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SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. MWANGAGUHUNGA (Uganda)

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GENERAL DEBATE (continued)

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The meeting was called to order at 3.25 p.m.

GENERAL DEBATE (continued)

1. Mr. HERRERA VEGAS (Argentina) noted that there had been a slowing down of the rate of growth of many global variables, especially production and trade, and that, as could be seen from the world economic report of the Economic and Social Council, there was no indication of any possible acceleration in the immediate future. It was inevitable that there should be a feeling of uncertainty and concern about inflation and recession and about the decline of more than 8 per cent, in the past month alone, in the value of the dollar against other currencies. Similar concern was felt about the 16 million unemployed in the market-economy industrialized countries, about the build-up in the last few years of funds amounting to \$500 billion that were not under the control of any central bank or even of the monetary authority of the United States, and about the resurgence of protectionist tendencies aimed at exporting crisis, inflation and unemployment to the weaker countries. Many developing countries were familiar with inflation as a result of the changes in demand that were inherent in development, but, as pointed out in the UNCTAD report on inflation, the recent "stagflation" was related to the increase in protectionist pressures in many developed countries, which constituted a serious threat to developing countries, since it was often directed against their basic export commodities. Few concrete measures had been taken in response to those warning signs, especially in matters which would entail changes in international economic relations, and it must be borne in mind that, unless the negative trends were reversed, they would have a cumulative effect on world production and world trade.

2. Nevertheless, he believed that some positive trends could be identified, such as the growing recognition of the interdependence of the economies of all countries and groups of countries, together with increasing interdependence in actual fact, and the gradual acceptance by the developed countries of the need to establish a new international economic order, although that acceptance had not yet found expression in concrete measures. Where negotiations on more specific topics were concerned, note should be taken of the positive results of the United Nations Conference on Technical Co-operation among Developing Countries. The concept of collective self-reliance could become one of the main factors in reducing the gap between developed and developing countries. The Argentine Government wished to take an active part in implementing the Buenos Aires Plan of Action.

3. On the question of the new international development strategy, the preparatory work for which had already begun at the intergovernmental, Secretariat and expert levels, he recalled the adoption at the end of 1976 of resolution 31/182, requesting the Secretary-General to provide information that was relevant to the preparation of the new strategy. In April 1977, the Committee for Development Planning had established a working group to evaluate the work that had been carried out on long-term studies and projections. The report of the Committee on its fourteenth session contained some very valuable material and laid down as a guideline, which Argentina was following, that efforts for the next decade

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should be focused on sustained and reasonably steady economic growth, stability, efficiency, equity and diversity. On the basis of the report of the Secretary-General contained in document E/6005 and Add.1, the Economic and Social Council had adopted resolution 2125 (LXIII) affirming that the new strategy should be directed towards the objective of the establishment of the new international economic order and requesting the Committee for Development Planning to identify possible elements for a new strategy. The Administrative Committee on Co-ordination had established a task force on development objectives, which had already met twice, to provide technical support to the intergovernmental central bodies in the formulation of a new strategy. One of the conclusions of the task force, which had drawn up an ambitious programme of work, was that, if all the objectives approved in international forums were incorporated in a new strategy, the latter would suffer from internal inconsistencies. In the interesting debate on long-term development objectives which had taken place in Geneva under the chairmanship of the Secretary-General on the occasion of the Joint Meetings of the Committee for Programme and Co-ordination and the Administrative Committee on Co-ordination, the Argentine delegation had reasserted, in the face of such all-embracing concepts as that of basic needs, the principles of the sovereign right of every country to decide on its development model and non-interference in internal affairs. His delegation agreed with the executive secretaries of the regional commissions, who had considered the subject at their 1978 meetings, that the new strategy should be conceived as part of the efforts to establish a new international economic order and should include such generally accepted concepts as those of interdependence and national self-reliance, and that the regional component must be regarded as a basic element; it did not, however, agree that the next decade should emphasize the qualitative rather than the quantitative aspects of development. The Second Committee had considered the subject at the end of 1977 under agenda item 12. It had been decided, in resolution 32/174, that the new strategy should be adopted at the special session of the General Assembly. A start had also been made on considering the draft resolution, which proposed priorities and provided for the setting of quantitative goals within a specified time-frame, especially with respect to basic policies and measures for the development of developing countries. His delegation considered that the Strategy for the Second Development Decade had been appropriate, and the fact that some of its objectives had not been achieved must be attributed to a lack of political will on the part of those who had undertaken to implement them.

