

1593rd meeting

Wednesday, 2 October 1974, at 10.40 a.m.

Chairman: Mr. Jihad KARAM (Iraq).

A/C.2/SR.1593

GENERAL DEBATE (continued)

1. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) said that the distinctive feature of the current session of the Assembly was that it was taking place at a time when the world was abandoning cold war in favour of a process of détente. He was convinced that measures to halt the arms race, reduce military budgets and ensure an equitable international division of labour would have very constructive results. Moreover, relations between countries having different social systems and the exchange of scientific and technical information among all countries were bound to contribute to international détente and to the welfare of all peoples of the world.

2. The economic situation afflicting the world was the result of the chronic disorders of the capitalist system. The rise in prices in capitalist countries had reached extraordinary levels in 1974, jeopardizing the wage increases the workers had obtained by strikes. Those worst affected by the instability of the capitalist economy were the developing countries because it endangered their development plans. In late 1973, the energy sector too had been affected because of speculation by the oil companies and Israeli aggression. The energy crisis clearly demonstrated the need to reform existing economic relations between developed capitalist countries and the developing countries; those relations were the legacy of colonialism and were based on exploiting African and Latin American countries, the main suppliers of raw materials. Very constructive measures to that end had been taken by the General Assembly at its sixth special session when it had adopted resolutions 3201 (S-VI) and 3202 (S-VI) on the Declaration on the Establishment of a New International Economic Order and the related Programme of Action. Similarly, the report entitled *The Impact of Multinational Corporations on Development and on International Relations*¹ showed that those corporations, controlling over half of the world's trade in raw materials, had an adverse effect on many developing countries, in whose internal affairs they did not hesitate to interfere; it was through the actions of certain transnational companies, for example, that the achievements of the Government of Popular Unity in Chile had been brought to naught.

3. Furthermore, the protectionist policy adopted by the capitalist countries blocked the progress of the developing countries. Certain Western countries showed no disposition to support the measures decided on at the sixth special session. The United Nations should therefore take the immediate measures necessary to eliminate the inequality which characterized relations between the capitalist and the

developing countries. The first task was to reorganize the world market.

4. The Ukrainian SSR attached great importance to the work of the sixth special session of the Assembly. It believed that the Programme of Action could help to raise the standard of living of peoples and to remove inequalities. Like other socialist countries, it believed there was a need to adopt a document laying down the basic rights and duties of States in the sphere of international relations. That belief was reflected in the draft resolutions on the subject submitted by his delegation, in the proposal submitted jointly with other socialist countries at the twenty-seventh session of the General Assembly² and in the draft resolution they had submitted at the third session of UNCTAD.³ The Charter of Economic Rights and Duties of States should also take into account the recommendations of the first session of UNCTAD and other United Nations resolutions, and should respect the principle of universality, by taking into account the interests of all countries.

5. The Ukrainian SSR held that the developing countries were right in asking the capitalist developed countries to repair the damage which their policy had caused. The socialist countries, however, had never taken part in the exploitation of developing countries and had no responsibility for their backwardness.

6. Genuine co-operation should respect the sovereignty of all States. It was that type of co-operation which existed among the countries of CMEA; their co-operation was concerned largely with the supply of raw materials and the exchange of scientific information, and a new phase had opened recently with the adoption of a complex programme for integrating and equalizing the economies of those countries. The members of CMEA had attained a high and stable rate of economic growth which had enabled the volume of production prevailing at the time of the Council's establishment to be multiplied by 12. The CMEA was not, however, a closed group, and its member countries had emphasized the importance of establishing co-operation among all peoples if the world situation was to be remedied and current monetary and energy problems alleviated. The socialist countries were prepared to collaborate with all countries as equals and subject to the observance of the principle of non-interference.

7. In that connexion they attached the greatest importance to co-operation with the developing countries in the

² See *Official Records of the General Assembly, Twenty-seventh Session, Annexes*, agenda item 12, document A/8963, para. 38.

³ See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex VII, document TD/L.72.

¹ E/5500/Rev.1 (United Nations publication, Sales No. E.74.II.A.5).

following spheres: training of national personnel, health, agriculture, and the establishment of iron and steel, mining and chemical industries. Training had been given in his country to 3,600 foreign students from developing countries, and a Ukrainian factory was organizing, under the auspices of UNDP, training courses for engineers and technicians in iron and steel technology. A training course for welders was also being organized at Kiev under the auspices of UNIDO. The experience acquired by the Ukrainian SSR and other socialist countries could be most useful to the developing countries. The Ukrainian economy was continuing to expand according to principles which sheltered it from the inflation and depression prevailing in the capitalist world. Output was high and stable, and the level of living of the population was rising steadily. In 1973 real *per capita* income had risen by 5 per cent. In that year industrial production had increased by 7.5 per cent and agricultural production by 13.2 per cent.

