economic development was conducive to the strengthening of peace and to economic stabilization.

36. The non-aligned and other developing countries had always regarded development problems as affecting the whole international community, and had made efforts towards the reformulation of the system of international economic relations, in particular at the Conference of Heads of State or Government of Non-Aligned Countries at Algiers in September 1973. At the sixth special session of the General Assembly, it had been proved beyond doubt that the major cause of the crisis was the unequal development of the world economy and the increasing disadvantage of the developing countries. It had also been confirmed that the solution lay in the implementation of the Declaration on the Establishment of a New International Economic Order and of the Programme of Action, the main feature of which was co-operation based on equality of rights and on interdependence. The lack of a solution to acute international economic problems was a direct threat to progress and peace.

37. The long-term solutions and the urgent measures for overcoming the crisis were contained in the decisions taken at the sixth special session, and the Declaration and the Programme of Action should constitute the framework for all economic action. High priority should be attached to implementing the Special Programme launched by the Assembly in its resolution 3202 (S-VI), the two components of which were the emergency operation and the

Special Fund, both aimed at helping the most seriously affected developing countries.

38. The recent Ministerial Meeting of Contributors (27 September) had shown that the operation was progressing slowly. Of particular concern was the absence of a firm desire to participate on the part of countries in a position to do so. The developed countries could not ignore the historic responsibility falling to them. A new appeal should therefore be made to them to join in the action. The *Ad Hoc* Committee on the Special Programme had taken an initial step by formulating the principles on which the Special Fund should be based. It was essential that the General Assembly should adopt the statute of the Fund at the current session so that it could begin operations on 1 January 1975, in compliance with the decisions taken at the sixth special session.

39. It was important that the Preparatory Committee for the seventh special session, to be held in September 1975, should hold its first meeting as soon as possible. Guidelines should be fixed for its work, and the role of the Secretariat should be decided upon. The preparatory work should not only stimulate the implementation of the Declaration and the Programme of Action, but also formulate suitable proposals both for the elaboration of international economic policies and for solutions to the increasingly important economic problems. Trade, financial and monetary questions occupied the next level of priority, and the decisions of the annual meeting of IMF would be of great interest. It would be gratifying if those decisions contributed to the establishment of a new international economic order and to the implementation of the Declaration and the Programme of Action. Furthermore, efforts should be made to fix the date for the start of multilateral trade negotiations as soon as possible.

40. His country had from the outset fully supported the proposal of the President of Mexico at the third session of UNCTAD, in 1972, for a Charter of Economic Rights and Duties of States and would make all possible efforts, in concert with other countries, to have the idea carried into effect at the current session. The international community would thus have a further opportunity to formulate the basic principles of the Declaration on the Establishment of a New International Economic Order. The charter should reflect the basic positions for which the developing countries had fought for many years.

41. At the current session, the foundations should also be laid for international machinery to keep under review the activities of transnational enterprises. The international community would thus gain a better knowledge of such activities and ensure that they were in the interests of the rapid development of the countries in which the enterprises operated, and would be in a better position to prevent interference by the latter in the internal affairs of those countries.

42. In their efforts to achieve unfettered development, the developing countries relied on their own forces but attached increasing importance to mutual collaboration. They were thus bringing into being one of the most important elements of the new international economic order. Such action had great potential; the financial assistance which

the oil-producing countries would furnish to the developing countries would contribute even more. The recent meeting of co-ordinating countries to promote co-operation among non-aligned countries was an important contribution to the development of economic co-operation between non-aligned countries and other developing countries. The main aim of the meeting had been the exchange of information and experience in various areas of mutual co-operation. Many concrete projects had been examined, as well as a large number of steps to promote co-operation in trade, industry, transport, financial and monetary matters, technology and technical assistance, mass communications and information. Some of those proposals might be considered at the current session of the General Assembly, which would give the United Nations another opportunity to enter the field of co-operation between developing countries.