4. He emphasized that the new strategy could not be simply one more of a series, since account must necessarily be taken of the adoption by the General Assembly, during the Second Development Decade, of the resolutions on the new international economic order and the Charter of Economic Rights and Duties of States. It was therefore surprising that the report of the Committee for Development Planning on its fourteenth session should contain only two isolated references to the new international economic order, especially when resolution 3201 (S-VI) had stressed the importance of the Strategy for the establishment of the new international economic order and resolution 3202 (S-VI) had described the Programme of Action as a complement to the Strategy. In his view, the Declaration and the Programme of Action on the Establishment of a New International Economic Order were nothing

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more or less than a development strategy. The meeting of Ministers for Foreign Affairs of the Group of 77 had accordingly reiterated the support of the developing countries for the new international economic order.

5. Explaining more specifically his delegation's position on the new strategy, he said that no strategy should attempt to define precisely the concept of development, since each State had the right freely to choose its political and social system and its model of economic development. Experts would therefore have to accustom themselves to working towards an undefined objective. The strategy would relate to the international aspects of development or, in other words, to one particular aspect of development: primary responsibility for development rested with each developing country. Such important variables as the internal distribution of income, which affected the rate of capital accumulation and the rate of growth itself, could not be dependent on any strategy. Accordingly, the strategy must focus on those sectors which affected the international distribution of world income and which were the locus of the inequitable "rules of the game" that worked to the disadvantage of the poorer countries: transfer of technology, transfer of resources in real terms, industrial redeployment, international price formation and the international monetary system. The new strategy should relate basically to a 10-year period, the 1980s, since it was important to establish specified time-frames and quantitative targets which together would constitute the strategy for the decade. For instance, targets should be set for the decade in connexion with the long-term objectives laid down in the Lima Plan of Action and in General Assembly resolution 3202 (S-VI). It should be borne in mind, however, that quantitative targets must be harmonized so as to take into account the interactions between all elements of the economic system. His delegation would emphasize what it believed to be the central position of the developing countries, as spelt out by the non-aligned movement at its Belgrade meeting, namely, that in formulating the new strategy it must be borne in mind that the development process was indivisible and that focusing on any particular sector of activity for development, through global approaches such as the "basic needs" approach, must be avoided in order to prevent outside interference in the internal processes, social, economic and political, of developing countries.

6. He would like to refer to one specific point in connexion with the restructuring exercise. Paragraph 34 of the annex to resolution 32/197 stated that responsibility for and co-ordination of operational activities for development at the country level should be entrusted to a single official, and the Administrative Committee on Co-ordination was of the opinion that that "single official" should be appointed by the Secretary-General. In the view of his delegation, the official in question should always be the UNDP resident representative, unless, as mentioned in the ACC report, the country was primarily interested in a particular sector, in which case an official of the specialized agency concerned with that sector could be appointed. If, therefore, the "single official" would normally be the UNDP resident representative he would be appointed, as was customary, by the Administrator of UNDP, in accordance with General Assembly resolution 2688 (XXV). If it was essential to change the practice of having the appointment made by the Administrator of UNDP, the most appropriate

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course would be to entrust the appointment to the Director-General for Development and International Economic Co-operation, as the highest-ranking official of the system in the economic field. What his delegation feared was, in short, that an efficient network of functional officials would be politicized, and it therefore believed that the General Assembly should not endorse the proposal contained in paragraph 29 of the ACC report.