8. In his view, if the developing countries in general were to be able to make rapid progress, they needed to carry out far-reaching economic reforms, including strengthening the State and co-operative sectors and controlling private capital, both local and external. They should also strengthen their mutual co-operation by, for example, organizing joint planning and irrigation projects and joint agricultural and scientific research. The experience acquired by the socialist countries in that sphere would be most valuable to them.

9. International co-operation, to be fruitful, needed a climate of peace and security in which to develop. It was essential, therefore, that the process of détente should continue. In order to accelerate that process, the proposal made by the USSR at the twenty-eighth session of the General Assembly, for a reduction of 10 per cent in the military budgets of States permanent members of the Security Council should be implemented; that measure would be a first step towards complete disarmament and would thereby contribute to the welfare of the peoples of all countries.

10. Mr. BARCELO (Mexico) congratulated the Chairman on his election and paid tribute to the excellent service given by Mr. Philippe de Seynes throughout his career. He said that economic relations among countries were becoming increasingly difficult because of continual international crises. Those crises affected the poor countries worst, because they jeopardized their development and accordingly reduced the well-being of the majority of the world's population.

11. It was obviously unjust that the peoples of the third world should still be contributing to the prosperity of the rich countries at the cost of an aggravation of their own conditions. If international assistance had not produced the expected results, that was not only because co-operation among nations was not yet governed by legal machinery but also because such co-operation was not governed by the required conditions or given in the required volume.

12. The fundamental purpose of the development which all peoples of the third world were seeking was a general improvement in the quality of life; in order to achieve that purpose, however, the developing countries needed to be

able freely to take any decisions they deemed necessary and to be certain that those decisions would be respected by all foreign entities participating in their affairs and particularly by the transnational enterprises, which could, in those circumstances, be of great service to them.

13. It was for that reason that his delegation had participated in the formulation and preparation of Economic and Social Council resolution 1908 (LVII) on the establishment of an information and research centre on transnational corporations which would enable a special committee established within the Council to draw up a series of measures for blocking at world level any concerted action by transnational companies which persisted in ignoring the dynamics of history.

14. His country was not seeking a head-on battle with those companies, but merely trying to establish machinery to enable the developing countries to co-operate in solving the serious problems confronting the world economy, and in particular the developing countries' economies. That required a constant watch to be kept on the effects of those companies on the development of the countries of the third world; their role should be to complement domestic investment with a view to attaining the targets of national development programmes or plans. His Government had enacted legislation on foreign investment and the transfer of technology.

15. The serious problem of inflation must be overcome, but the present form of inflation was not simply a matter of rising prices and declining purchasing power which could be dealt with by continually modifying the wage-price spiral; actions of that kind were only palliatives which did not go to the heart of the problem. What was needed was to transform the structure of the production apparatus in each developing country in order to bring it into conformity with the basic needs of the great mass of the people, and that meant that the production of superfluous goods and the importation of luxury items must be eliminated. A distinction must, however, be made between two kinds of inflation—that caused by rising prices, and that linked with demand. The latter type of inflation could be due to various factors such as inadequate or unprofitable agricultural production, a shortage of certain basic resources and a low rate of industrial production. Those factors, which were frequently found in the developing countries, exerted pressure on the prices of commodities. Population growth and the widespread shortage of food also contributed to international inflationary pressures, but the most serious inflation of all was that propagated by the developed countries through higher prices for the producer goods and manufactured articles exported by them. The present widespread and acute inflation that was threatening to plunge the international community into an economic recession could be traced to that cause. The recent spectacular rise in the prices of raw materials was the result rather than the cause of world-wide inflation. The countries exporting raw materials had been forced to raise their prices simply because of the increase in their own operating costs and the need to prevent their terms of trade from deteriorating even further. In other words, developing countries wanting to expand their industrial production had to purchase capital goods from the developed countries, and in importing those goods they also imported the

inflation of the developed countries, and that in turn led to higher prices for their own manufactures. As, moreover, the developing countries were also large importers of raw materials, they were doubly affected by international inflation.

