

business activities to a greater extent than hitherto and that investments were made on the basis of partnership arrangements and in the light of the development needs of the countries concerned.

51. There was a great potential for co-operation among the developing countries, whose common problems of under-development had created a broad identity of interests and outlook. However, historical, cultural and economic differences between countries made a limited approach often more practicable and effective, at least in the initial stage. Indonesia had taken an active part in various co-operative schemes among developing countries on a commodity-by-commodity basis or at the subregional and regional level, for example, in its participation in the Association of South East Asian Nations and the Economic and Social Commission for Asia and the Pacific. The interdependence of the international community made such co-operation more necessary than ever.

52. The whole process of restructuring the existing economic system would culminate in the seventh special session, in whose success everyone had a vital stake. In that connexion, he wished to express the view that the Second General Conference of UNIDO, to be held at Lima in March 1975, would bring about a substantial improvement in that organization's capacity, which would represent an important gain for the developing countries.

53. The international community had the machinery and the means it needed to establish a more just and equitable world economic order. What the General Assembly must do at its twenty-ninth session was to create an international climate conducive to a solution of the unprecedented problems currently facing the world.

*The meeting rose at 12.30 p.m.*

## 1590th meeting

Monday, 30 September 1974, at 10.40 a.m.

*Chairman:* Mr. Jihad KARAM (Iraq).

A/C.2/SR.1590

### GENERAL DEBATE (*continued*)

1. Mr. VON WECHMAR (Federal Republic of Germany) said that the sixth special session of the General Assembly, the World Population Conference and the forthcoming World Food Conference would have brought into focus problems confronting all countries, developing and industrialized countries alike. In order to overcome the crisis, international co-operation must be intensified on the basis of the political equality of all States Members of the United Nations. But such co-operation would not have the desired results unless it was backed up by the political will of those concerned, which could be mobilized only if the proposed goals were realistic and attainable and took into account the individual partners' concept of the economic order. In that connexion, he pointed out that, although his Government had endorsed the consensus reached by Member States at the sixth special session, it had none the less expressed reservations about certain paragraphs and sections of the Programme of Action on the Establishment of a New International Economic Order (General Assembly resolution 3202 (S-VI)) which were incompatible with its own concept of an economic order. His Government maintained its reservations in a constructive spirit: it hoped that, in the course of the follow-up programme of the sixth special session and of the discussions which would take place in the Second Committee during the current session, a formula could be found which would enable his Government to withdraw them. As long as that was not the case, his delegation expected little from unilateral references made in resolutions to the solemn Declaration on the Establishment of a New International Economic Order (resolution 3201 (S-VI)) and the Programme of Action. Nobody would profit from decisions which had not been

endorsed by all the major international trading partners or from resolutions which questioned the world economic system based on the principles of freedom of trade and the division of labour and which tried to replace it by a system of global regulations.

2. It was true that the existing international economic order had its short-comings and must therefore be improved and adapted to the needs of all countries; his country had contributed to that aim and would continue to do so. The international press daily presented articles on current economic instability: inflation, growing unemployment, the energy crisis, food shortages, massive transfers of funds and resources for the benefit of specific countries, and currency instability. What could be done to deal with the situation? In economics, it was difficult to forecast scientifically what the result of any given measure would be. Were the means used to confront earlier crises sufficient to cope with the current crisis? Without claiming to know the answer, he pointed out that there was a difference between the crises of the past and the current situation: the inflation of 1921 and the great crisis of 1929 had been confined to those countries which had come to be known as "developed", while the other countries had been affected only indirectly as colonial Territories. Today, those same countries were the independent and equal partners of the industrialized States and that gave the problem a new dimension for which traditional remedies were inadequate.

3. He then considered the direct and indirect impact of the crisis on various countries or groups of countries. It was no exaggeration to say that the industrialized nations were experiencing their most serious economic crisis since the end of the Second World War and there were no indications

so far of a slow recovery. The social consequences of inflation had political aspects as well. Moreover, the battle against inflation carried with it a risk of economic recession, and if that should occur, what would be the result for development assistance? He assured the Committee that his Government would honour its bilateral and multilateral pledges; it would continue to step up its development assistance at a higher rate than the national budget as a whole. Multilateral aid would continue to feature prominently in its assistance programme which formed an integral part of a long-term peace-keeping policy. Despite that, however, people were never very willing to make sacrifices for the benefit of the less fortunate in times of crisis; in the years ahead, one of the primary tasks of responsible Governments and political parties would be to convince their peoples that only through closer co-operation between the industrialized and the developing countries could economic security for all be ensured, in view of the growing interdependence of all countries. Western consumer societies must become aware of the interdependence between developing and industrialized countries, but the developing countries must make reasonable demands.