7. Lastly, he would refer to a form of pressure that was exerted by the industrialized countries, both bilaterally and in the international financial agencies, namely, the practice of making financial transactions conditional on compliance with certain requirements in the domestic policies of the recipient developing countries. The Argentine Government condemned that practice, as the non-aligned movement had done at its Belgrade meeting, because it constituted interference in the internal affairs of developing countries and a blatant use of economic power in the interests of political hegemony.

8. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that the prospects for economic development depended on the possibility of achieving the basic objective of the United Nations, which was to save succeeding generations from the scourge of war. Unless political and military détente was secured throughout the world, all the rest would remain a dead letter. As Leonid Brezhnev, the General Secretary of the Central Committee of the Communist Party of the USSR, had stated, the main task of the Soviet Union in foreign policy was to do everything possible to curb the armaments race.

9. At present the capitalist world was on the verge of a new crisis. After a brief recovery, trading had begun to decline again, production capacity was not fully utilized, the number of unemployed in 1977 had amounted to 16 million and the inflation which affected the entire world capitalist system was reflected in a deterioration in international economic relations. In view of those circumstances, the capitalist countries were shifting the burden of the crisis on to their own workers and other countries, and especially the developing countries, which were particularly vulnerable to changes in economic and money markets. The experience of the 1970s showed that that had been the solution adopted by the capitalist countries. The profits of the Western monopolies had reached unprecedented levels in those years. Capital worth 6,600 million dollars had flowed into African countries and the profits leaving those countries had been in the region of 12,000 million dollars. The net profits gained in Africa by United Kingdom companies alone had increased by 2.5 per cent between 1972 and 1976. The developing countries were losing 50,000 to 100,000 million dollars a year on account of inequitable economic relations with the Western countries. The disparity between the developed and the developing countries had been increasing, and the external indebtedness of the developing countries already amounted to 320,000 million dollars.

10. The concept of global interdependence served as a means of imposing an unjust international solidarity and making all countries responsible for the crisis that Western capitalism was experiencing. As the Minister for Foreign Affairs of the Philippines had recently stated in the General Assembly, interdependence based

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on the status quo perpetuated relations of dependence between the developed and the developing countries. The representatives of former colonial empires were using the concept to conceal the fact that many developing countries were still suffering from the effects of colonial rule. As the Minister for Foreign Affairs of Iraq had rightly pointed out, the imperialist Powers were obliged more than any one else to offer the developing countries a portion of their national wealth which they had stolen from their colonies. It should be pointed out that the right to full compensation for countries in those circumstances was established in such United Nations documents as the Declaration on the Establishment of a New International Economic Order.

11. The current nature of international economic relations, which served only the interests of the capitalist monopolies, was incompatible with efforts to restructure the international economic order on a just and equitable basis. Although four years had passed since the adoption of the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States, no real progress had been made. The main obstacles impeding development were colonialism, imperialism, neo-colonialism, interference in the internal affairs of States, apartheid, aggression and foreign occupation and, in particular, the inflexible attitude of monopolistic circles in the capitalist States. Consequently the restructuring of international economic relations depended on the ability of progressive States to break down the resistance of monopolistic circles and mobilize their internal resources on the basis of the principles laid down in the documents adopted at the sixth special session of the General Assembly, the Charter of Economic Rights and Duties of States and other United Nations documents.

12. The Soviet Union formed part of the world socialist system, in which a new type of economic relations prevailed. The socialist countries were not responsible for the situation affecting the developing countries, and they supported the just demands made by those countries to the Western Powers. The Soviet Union did not seek to obtain any advantages or concessions or to gain control over natural resources or set up military bases, but was merely trying to co-operate with the developing countries on terms of full equality and mutual advantage. Those principles, which were enshrined in the Constitution of the Soviet Union and were consistent with the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States had, for a long time, governed the Soviet Union's relations with the developing countries and constituted its contribution to the restructuring of international economic relations.