16. No country was able of itself to stop the inflationary spiral; concerted action by the international community was the only effective means of doing so. The responsibility for seeking a lasting solution to the problem lay chiefly with the highly industrialized countries. It was for them to come to grips with their own inflation and to expand and redirect their programmes of bilateral and multilateral aid for development. After all, it was by containing their own inflation that they would avoid transmitting it to the developing countries and that they would thus be able to supply those countries with needed capital goods at reasonable prices and under reasonable conditions. By increasing and expanding their programmes of technical and economic assistance, they would be contributing to higher output and increased efficiency, which was currently the best way of fighting inflation.

17. In that connexion, his delegation considered that the basic objective must be to improve the well-being of the general population. However, to measure the general well-being required something more than quantitative parameters such as an increase in the gross national product (GNP) or in the index of wholesale prices; variable factors by which improvements in the living conditions of the mass of the people could be properly evaluated must also be brought into play. On the occasion of an ECLA regional seminar to be held soon, the countries of the region would attempt to define the indicators of well-being with a view to helping the international community in its search for new ways to improve general living conditions, especially for the inhabitants of the developing countries.

18. It was apparent from the foregoing considerations that a more equitable economic order could be established only if the transfer of inflation from developed to developing countries was stopped and means were sought to eradicate its effects, and only if, at the same time, it was borne in mind that the ultimate aim was to protect the living conditions of the population at large. Among the efforts already being made along those lines were: the work of the IMF Committee of the Board of Governors on Reform of the International Monetary System and Related Issues (Committee of 20); the review of the implementation of the International Development Strategy being undertaken by UNCTAD; and the "Study on the indexation of prices" recently issued by the UNCTAD secretariat (TD/B/503/Supp.1 and Add.1), which was before the Committee for consideration under agenda item 42, and which contained suggestions for establishing a relationship between the prices of raw materials exported by the developing countries and the prices of the manufactured articles and producer goods imported by them. The last-mentioned project would prove very useful if it led to an improvement in the terms of trade of the developing countries, to an increase in production and to a strengthening of demand for their export products, all of which would eventually ensure a more equitable distribution of wealth throughout the world.

19. Within its own country, the Mexican Government had instituted an anti-inflationary plan that included principles which it would like to see applied on the international plane: a higher contribution from those who received more from productive processes; keeping the public debt to a reasonable level; and a steady rise in the standard of living of the working population. In a word, what must be done was to ensure the well-being of the masses while preserving freedom and improving social justice.

20. The achievement of the goal of a new international economic order demanded a clear and precise definition of the juridical principles that must govern the changes which would have to be made to surmount the crisis and promote the development of the third world. One of the conditions for success was full respect for the right of each country to make its own decisions on its economic structure, to dispose freely of its resources, not to be bound by instruments or economic pressure by which its sovereignty was impaired, to subject foreign investment to domestic laws, to give direction to transnational activities that was in the interest of general development, to eliminate discriminatory trade practices, and to be treated fairly in all matters relating to trade, to technical and scientific exchanges and to financing. The new international economic order must mark the end of colonialism, whether traditional or modern, and must enable countries to endow themselves with an economic and social structure capable of ensuring the well-being of their people.

21. The developing countries must work closely together in order to cope with the current economic difficulties. It was particularly imperative for them to succeed in stopping the rise in wholesale prices and in completely eliminating its causes. They must gird themselves to deal with the sudden changes in the structure of international payments and with the monetary imbalance which gave rise to forebodings of a large-scale crisis.

22. Development planning was a matter of great importance to the developing countries. Mexico had made great progress in that respect with regard both to increased productivity and lower unemployment and to infrastructure development. It was also endeavouring to evaluate its natural resources by means of aerial photogrammetric surveys that were progressing at the rate of 300,000 square kilometres a year. Mexico was furthermore prepared to provide assistance in that field to interested countries through the appropriate United Nations bodies.

23. Among the activities coming within the purview of the Economic and Social Council, mention must be made of the World Population Conference which had been recently held at Bucharest (19-30 August 1974). On that occasion, Mexico had demanded the right for every couple to decide how many children it wanted and at what intervals. The Mexican delegation had also defended the principle of self-determination and sovereignty of all countries and the efforts to achieve equitable economic treatment for the peoples of the earth because, for Mexico, population policy was intimately linked with development policy.