4. Although the developed countries were facing a serious economic crisis, the oil-producing countries were developing at an unprecedented rate. Since investment possibilities in their own countries were limited, they had begun investing part of their capital income in industrialized countries. The basic question was the following: how could those funds be used to benefit international co-operation and how could they be channelled to the sectors where they were most urgently needed? What role could United Nations machinery play in that situation? There had recently been reports in the press that oil prices might be geared to the rates of inflation in the industrialized countries. He warned against the unfortunate consequences of such a policy, which would have the effect of further accelerating inflation.

5. The other developing countries were affected by the oil crisis to a greater or lesser degree. Nevertheless, in view of the multiple uses of oil, it could be said that, for the developing countries, irregular oil supplies and a monopolistic price policy might pose a severe threat to development. The industrialized and oil-producing nations should make a joint effort to avert that danger and to ensure that progress in the developing countries, which was hardly satisfactory, would not be seriously jeopardized.

6. It had been argued that the crisis in the developing countries had been caused by the inflation exported from the industrialized countries. In some developing countries, the inflation rate was much higher than the rate of increase in the price of their imports from the industrialized countries. The economic policies of those countries were therefore partly responsible for their plight.

7. Whatever the reason, there would be no solution without international economic co-operation, and for that to have the best chance of success, the dialogue between industrialized and developing countries should be conducted on a realistic basis. The realistic approach found at the bilateral level must also be applied at the multilateral level; in economics as in politics, co-operation must replace confrontation.

8. Finally, the principle of free world trade should be maintained. Despite certain real short-comings, that form of exchange of goods seemed to be the only way of ensuring a steady expansion of international trade and growing prosperity for all. At the sixth special session of the General Assembly, Mr. Walter Scheel, then Minister for Foreign Affairs of his country, had pointed out<sup>1</sup> that any policy of isolation would be contradictory to the principle of economic co-operation. Any relapse into egotistic nationalism, into a comprehensive system of regulations or even into a trade war could lead only to stagnation or, even worse, to the decline of world trade, with the serious consequences that would have for all countries.

9. The new forms of international economic co-operation should be drawn up on the basis of the existing international economic order. The dialogue had been initiated in that direction at the sixth special session and, despite the diversity of interests among Members of the United Nations, they should be guided by the maxim: through economic co-operation to peace.

10. Mr. KANAZAWA (Japan) said that the solution of the problems which were now arising in connexion with energy, natural resources, food and the environment required co-operation by all countries. In order to promote that co-operation the United Nations had sponsored a number of important conferences and all Member States agreed that the programmes of the United Nations should be further expanded and should be implemented with greater vigour. However, it should not be forgotten that the fundamental elements of the international economic situation were vastly different from those which had existed towards the end of the 1960s, when the International Development Strategy for the Second United Nations Development Decade had been formulated: the possibility of a serious shortage of resources was becoming apparent and a different concept of the methods of providing development assistance was emerging.

11. The remarkable progress achieved by all countries had increased the demand for food and raw materials and the situation could become very serious if the problems of those two sectors were not tackled on a global scale. It was because of the awareness of that fact that the importance of the interdependence of the nations of the world had come to be recognized. With regard to the second point, the ways in which assistance was provided had changed so greatly that development assistance would not be truly effective unless the traditional donors and the newly emerging donors combined their efforts. All countries which were capable of providing assistance, whether in the form of capital, technology or natural resources, or a combination of the three, should co-operate in helping the less fortunate countries to develop. Japan, for example, lacked natural resources but possessed a highly developed educational system and advanced technology; it could therefore benefit the world community by its advances in those fields and it would continue to do so. The assistance programmes should meet the needs of the developing countries by giving priority to the sectors where aid was needed most. One of the main responsibilities of the United

<sup>1</sup> See *Official Records of the General Assembly, Sixth Special Session, Plenary Meetings*, 2209th meeting.