43. Emphasis should once again be laid on the irreplaceable role of the United Nations in the solution of international economic problems, which should fully reflect the interests of the developing countries. That role had been considerably strengthened by the sixth special session and by the World Population Conference, one of the most significant results of which had been to link the problem of population directly with that of development. It was also to be hoped that the forthcoming World Food Conference, the Second General Conference of UNIDO and the special session of the General Assembly in September 1975 would contribute to a solution of those problems while enhancing the role of the United Nations. Widescale international co-operation was possible through the common efforts of all countries, but it would only be fruitful if the interests of all were strictly respected and if interdependence covered all areas of international co-operation. Any search for other solutions, and any resistance to the inexorable process of establishing a new economic order, could only worsen the already critical situation.

44. Mr. PINO SANTOS (Cuba) noted that, following a brief period of contraction which had lasted until mid-1971, the economies of the major developed capitalist countries had experienced vigorous but short-lived expansion, which had run its course by mid-1973. They were now experiencing a crisis characterized by contradictory phenomena, including, on the one hand, the high prices usually associated with prosperity and, on the other hand, a decrease in economic activity and increased unemployment, the unmistakable symptoms of depression. Moreover, the situation was complicated by an international monetary crisis which in less than three years had wrought havoc in the system established at Bretton Woods 30 years earlier. Once again, the prediction of the ultimate fate of the capitalist system made by Karl Marx was being borne out.

45. The substantial increase in the prices of raw materials on international markets had been seized upon as a pretext by certain developed imperialist capitalist countries for spreading confusion, and even panic, with a view to sowing dissension among the developing nations, which should be more united than ever at a crucial hour in their history.

46. Tracing the background of the price increases on international markets, he pointed out that the process had been initiated long ago by the developed capitalist coun-

tries. They had always exported industrial goods at inflated prices to the developing countries, which had had to pay more for their imports of equipment and manufactures while being forced to sell their raw materials at lower and lower prices. Whereas the prices of manufactures exported by the developed capitalist countries had shown a systematic and sustained increase, the increases in the prices of primary commodities, with the possible exception of petroleum, had been temporary in nature, having been prompted by such episodic factors as the exceptional demand generated in the developed capitalist countries from mid-1971 to mid-1973, weather conditions and other factors affecting the production of food-stuffs, the reconstitution of reserves, sometimes at higher levels than usual, and a series of speculative movements related, in some cases, to inflation and the international monetary crisis. In that situation, the developing countries had attempted to take united action in order to maintain and possibly improve their position after so many years of exploitation under inequitable terms of trade.

47. He cited statistics indicating that primary commodities, with the exception of petroleum, had accounted for about one fourth of the increase in the value of world exports, excluding those from the socialist countries, between 1972 and 1973. The developing countries, however, had received no substantial benefit, since approximately three fourths of the increase had been in commodities exported by developed capitalist countries. Moreover, any increased income they had realized had been more than offset in many cases, since all the countries of the third world had been compelled to spend more for imported petroleum, manufactures and food. It was hardly surprising, therefore, that UNCTAD had estimated that the non-oil-producing developing countries would experience an over-all deficit in their balance of payments of \$5 thousand million in 1974 and \$13 thousand million in 1975. In Latin America—excluding the principal oil-exporting country in the region and Cuba—the over-all trade deficit, which was accentuated by inequitable economic relations with the United States, was of the order of several hundred million dollars. In the case of Latin America, account must also be taken of the drain on resources represented by foreign private investments. He cited statistics which showed, for example, that in recent years the United States had used Latin America as an instrument to help it offset its international balance-of-payments difficulties.

48. The increase in oil prices had been the result of an historic and just act of vindication by a group of third-world countries. Imperialist circles, particularly those of the United States, had reacted strongly. On the one hand they had invited the oil-exporting countries to co-operate with them, pointing to a so-called world economic interdependence, while on the other hand they had been insulting and threatening those countries, accusing them of being responsible for inflation, for the current international financial crisis and even for any serious world conflict which might occur. That approach had been borne out in statements by high-level United States officials and by the United States representative in the Second Committee.