24. The Mexican Government had been guided by those considerations in promulgating a general population act, for it was convinced that man was both the beginning and end

of the country's economic and social life. His delegation had also been a sponsor of the draft resolution concerning the proclamation of an International Children's Year (Economic and Social Council resolution 1881 (LVII)). It hoped that that would be an occasion for exploring certain ideas in great depth and for offering the children of the entire world every opportunity for the full development to which they were entitled, for they represented the most important part of mankind.

25. The World Food Conference, which aroused great hope among the famished peoples of the world, would be meeting soon in Rome. The President of Mexico had proposed, and the Mexican delegation had consistently supported, the creation of a world food bank. The struggle against hunger, the merciless scourge of many poor countries, demanded reasonable and stable prices for the sale of agricultural products, the free access of such products to all markets and the ability of the developing countries to obtain the desired factors of production at moderate prices. The fact that people were dying of hunger was incompatible with human dignity and graphically demonstrated that the technical advancement achieved by the developed countries was not being put to the good use which their professions of faith in co-operation and international solidarity would give reason to hope for. The world food bank would be financed by contributions in cash or in kind in accordance with a system of assessments still to be determined, it would help to combat famine, to ensure the stockpiling of food in order to meet any crisis, and to promote increased agricultural production in the countries of the third world in order that they might be able to meet their own food requirements and increase both the quality and the quantity of their exports.

26. Science and technology were key factors in economic development. Mexico felt that if the *World Plan of Action for the Application of Science and Technology to Development*⁴ was to be disseminated at national and regional levels, it would first be necessary to identify the problems faced by the developing countries and take concrete measures to strengthen the scientific and technological capacity of the Committee on Science and Technology for Development and of the Advisory Committee. The preparations for a world conference on science and technology should be directed towards establishing a United Nations programme for international co-operation in those fields.

27. The United Nations should currently intensify its efforts through the Economic and Social Council and take care to avoid duplication and excessively technical studies. An imaginative effort must be made to evolve formulas suited to the developing countries which could be counterposed to the machinery set up for the benefit of the rich countries. The Economic and Social Council should organize its activities around such key topics as the transnational corporations, science and technology, population, food, natural resources and, in general, economic and social development, the fundamental aim being to improve the quality of life for the people of the developing countries. In 1975, the Council would have the benefit of the findings of three world conferences dealing with the priority fields of population, food and industrialization.

28. If the economies of the developing countries were to grow at a satisfactory rate, there would also have to be progress in international co-operation in the field of industrial development. It was in that spirit that the Mexican delegation would take part in the regional preparatory meeting to be held in Mexico, whose conclusions would be presented to the Second General Conference of UNIDO, which was to consider the possibility of increasing UNIDO aid to the developing countries in order to promote industrialization as a means of increasing their production and bringing about a better distribution of income.

29. In order to deal with the serious problems to which he had drawn attention at the beginning of his statement, the developing countries would have to co-operate in many other fields as well, including those concerning human settlements, housing and vocational training, and within the framework of such agencies as UNICEF and the World Bank. There would have to be a relentless struggle against inflation, since otherwise the ambitious economic and social objectives which the developing countries had set for themselves would not be attained and the positive aspects of international coexistence might well be nullified.

30. Mr. GONZALEZ GALVEZ (Mexico) said that his delegation reserved the right to make substantive comments on the question of the Charter of Economic Rights and Duties of States after the efforts to work out a negotiated text were completed.

31. Representatives of the 40 members of the Working Group on the Charter would begin their session in New York on 8 October; the participants earnestly hoped to arrive at a consensus on a document whose importance was demonstrated by the number of delegations that had taken up the question, most of which had expressed the hope that the Charter would be approved in the current year. The consultations would last two weeks and would be a follow-up to those held at Geneva early in September 1974, during the consideration of the report of the Working Group by the Trade and Development Board at the first part of its fourteenth session (see A/9615, chap. IV). Major progress had been made at that time, and it had been possible to reach substantial agreement on provisions relating to transnational corporations and the environment. A number of questions remained to be settled, however, and if the informal consultations did not produce success the General Assembly would have to take a decision on various proposals in accordance with its resolution 3082 (XXVIII). The points on which difficulties existed were the following: the conditions governing the nationalization or expropriation of foreign property and the machinery for settling any resulting disputes; the formulation of the important principle of non-discrimination in trade—a question which was giving rise to major differences of opinion between the European Economic Community and the socialist countries; definition of the scope of such innovative concepts as collective economic security and peaceful coexistence, the latter of which was linked with the negotiations concerning the Conference on Security and Co-operation in Europe; recognition of the right of States to form producers' associations; the relationship between disarmament measures and the utilization of the resources thus released; the relationship between the export prices of products from the developing countries and the prices of

⁴ United Nations publication, Sales No. E.71.II.A.18.

the goods which they imported; inclusion in the Charter of the just concept of compensation and reparation for exploitation of the resources of territories occupied as a result of the unlawful use of force—a question whose political repercussions were obvious to everyone.