13. The economic growth of the countries belonging to the Council of Mutual Economic Assistance showed the advantages of their political system and of their expanding co-operation. In fact, the socialist community accounted for one third of the world's industrial production. During the period covered by the tenth five-year plan, the volume of industrial production of the Soviet Union had increased by 11 per cent, its agricultural production by 7 per cent and its per capita income by 7.3 per cent. The success achieved in six decades of

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socialism clearly showed what the working people could do when they took charge of the destinies of their countries.

14. The trade co-operation of the Soviet Union and other socialist countries with developing countries of Africa, Asia, and Latin America set an example of relations based on justice, equality, mutual advantage and non-interference in the internal affairs of States. The Soviet Union was helping many newly independent countries to overcome the backwardness inherited from their colonial past. Altogether it had signed agreements with 63 developing countries. That co-operation was designed to solve the basic economic problems of industrialization, energy, natural resources, transport, agriculture and the training of specialists with a view to achieving independent national development. Six hundred projects had already been started, and a further 470 projects were in the process of preparation. In 1977, co-operation projects had resulted, inter alia, in 25,000 million kilowatt-hours of electrical energy and 6 million tons of pig iron. Those figures reflected the immense efforts made by the Soviet Union and showed the inaccuracy of statements by the Western countries to the effect that the Soviet Union should play a more active part in assisting the developing countries. Of course, the extent of Soviet co-operation would also depend on the developing countries themselves. The Soviet Union expected to be ensured conditions equal to those granted to the Western capitalist countries. Furthermore the assistance potential of the Soviet Union was limited by considerations relating to the well-being of its own people and to international peace and security.

15. The Soviet Union also attached importance to long-term relations with the developed countries on a basis of equality and mutual advantage. However in that area it had to contend with obstacles to the export of many Western products to the socialist countries and discriminatory regulations governing the import of goods from those countries. Another difficulty was the problem of interference in internal affairs, a practice which the Soviet Union was not prepared to tolerate. UNCTAD should consider the adoption of measures to eliminate the obstacles that were making trade difficult between the Eastern and Western countries.

16. At a time when the United Nations was preparing a new international development strategy for the 1980s, it would be necessary to study the reasons underlying the short-comings of earlier strategies so as to avoid making the same mistakes. However, at the same time, if the new strategy was to be successful, it would have to embody the positive aspects of the strategies for earlier decades. In particular, the progressive measures laid down in the Declaration and Programme of Action on the Establishment of a New International Economic Order and in the Charter of Economic Rights and Duties of States should serve as a basis for the new strategy. If only that prerequisite were met, real progress could be made towards the democratization of international economic relations.

17. Much had been said recently about the methods for achieving development. In that connexion it should be noted that the only real progress was being made by countries that were achieving a democratic and radical transformation of their economic and social systems. A deficiency of earlier development strategies was

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that they had not provided for progressive changes in the developing countries, such as industrialization, agrarian reform, national planning, equitable distribution of income and other measures that could lead to real progress aimed at the elimination of the economic and social effects of colonialism and neo-colonialism.

18. In the preparation of the new international development strategy for the 1980s account must be taken of the resolutions adopted by the General Assembly on the initiative of the USSR, Mongolia, Poland and other socialist countries, promoting a unified approach to economic and social developments and emphasizing the role of the public sector in the social and economic development of the developing countries. The new strategy to be prepared must also take into account, needless to say, the various levels of development of different States and the differences in economic and social structures.