49. He wondered whether the United States representative's reference, at the 1592nd meeting of the Committee,

to the need to do away with cartels meant that he objected to the activities of the Exxon Corporation, the Mobil Oil Corporation, the Standard Oil Company of California and the other large companies which constituted the most powerful cartel in the world. He also wondered whether his call for an end to monopolistic practices implied that the United States planned to take action against the United States transnational enterprises which controlled most of the domestic and world market and exploited the developing countries. Similarly, he wondered whether the United States representative's reference to the need to return to a system of open trade and free payments meant that the United States was prepared to eliminate the tariff and non-tariff barriers which were impeding the access of developing countries to United States markets.

50. Even more interesting were the United States representative's remarks concerning oil prices. His assertion that an essential factor in all the economic and social problems on the agenda was the lowering of the price of international crude oil through open discussion and negotiation, that the price of international crude oil was the most destabilizing element in the world economy and that it might well lead to economic catastrophe clearly revealed the designs of imperialism, particularly United States imperialism, with respect to the question of petroleum.

51. He quoted extensively from a speech by the Prime Minister of Cuba at a recent mass meeting at Havana detailing the strategy which the United States was pursuing in order to bring the developed capitalist countries under its tight control, divide the nations of the third world and isolate the oil-producing countries with a view to imposing its conditions on them. Emphasizing the privileged position which petroleum enjoyed among all raw materials, the Prime Minister had pointed out that, if the members of OPEC wished to gain the support of all the developing countries, they should invest their profits primarily in the third world, rather than in the industrialized capitalist States or in international financial institutions controlled by imperialism. Those profits must be used in the struggle against under-development, so that the battle of petroleum could become a genuine rallying point for all the disadvantaged peoples of the world. The time had come for all the third-world countries to unite to confront the challenge of imperialism and compel the industrialized capitalist countries to recognize that the degrading and unjust terms of trade which they had imposed on the developing world for so long were doomed inevitably.

52. Turning to other major items under consideration, he said that the international monetary crisis, which had had a negative impact on most of the countries of the third world, could be attributed to the imperialist policy of the United States, which had taken advantage of its position of hegemony at the end of the Second World War to impose the dollar as the international monetary unit and had converted IMF into a capitalist tool. The tremendous military expenditures and external economic "aid" of the United States, domestic inflation, its loss of positions in the world market and the expenses it had incurred in pursuit of its criminal imperialist venture against Viet-Nam had caused such a serious disequilibrium in its balance of payments and had drained its gold reserves to such an extent that the United States Government had declared the dollar non-

convertible, had twice devalued it and had thus brought about the monetary crisis.

53. The efforts made thus far to reform the international monetary system had not proved very successful, particularly in view of the aspirations of the developing countries. Cuba had always supported the just demands of the third world in that respect, especially with regard to recognition of the principle of the interdependence of trade, financial and monetary problems, and consequently, of the principle that any reform of the system should above all take into account the interests of the developing countries. Cuba reiterated its conviction that no genuine reform of the monetary system was possible within the distorted and discredited IMF. An effective transformation would be possible only with the democratic and egalitarian participation of all interested members of the international community.

54. With regard to development financing, he cited statistics indicating that assistance in that area had continued to decline in real terms. Similarly, little had been done to assist the countries of the third world with regard to the transfer of technology; on the contrary, the exodus of trained personnel from developing countries to developed capitalist countries, particularly the United States, had continued unabated. In 1970, the income accruing from that exodus had brought the United States \$600 million more than it had provided in official aid to the developing countries during the same year. That was hardly surprising when it was recalled that some persons in the United States had described as "aid" the millions of dollars which had been channelled to Chile through the CIA (Central Intelligence Agency) in order to overthrow the legitimate revolutionary and popular Allende Government, replacing it with a Fascist tyranny which had shed the blood of the Chilean people in order to hand them over to the voracity of United States transnational enterprises.

55. Lastly, his delegation hoped that the historic Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted at the sixth special session of the General Assembly would guide the United Nations in its efforts to realize the aspirations of the peoples of the world.

56. Mr. DIAW (Mali) observed that the world economy was perhaps closer to disintegration than at any time since the 1930s. The international community could only solve the difficult and complex problems with which it was now faced through co-operation, and that depended on the will of its members. Thus, the task before the Second Committee was both enormous and delicate.