32. In addition to the problems which could be described as basic, there were others such as the formulation to be used for the obligation of neighbouring countries to derive equal advantage from common natural resources and for the obligations which certain regional associations might assume under the Charter of Economic Rights and Duties of States; there was also the provision calling for periodic revision of that Charter, which would make it a dynamic and flexible instrument.

33. If the consultations which were to begin on 8 October were not successful, his delegation did not feel that the General Assembly should defer a decision on the substance of the matter once again, particularly if—as was favoured by the majority—the Charter of Economic Rights and Duties of States was embodied in a solemn declaration which would represent the first stage in the task of codifying the rules governing international economic relations. That would be a basic document which might be followed by other instruments relating to specific questions such as the transnational corporations or science and technology. To convince oneself of the desirability of such a charter, one had only to look at the anarchy now prevailing, which could not continue.

34. Mr. VALDES (Bolivia) said that Honduras, a Latin American country which had been among those hardest hit by the recent energy crisis, had just suffered a disaster whose magnitude called for an intensive, sustained effort by the international community and the competent United Nations agencies to rebuild the affected areas. He took the opportunity to make an appeal for peaceful coexistence and to urge the great Powers to give up any thought of imposing their will; at the same time, he called upon the developing countries to recognize the need to develop subregional, regional and interregional co-operation to the greatest possible extent.

35. It might be asked whether 1974 had been a good year—a bad year from the standpoint of economic co-operation. At the time of the General Assembly's adoption of resolution 3176 (XXVIII), which noted the inadequacy of the progress made towards attainment of the objectives of the International Development Strategy, the prevailing mood among the developing countries had been one of discouragement. At the sixth special session of the Assembly and at the World Population Conference, however, his delegation had noted that there was greater solidarity within the Group of 77. At the sixth special session of the Assembly, the developing countries had felt that, in view of the economic interdependence of States, it was essential to establish a new international economic order embracing the concept of collective economic security, which would ensure that the prices of exports from the countries of the third world gave them a fair profit, would protect the economies of those countries against the importation of monetary inflation and would assure them of a sufficient inflow of funds to carry out their plans for social and economic development, while at the same time guarantee-

ing respect for their sovereignty. His delegation, too, felt that, in carrying out the mid-term review and appraisal the Committee on Review and Appraisal should conduct a comprehensive analysis of the implementation of the International Development Strategy for the Second United Nations Development Decade and also of the Declaration and the Programme of Action adopted at the special session. It hoped that agreement could be reached at the current session on the Charter of Economic Rights and Duties of States, which would help to ensure the harmonious development of international economic relations.

36. With regard to the Special Programme provided for in resolution 3202 (S-VI), he was sorry to note that implementation of the emergency measures to mitigate the difficulties of the developing countries most seriously affected by economic crisis left something to be desired because of the inadequate flow of funds, which seemed to indicate, as the Secretary-General had recently said, a loss of interest on the part of the great Powers in co-operating with the developing countries.

37. With regard to co-operation among the developing countries, Venezuela, the Latin American country which had benefited the most from the energy crisis, was making commendable efforts on behalf of the most seriously affected countries. That example should be universally followed lest discouragement should weaken the solidarity of the developing countries, as had happened at the Third United Nations Conference on the Law of the Sea, which had just been held at Caracas (20 June-29 August 1974), where some developing countries, in their desire to extend their maritime jurisdiction, had paid no attention to the legitimate aspirations of the land-locked countries and other geographically disadvantaged countries.

38. At the recent World Population Conference, the developing countries had taken the view that population problems differed from country to country and that it was for each of them to decide its policy in that field. His delegation welcomed the Plan of Action adopted by the Conference,⁵ and endorsed unreservedly the position taken by the developing countries, according to which population problems could be solved only by the establishment of a more equitable international order and distribution of resources, and by the termination of situations of economic and social dependence among countries; it considered that there was at the same time a need to tackle the problem of the enormous current food deficit. The forthcoming World Food Conference would need to solve that urgent problem in a satisfactory way. Certain countries, including Bolivia, had a low population density, and his delegation considered that some contribution could be made to solving the over-population problem if such countries were provided with the means of encouraging immigration to those fertile areas that were currently not being exploited.