Nations was to co-ordinate assistance and to formulate guidelines for it. Currently, the lack of co-ordination among the various United Nations bodies resulted in a regrettable duplication of activities. It could even be said that the activities of the United Nations system in the economic and social fields tended to proliferate without limit. The United Nations should therefore strengthen the planning and over-all co-ordination of the economic and social activities of the system.

12. The international community should also resolve the problem of how to develop and utilize effectively the world's limited resources and how to accelerate the economic and social progress of the developing countries. The Minister for Foreign Affairs of Japan, Mr. Toshio Kimura, had stated at the 2241st plenary meeting of the General Assembly on 24 September that he believed that the Economic and Social Council should be the central forum for such planning and co-ordination. It had been proposed that, in order to strengthen the Council, a line of demarcation should be drawn between the jurisdiction of the General Assembly and that of the Council. In other words, the Council would be able to take decisions on a number of questions without having to refer them to the General Assembly. It had also been suggested that the Council should be convened whenever an important problem arose. His delegation hoped that at its next special session the General Assembly would be able to reach agreement on some specific recommendations.

13. Among the important items before the General Assembly was one (agenda item 48) entitled "Charter of Economic Rights and Duties of States". His delegation considered that such a charter would be an indispensable instrument for the solution of such problems as those of development, natural resources and development assistance, all of which were of crucial importance. His delegation hoped that a charter acceptable to all nations, developing and developed, would be adopted at the twenty-ninth session of the General Assembly, and it would give it full support.

14. As the world's resources were limited, it was important to use them in the best possible way. To that end, a long-term world policy based on the principle of mutual co-operation and taking full account of all the relevant problems, such as investment, trade barriers and population growth, should be agreed on. Transnational corporations played an influential role in connexion with investment. That question was to be considered later at the General Assembly and his delegation looked forward to the exchange of ideas which would no doubt take place on measures of international co-operation, including the possibility of introducing a code of conduct on the operations of transnational corporations and on international investment in general. Japan would participate actively in that work.

15. In conclusion he wished to touch briefly on the question of the United Nations University and that of the United Nations Revolving Fund for Natural Resources Exploration, as Japan had had the honour, along with other delegations, of taking the initiative which had led the General Assembly to establish them. The University would provide a most appropriate setting for research on such problems as energy and food, which were currently very

crucial. As to the Fund, it was designed to foster self-help efforts among the developing countries. Those two projects would embody the spirit of the Declaration on the Establishment of a New International Economic Order. The Japanese Government had co-operated actively in the development of those projects and had pledged contributions for their implementation. As they should serve the interests of the world community as a whole and not just those of a few countries, his delegation hoped that all Member States would demonstrate a co-operative attitude towards them, in particular by making financial contributions.

16. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that the current political situation in the world was characterized by the search for détente. That implied respect for the equality of all countries and for their territorial integrity, the refusal to resort to force to settle differences and non-interference in other countries' internal affairs. As Mr. Leonid Brezhnev, the Secretary-General of the Central Committee of the Communist Party of the USSR, had said, what was needed was not temporary détente but a permanent restructuring of international relations. That restructuring was indispensable, as peace and security were the essential preconditions for the progress of modern civilization.

17. The initiatives taken by the USSR served the interests of all countries and in particular those of the developing countries; they consisted in particular of measures aimed at putting an end to the arms race and at reducing military budgets so that further resources could be allocated to development. A better distribution of resources was all the more necessary in that great changes caused by the contradictions of imperialism were taking place and were resulting in a deterioration in the conditions of life of the bulk of the population, even in the developed countries.

18. His delegation was convinced that those problems were due to the fact that the imperialist and reactionary forces had not laid down their arms. They continued to put all kinds of obstacles in the way of the economic independence of the developing countries, particularly by opposing the process of industrialization which would enable those countries to free themselves from the yoke of neo-colonialism. For example, the events which had just taken place in Cyprus as a result of outside intervention graphically demonstrated that development could not be achieved in an atmosphere of military conflict. As everyone knew, the economy of Cyprus was totally disorganized and the working people, instead of being employed in economic activities, were for the most part in uniform. Those developments were contrary to the process of détente and to the introduction of a new international economic order.