57. It was not without reason that the third-world countries had always protested against any deterioration in their terms of trade. Since it was only through their export earnings that they could finance the import of capital goods and certain essential food-stuffs, their development was constantly retarded, despite the repeated proclamations of international solidarity. The generalized inflation of recent years had had particularly severe repercussions on the economies of the developing countries, leading to a permanent deficit in their balance of payments and a sharp fall in the purchasing power of their peoples. Fortunately,

the sixth special session of the General Assembly had resulted in positive solutions and had, he hoped, finally convinced the developed countries that their fate was intimately linked with that of the developing countries. Political détente must be accompanied by economic détente; all countries should work together along the lines decided on at the special session to produce a new world based on justice and equity.

58. Another problem of great concern was the persistent drought in several Member States, including Mali. His country was profoundly grateful to the many organizations and individuals that had responded to the Secretary-General's appeal for assistance to the drought-stricken countries. However, the loss of human lives, livestock and arable land was so great that even that demonstration of solidarity had been insufficient. His delegation hoped that the forthcoming World Food Conference would accord the highest priority to the problems of famine.

59. Mr. JARPA (Chile), speaking in exercise of the right of reply, said that the continuing attacks against his Government by Soviet satellite States were hampering the Committee's work and constituted a clear violation of the principle of non-intervention in the internal affairs of States.

60. Taking issue with comments made concerning the economic situation in Chile, he said that the companies which had been nationalized in Chile under the Allende régime had come under the control of political leaders and

had not been transferred to the people. Serious financial losses had been incurred.

61. The limited resources of the public sector in Chile were now being used to meet needs in various fields, including health, housing, nutrition, technical education and agricultural development. Chile did not wish to remain dependent on imported food-stuffs. Land was being returned to the farmers, who were also being helped to establish an agricultural infrastructure and were receiving assistance with respect to fertilizers and seeds, as well as technical advice. Chile reserved its assistance in the public sector for basic activities; it did not spend precious resources on investments in factories producing soft drinks or other luxury items. The industries controlled by the public sector included copper, iron and steel, coal, electric power and railways.

62. Special laws had been enacted to prevent private companies, including foreign enterprises, from acting against Chile's national interests. Some agreements concluded in the past with foreign companies, including Soviet enterprises, had proved harmful to Chile's interests. For example, the very important "Calvo clause" had not been included in fishing agreements with the USSR.

63. He rejected all accusations concerning investments in Chile and reiterated that his country could handle its own affairs.

The meeting rose at 6.10 p.m.

1599th meeting

Monday, 7 October 1974, at 10.40 a.m.

Chairman: Mr. Jihad KARAM (Iraq).

A/C.2/SR.1599

AGENDA ITEM 44

United Nations Institute for Training and Research: report of the Executive Director (A/9614, A/C.2/L.1344 and 1345)

1. Mr. NICOL (Executive Director of the United Nations Institute for Training and Research), introducing his report (A/9614), said that he intended in his statement to highlight some of the main activities undertaken by UNITAR during the past year. The Board of Trustees and the staff of UNITAR were very grateful to the Secretary-General for his constant interest in the work of the Institute. The most recent and important event for the Institute had been the thirteenth session of the Board of Trustees (24-27 September 1974), which had adopted decisions concerning the policies and priorities for the Institute's work in various spheres.

2. The Institute had given increased attention to programmes and possibilities for training at different levels. At the beginning of 1974, he had appointed a special consultant in training, and UNITAR had embarked on some experimental programmes and on an expansion of the range and effectiveness of its training. Most of the training programmes had been centred on national officials of both developing and developed countries attached to permanent missions. In addition, the Institute had branched out into new areas, particularly on such subjects as science and technology. Some of the new types of training activity were necessarily experimental programmes. A careful assessment of such pilot projects was being made and it was hoped that, with the co-operation of Governments of Member States, more time and financial resources would be devoted to new and useful programmes. The Institute was also interested in the training of national officials who were not necessarily diplomats but were concerned with develop-