39. As to the measures by developing countries, laid down in General Assembly resolution 3176 (XXVIII), his delegation took the view that there was not a single developing country that did not have the firm intention of adopting such measures, and many of them had already been or were being implemented in the majority of those countries. His

⁵ For the draft Plan, see E/CONF.60/7.

Government, for its part, considered that its national statistical and planning methods should be improved as a matter of priority. With the nationalization of the mines, land reform and educational reform, and investment legislation that fully guaranteed both national and foreign capital—one of the aims of which was to raise the level of employment in both urban and rural areas—as well as by joining the Latin American Free Trade Association and becoming a party to the Cartagena Agreement of 26 May 1969, the Bolivian Government had laid the foundations necessary for implementing all the measures recommended in resolution 3176 (XXVIII).

40. With the approach of the mid-term review and appraisal of the International Development Strategy—a process that would not fail to highlight the efforts undertaken by the developing countries under the most unfavourable circumstances—his delegation took the view that it was inconceivable that countries whose conditions resembled those of the 21 most disadvantaged countries would be able to make any discernible economic or social progress without greater international solidarity, particularly on the part of the most favourably endowed countries.

41. In the past, his country had had disputes with the transnational corporations that had exploited its natural resources, and his delegation understood the difficulties experienced by many countries where such corporations were established. It was comforting to note, however, that in pursuance of Economic and Social Council resolution 1908 (LVII), there were to be established, at the current session of the General Assembly, appropriate permanent machinery to assist the Council in dealing with the issue of transnational corporations and an information and research centre on such corporations. In that connexion, it should be pointed out that, for all countries wishing to accelerate their development, it was essential to attract capital but without thereby compromising their permanent sovereignty over their natural resources.

42. The report which the Secretary-General had submitted to the Economic and Social Council at its fifty-seventh session entitled “Study on the establishment of a fund in favour of the land-locked developing countries”⁶ once more called attention to the enormous difficulties facing those countries in the field of transport and the additional transport costs that they had to bear. For the 18 land-locked developing countries taken as a group, those costs had been estimated at \$270 million in 1973, which had accounted for 28 per cent of the gross disbursements of foreign loans and grants in the 18 countries in 1972. In the case of Bolivia, while the gross value of exports had increased, net receipts had remained at a low level, since transit costs had risen considerably as a result of the energy crisis, world inflation and internal factors. Furthermore, because of the increase in its exports, the capacity of the goods storage and handling facilities at the ports used by Bolivia were inadequate, a situation which retarded its development and placed the country at a great disadvantage in relation to the other Andean countries. His delegation realized that, despite the best will of the Governments and authorities of the transit countries, the latter very often did not possess the resources needed to improve the installa-

tions used by the land-locked countries. The difficulty of access to the sea was therefore the greatest obstacle to progress faced by the developing countries. His delegation appealed to the Committee to devise effective and urgent measures to alleviate the situation of that group of disadvantaged countries. As a country with profoundly peaceful aspirations, Bolivia was facing stoically the consequences of the loss of its seacoast as a result of a war, but it viewed the future with optimism, since it knew that its cause would be understood.

43. Mr. TABOR (Denmark) emphasized the importance of the deliberations that had taken place at the sixth special session of the General Assembly, which had demonstrated a growing realization of the economic interdependence between States and recognition of the need to strengthen international co-operation in order to solve current economic problems. While it had not at that time been possible to reach agreement, it had been realized that there was a need for a new international economic order. The problem now was to determine how both a realization of interdependence and the Declaration on the Establishment of a New International Economic Order could be transformed into practical formulations. In that connexion, it was necessary to consider what role the United Nations family of organizations could play.

44. At their meeting at Reykjavik in August 1974, the Nordic Ministers for Foreign Affairs had expressed the hope that, on the basis of the Declaration and the Programme of Action adopted by the General Assembly—together with the International Development Strategy for the Second Decade—it would be possible to reduce at an early stage the economic and social gap between industrialized and developing countries. In their view, that would require political will on the part of the Governments of industrialized as well as developing countries. The deliberations to be held at the current session of the Committee would give an indication of the degree to which there was such a political will. Failing that, the world would witness, as the Secretary-General had recently pointed out, a new emphasis upon nationalism and strictly national interests as being of greater importance than the search for international solutions.