19. The so-called "basic needs" concept, put forward by the Western countries as a basis for the future development strategy, represented an attempt to put the need to ensure a minimum consumption level for the masses before the need to introduce broad economic and social reforms. That concept had been rejected by the majority of developing countries, which had concluded that the objective results of its application would be the perpetuation of obsolete types of production relations, and of land use and land tenure, a reduction in the rate of industrialization and, lastly, greater independence on the industrialized countries. The satisfaction of the basic needs of the population should be an integral part of any development programme and should never act as a brake on the introduction of broad and far-reaching structural, economic and social reforms.

20. Any economic development programme was bound, to some extent, to remain a dead letter until the world eliminated the armaments race. The elimination of that armaments race was an essential prerequisite, not only for ensuring peace, but also for promoting economic and social progress, especially in the developing countries. The resources expended on armaments constituted an enormous reserve which could and must be used for development. At the present time an increasing number of development problems was related to the problem of the armaments race. The Soviet Union was resolutely working for a solution to that problem. It had supported the reduction in the military budgets of States that were permanent members of the Security Council by a specific percentage that would be the same for all those States, and at the recent special session of the General Assembly devoted to disarmament it had proposed that States with a large economic and military potential, including all permanent members of the Security Council, should agree on specific reductions in their military budgets, not in terms of a percentage, but in absolute figures. That agreement could, for example, cover a period of three years, and the sums thus released should be used to increase assistance to the developing countries. The Minister for Foreign Affairs of the Soviet Union, Mr. Gromyko, had stated in the debate held at the present session of the General Assembly that the peoples of the entire world would heave a sigh of relief if the tax burden were reduced, and that the causes of the economic troubles experienced by some States lay in the squandering of resources and the



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continual production of weapons, while those resources should be used to improve the standard of living of peoples, to satisfy their needs and to combat hunger. That realistic programme could be carried out if nations, great and small, agreed on realistic disarmament measures.

21. At its thirty-third session, the General Assembly had to deal with the restructuring of international economic relations. The discussions held in various forums on the institution of a new international economic order had reached a dead end. The reasons for that situation were clear, and in the case of the Committee Established under General Assembly Resolution 32/174 the cause was not to be found in the mandate which it had received. That committee of the whole had sufficient powers to enable it to make progress and all that was required was that the developed capitalist countries should demonstrate by deeds their willingness to support the necessary measures. The General Secretary of the Central Committee of the Communist Party of the USSR, Mr. Brezhnev, had pointed out that the restructuring of international economic relations on a democratic basis and the elimination of discrimination, diktat and inequality constituted one of the most important requirements of the times and one of the goals to which the Soviet Union directed its efforts.

22. The Soviet Union was prepared to co-operation with all interested countries to achieve a restructuring of economic relations on a basis of equality.

23. Mr. MURIN (Czechoslovakia) said that in order to help to resolve current economic problems, the United Nations must continue and intensify the effort begun in the middle of the 1960s. The international situation reflected the results of the activities of progressive forces, and détente continued to be the driving force behind the new relations between States, as had been demonstrated the previous year, not only in the United Nations but also in other areas. That positive process must be continued and intensified, particularly through the implementation of the measures specified in the Final Act of the Conference on Security and Co-operation in Europe, held at Helsinki. Political détente must be pursued in the military field and, in that regard, consideration must be given to the initiatives, on disarmament and in other areas, taken by the USSR and other socialist countries and, in particular, to the proposal to reduce military budgets in absolute terms which, if adopted, would result in the release of vast resources for the promotion of development.

24. The structure of international economic relations and the international division of labour reflected the conditions that had prevailed when the distribution of economic forces had been different from those currently prevailing and had been based exclusively on the interests of the monopolies. The process of détente had made that clear and, consequently, there were still those who, seeking to turn back the clock of history, opposed it.