19. Everyone knew of the positive contribution which the Soviet Government had made to peace and security and of its efforts to establish co-operation based on equality and mutual advantage in order to put an end to the arms race and to find peaceful solutions to world problems. It was already possible to reach agreement on many questions in such fields as trade, culture, economy, protection of the environment and the exchange of information. In practice, those questions could be resolved if they were set in the correct perspective and if the principle of non-interference

in the internal affairs of countries was respected. An increasing number of countries approved of the views of the USSR on the establishment of peace in Asia, respect for the Paris agreements on Viet-Nam, the withdrawal of military forces from the occupied territories of Palestine, recognition of the basic rights of the Arab people of Palestine, respect for the integrity of Cyprus, and the elimination of hotbeds of war in the Mediterranean; the solution of those questions could not fail to have very favourable consequences not only for détente but also for the economy of the countries concerned and of the world as a whole. As the Secretary-General of the Central Committee of the Communist Party of the USSR had said, without a system of international relations based on peaceful co-operation there could be no solution to the current problems of the world.

20. An examination of the world economic situation was very revealing. After a short period of economic resurgence in 1972 and 1973, the capitalist countries had seen their economies decline in 1974; that decline was accompanied by increasingly serious portents of crisis, increasing instability, a lower rate of growth and even a decrease in the gross national product in absolute terms, as well as lowered industrial output. According to the August 1974 issue of the *Monthly Bulletin of Statistics*, published by the Statistical Office of the United Nations, the industrial output of the capitalistic countries during the first quarter of 1974 had registered a decline of 3.2 per cent as compared with 1973. The decline had been 1.8 per cent in North America, 4.4 per cent in Western Europe and 4.6 per cent in the Common Market countries. That near-crisis was accompanied by a rate of inflation without precedent since the end of the Second World War, boding ill for development and provoking turmoil in financial and credit circles.

21. In the report of the Secretary-General on the work of the Organization<sup>2</sup> a great deal was said about inflation, but that problem was not presented as an urgent economic and social problem requiring a solution arrived at through the United Nations. The causes of inflation were attributed in the report to the excess of demand over supply resulting, *inter alia*, from the increase in industrial activities, rising *per capita* income and monetary uncertainties. In his delegation's view—a view that was shared by many Governments and economists—the most important cause of inflation was increasing military expenditures. Combating inflation therefore raised the problem of curbing the arms race.

22. Another important cause of inflation which was not mentioned in the Secretary-General's report was the monopolization of capitalist markets by large enterprises which minimized competition to such an extent that even in the countries of origin of these enterprises certain public figures had found it necessary to ask the monopolies to show greater restraint. It was asserted in the report that the petroleum-exporting countries had unilaterally increased oil prices. However, it was well-known that oil prices had long been kept at an artificially low level and that transnational enterprises had derived considerable benefits from the increase in prices.

23. Along with the crisis, the capitalist countries were experiencing a worsening of the unemployment problem,

which had a particularly severe impact on workers, whose response was to strike. In 1973 there had been 9,300,000 unemployed persons in Western Europe and 44 million persons had gone out on strike during the first 10 months of 1973, i.e., more than during the entire year of 1972. Consequently, his delegation did not agree with the Secretary-General's interpretation of the world economic situation during the previous year, which he had described as being a period of rapid growth. It was impossible to shut one's eyes to the problems afflicting workers, to rising unemployment and the higher cost of living; the General Assembly would have to focus its attention on those problems.

24. The situation of the developing countries confirmed what the socialist countries had stated in their joint declarations at the twenty-fifth session of the General Assembly,<sup>3</sup> the third session of UNCTAD,<sup>4</sup> the twenty-seventh<sup>5</sup> and twenty-eighth<sup>6</sup> sessions of the Assembly, as well as in many other instances. The developing countries were paying dearly for maintaining their dependence on the former metropolitan countries: their economies remained the most vulnerable to the crisis and the gap between the developed and developing countries was continuing to widen. The developing countries had pointed out in their statements at the sixth special session of the General Assembly that the capitalist countries were responsible for the world crisis and that it was the developed countries which had profited most from the increase in primary commodity prices. The documents published by the United Nations on the eve of the sixth special session of the General Assembly indicated that while the prices of primary commodities had declined 10 per cent during the period 1950-1960, they had risen 9 per cent between 1960 and 1970 and 104 per cent between 1970 and 1972. However, those same documents showed that, except for petroleum, the increases had been registered primarily in food-stuffs and non-ferrous metals, the principal exporters of which were the developed countries, thus increasing the cost of the food-stuffs, fuel and manufactured articles that the developing countries had to import.