45. At the current session, the Second Committee would need to deal with the following three closely interrelated issues: the threat of a serious recession in the Western industrialized countries, new possibilities for economic co-operation between industrialized and developing countries, and assistance to countries most seriously affected by the economic crisis.

46. With regard to a recession in the Western industrialized countries, it should be noted that the economic development of most of those countries was currently characterized by exceptionally high rates of inflation and unprecedented balance-of-payments deficits. The solution should be found in concerted international efforts, since national policies leading to contraction of economic activities in industrial countries might have grave consequences for the development of the entire world community.

47. Turning to the second issue, he noted that the economic development of recent years provided greater

possibilities for new forms of co-operation between developed and developing countries. However, the main problem was how to institutionalize a mutually beneficial transfer of financial resources and technology. On the other hand, the current economic development might pose a threat to the well-being of all if it was not understood that time was limited. A failure to devise and implement measures for adequate transfer of financial resources between the oil-producing countries and the rest of the world—developed as well as developing countries—could generate dangerous deflationary pressures.

48. As to assistance to countries most seriously affected by the global crisis, it had been unanimously agreed at the sixth special session to launch an emergency operation to help those countries (resolution 3202 (S-VI)). It was regrettable that the response thus far had not been equal to the need. Denmark, for its part, would make its contribution within the framework of EEC. In its co-operation with developing countries, Denmark had tried to take into account the economic situation of the countries most seriously affected, and, accordingly, his Government had been able to respond to requests for emergency assistance to Bangladesh and the Sahelian zone.

49. In order to be able to provide both emergency and long-term assistance, his Government had raised considerably its development assistance appropriations in recent years. In 1973, official development assistance had amounted to close to 0.5 per cent of GNP, and Denmark was among the largest contributors of multilateral development aid to organs such as UNDP and WFP. In spite of very drastic cuts in public expenditure, the amount to be allocated by the Danish Government to development assistance had not been changed. It was therefore planned that its official development assistance, in real terms would be increased in 1975.

50. Turning to the role of the United Nations, he said that only if there was the political will to find common ground would the United Nations be able to play its proper role in seeking integrated solutions to the short-term and long-term economic problems of the international community, taking into account both the close interrelationship of those problems with demographic factors and the limits set by the availability of natural resources and by ecological factors.

51. International solutions to the critical problems facing the world economy might not be quickly forthcoming. However, the coming year afforded an unprecedented opportunity of tackling a number of important economic questions. Thus, the World Food Conference to be held in November would take up some of the most burning questions of the day. Without an increase in food production, the question of raising the standard of living of the majority of people in the developing countries would soon become meaningless. It was equally important to find new ways of improving food aid in emergency situations. Furthermore, the coming mid-term review and appraisal of the implementation of the International Development Strategy should provide an opportunity for evaluating United Nations activities in the field of development. That evaluation would undoubtedly constitute a basis for the work of the special session of the Assembly, devoted to interna-

tional economic relations and development, to be convened in September 1975.

52. As had been stated by Gunnar Myrdal, the economic and social situation in the developing countries could not be characterized as exploitation; rather, it could not be characterized as exploitation alone. The combined effects of rapid economic and technological changes had created tremendous social problems in the developed countries. Those changes had also created the gap between the developed and the developing countries. Changes in the terms of trade during the 1960s had been to the advantage of all industrialized countries. It was certainly for the developing countries themselves to accomplish the radical reforms which were often needed, but it was also for the developed countries—and the developing countries that were in a position to do so—to fulfil their moral obligation at both the national and international levels.

53. Mr. AL-KHUDHAIRY (Iraq) said that the remarkable statement by the Under-Secretary-General for Economic and Social Affairs deserved careful consideration by the Committee. The interdependent world problems which were currently affecting the economic and social development of the developing countries had now been recognized by developed and developing countries alike. The series of crises faced by the world had also demonstrated that a fundamental change in the world economic order was essential if the developing countries were to survive and continue to progress and develop. The sixth special session of the General Assembly and the Declaration and the Programme of Action on the Establishment of a New International Economic Order assumed greater importance in the light of the progressive deterioration of world economic conditions.