25. The United Nations had recently adopted several instruments which were of importance for the restructuring of international economic relations, such as the Charter of Economic Rights and Duties of States and the Declaration and Programme of Action on the Establishment of a New International Economic Order, which included a wide range of measures aimed at creating truly equitable and

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mutually advantageous relations among States. Their implementation would constitute a very substantial contribution to the efforts of the developing countries to consolidate their economic independence and promote their development. Many of those countries were at present experiencing a difficult situation resulting from economic exploitation by the capitalist countries and the draining of their resources, in the form of profits and dividends, by the international monopolies. Capitalist crises, increasing unemployment, growing inflation, slower economic growth, unstable markets, etc., all led to a deterioration in conditions in the developing countries and a widening of the gap that separated them from the developed capitalist countries. To change that situation, a struggle must be waged to achieve a radical transformation of international economic relations.

26. The crux of the problem lay in the economic system established during a period of imperialist and colonialist domination. The current international division of labour only served monopolistic interests and was contrary to the development needs of the people. The socialist countries, whose policy was based on the principles of sovereign equality and mutual benefits for all countries, especially the least advanced, favoured a radical change in those relations and supported all the efforts of the developing countries to strengthen their independence from foreign capital.

27. He expressed his delegation's disagreement with the theory underlying the North-South dialogue, which made the socialist countries bear the same responsibility for the current situation as the developed capitalist countries. The socialist countries did not exploit other countries or rob them of their raw materials, because they had established new economic and social relations based on equality, in which the laws of economic development were the same for all. On the basis of their growing economic strength (in the period 1976-1979 the national income of the socialist countries had increased by 12 per cent and their industrial output by 12.4 per cent), the socialist countries were building relations of mutual assistance and co-operation. The programme of co-operation between the CMEA countries, approved unanimously at its twenty-fifth session, had become the basis for an integration process and had made it possible to establish medium- and long-term objectives. The admission of the Socialist Republic of Viet Nam to CMEA membership and the participation as observers of the Lao People's Democratic Republic, Angola and Ethiopia showed that the CMEA was a very broad international intergovernmental organization in which the problems of the developing countries could be solved. That did not mean, however, that European problems were overlooked, as witnessed by the contribution made by the CMEA to the implementation of the Final Act of the Conference on Security and Co-operation in Europe.

28. In elaborating the strategy for the new decade that was approaching, the Committee should take as its basis the documents relating to the new international economic order, and should take account of the experiences, both positive and negative, of the first and second decades. The new strategy should have as its objective the protection of the long-range interests of the majority of the

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population of the developing countries and provide for measures designed to promote the development of industry and agriculture, strengthen the role which the public sector could play in development, eliminate unjust systems of land distribution, and ensure the training of qualified personnel and control over natural resources, among other social objectives. Foreign aid should merely complement independent national development and measures should be taken to avoid colonial and neo-colonial exploitation.

29. His delegation welcomed the priority given to the examination of the report of the Committee Established under General Assembly Resolution 32/174, under agenda item 58 (a). In that connexion, he recalled the joint statement made by the socialist countries at the meeting which the Committee had held in September 1978. Experience had shown that the creation of new bodies did not necessarily lead to progress in the establishment of a new international economic order and that such progress would depend on the implementation by States of the relevant General Assembly resolutions and of the Charter of Economic Rights and Duties of States, as well as on the extent to which progressive forces could overcome the resistance of the reactionary circles in their respective countries.

30. He recalled that in previous years the socialist countries had submitted many proposals on economic and social issues. At the thirtieth and thirty-second sessions of the General Assembly, resolutions on long-term trends in economic development had been adopted. His delegation recognized the great importance of the study of those problems for a better understanding of development and recalled that document A/32/385 called for a broader approach to development, covering political and social aspects, in order to achieve a more comprehensive evaluation. Resolutions had also been adopted on the role of the public sector in development in the developing countries.

31. The establishment of a new international economic order based on the principle of equality was entirely in accord with the interests of Czechoslovakia, whose Government was prepared to collaborate actively in the restructuring of international economic relations and in the process of co-operation for long-term development. The new international economic order was inconceivable without the participation of the socialist countries on an equal footing.

The meeting rose at 5.25 p.m.