54. His delegation strongly believed that the results of the sixth special session were the first step towards the establishment of a more just economic order. It was incumbent upon the industrialized countries seriously to start implementing the Programme of Action and to co-operate with the developing countries to that end. It was essential for developed countries to withdraw all their unreasonable reservations and objections. The steps taken by the Economic and Social Council at its fifty-seventh session in its resolution 1911 (LVII) to harmonize the International Development Strategy with the Programme of Action had been necessary. In that connexion, it was most regrettable that very limited progress had been made in the implementation of the International Development Strategy. Very few developed countries had tried to achieve the targets set for official development assistance. He thanked the Government of Sweden for its decision to allocate 1 per cent of its GNP to assistance for the developing countries, and expressed the hope that other developed countries would follow suit.

55. The world was currently in the throes of general inflation which had undisputably originated in the advanced industrialized countries. That inflation had been exported and was threatening the economies of the developing countries through its effects on the prices of all their essential imports. One way of combating that inflation would be to conclude successfully the talks being held on

the reform of the international monetary system, with the full and active participation of the developing countries, and to recognize that a link must be established between special drawing rights and additional assistance for developing countries. It was to be hoped, however, that any anti-inflation measures adopted by the developed countries would not adversely affect the development process in the developing countries.

56. Another factor which had a disruptive effect on the international economic order was the role and activities of transnational corporations. His delegation therefore welcomed the report and most of the recommendations⁷ of the Group of Eminent Persons set up to study the activities of those corporations. The decision (Economic and Social Council resolution 1908 (LVII)) to establish an information and research centre within the United Nations system was a positive step. His delegation was therefore awaiting, with some impatience, the recommendation of the Economic and Social Council on that question at its resumed fifty-seventh session, and was ready to co-operate with all other delegations with a view to submitting the relevant resolutions at the current session of the General Assembly. There was a need both to set up a United Nations centre on transnational corporations and, subsequently, to draw up and adopt a code of conduct on transnational corporations which would specify their international accountability. It was also to be hoped that the Second Committee and the General Assembly would be able to adopt the Charter of Economic Duties and Rights of States at the current session.

57. Referring to some of the arguments and accusations which had been brought forward concerning the so-called energy crisis and oil prices in particular, he observed that the price of oil, like the prices of all other commodities, particularly food-stuffs, was closely and directly connected to the rate of inflation of the industrialized countries. Representatives of some developed countries had attempted to link the shortage of fertilizers and the resulting increase in their prices with the level of oil prices. In reply to that argument, he quoted the following sentence from a recent article in *The New York Times* by Mr. James Grant, President of the Overseas Development Council: "Americans are applying 3 million tons of nutrients to lawns, gardens, cemeteries and golf courses". Mr. Grant rightly noted that that amount was half as much again as the current fertilizer shortage afflicting developing countries. Mention should also be made of the huge amounts of

protein and other food-stuffs used annually in the United States and other developed countries as pet food, while millions of people starved. Furthermore, as it had been stated by an American university professor, more energy was needed to produce a potato than there was energy in the potato, and the feeding of one American required 600 litres of oil a year. Gunnar Myrdal asserted that America alone used 40 per cent of all the materials in the world. He (Mr. Al-Khudhairy) invited those delegations that were lamenting the food and fertilizer shortages and high prices to seek the causes at home. World inflation was due principally to rising wages and increased production costs in the industrialized countries.

58. Contrary to what some representatives had said, his delegation considered that there must be a close relationship between the prices of oil and the prices of the goods which the developing countries imported from the industrialized countries. Indexation was therefore essential. It was unrealistic to call for a decrease in the price of one item while the prices of other items continued to rise. It must be realized that oil was a non-renewable asset and that it was the only available natural asset and source of income in many countries. Its conservation and its rational use and management were essential for future generations in both the countries concerned and the world community as a whole.

59. As for the so-called excess liquidity of funds, mention need only be made of the fact that there were 160 million Arabs in 20 Arab countries who were in dire need of financial resources to raise their standard of living. Thus a large part of those liquid funds were needed within the region itself, and another large part was being distributed bilaterally and multilaterally, through regional and international institutions, to assist other developing countries. Oil-exporting countries had made commitments totalling \$1,825 million. Any unutilized liquid funds were recycled and invested overseas, although that again would depend on inflation and the effectiveness of the anti-inflation measures adopted by the industrialized countries.

60. Finally, he observed that there were political as well as economic obstacles to development. One example was foreign occupation and domination, which impeded the development of some countries. That was the case with the Israeli occupation of Arab territories, which deprived the Palestinian people of the exercise of their most fundamental rights. His delegation, like others, urged that such domination and occupation should be brought to an end.

⁷ See E/5500/Rev.1.