25. The price indexes for raw materials had declined steadily in relation to the price indexes for manufactured articles. At the sixth special session of the General Assembly the representatives of the developing countries had pointed out that between 1951 and 1972 the terms of trade of the developed countries had improved by 14 per cent while the terms of trade of the developing countries had declined by 17 per cent. It was clear that the situation of the developing countries had worsened as a result of inequitable international relations which impeded the elimination of their economic backwardness.

26. Improvement of the economic situation of the developing countries and an increase in the standard of living of

<sup>3</sup> *Ibid.*, Twenty-fifth Session, Annexes, agenda item 42, document A/8074.

<sup>4</sup> *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 VIII.G.

<sup>5</sup> *Official Records of the General Assembly, Twenty-seventh Session, Annexes*, agenda item 12, document A/8963, para. 38.

<sup>6</sup> A/9389.

<sup>2</sup> *Ibid.*, Twenty-ninth Session, Supplement No. 1.

their populations required social reforms, agrarian reform, struggle against neo-colonialism, the strengthening of the public sector of the economy and of planning, a radical change in the distribution of national wealth for the benefit of workers, strict regulation of the activities of transnational corporations and the abrogation of inequitable treaties. The problem of raw materials was of paramount importance in international economic relations; it determined the economic fate of many developing countries and its solution should be linked with the principle of sovereignty over natural resources.

27. The Soviet Government had proposed the convening of the sixth special session of the General Assembly on raw materials and development, and it considered that the progressive anti-imperialist and anti-colonialist resolutions adopted at that session represented a step forward in the struggle to put an end to inequitable international relations. The great success achieved had been made possible by détente and the concerted effort of progressive forces. The Soviet Government was pleased with the results of the sixth special session and would contribute to the implementation of the resolutions adopted on that occasion.

28. In its relations with the developing countries, the USSR would grant them the most favourable conditions and would continue to assist them as much as possible. At the current session of the General Assembly his delegation would support the implementation of the resolutions adopted at the sixth special session, which were of an anti-imperialist nature and which contributed to the defence of the developing countries against foreign monopolies while strengthening their economic independence. His delegation was opposed to the concept of a world divided between the poor and the rich, since such an approach failed to take into account the differences between the socialist countries and the capitalist countries. That was an erroneous and misleading concept which was designed to obscure the historical responsibilities of the countries that for centuries had held peoples under colonial dominion and were therefore responsible for their economic backwardness. The socialist countries regarded themselves as partners of the developing countries in their struggle against imperialism and neo-colonialism.

29. The implementation of the economic integration programme of the socialist countries would contribute to the economic, scientific and technical development of the developing countries. In 1973 the integration of CMEA had been strengthened and significant progress had been made during the 25-year existence of that organization: industrial output had grown twelvefold and national income eightfold. Relations within CMEA were based on mutual respect; increased co-operation had been achieved in the fields of science, research and finance. CMEA was not a closed economic group, autarky being alien to the socialist countries. That was borne out by expanded trade with Western Europe, which in 1973 had increased by 70 per cent over 1972, as well as by trade with the developing countries, which had increased 1.7 times during the period 1971-1973 and which was now valued at \$10 thousand million. CMEA's trade with the developing countries was based on long-term agreements, thus creating conditions of stability and drawing on the benefits of an international division of labour. CMEA was thus creating the conditions

for the genuine independence of the developing countries by strengthening their economies. In the context of that co-operative effort, 2,900 industrial enterprises and other establishments had been constructed or were under construction in the developing countries, and 65 per cent of those enterprises and establishments were already in operation. In addition, CMEA had concluded 135 new agreements on economic, scientific and technical co-operation with the developing countries in 1973.

30. The economy of the USSR was developing rapidly. In the period 1969-1973, the rate of growth had been 7.5 per cent; four fifths of that growth was due to increased productivity of labour as a result of automation. During the period 1970-1973, the national output had been 13 per cent higher than in the four preceding years. The increase had been especially notable in agriculture, and 1973 had witnessed a record harvest of cereals and cotton. Industrial output had increased by 8.7 per cent. In the USSR material production was subordinated to the objective of enhancing the well-being of the population; the Soviet people had not experienced inflation and a further increase of 5 per cent in real *per capita* income was forecast for 1974.

31. Economic planning was a sound basis for the development of co-operation with all interested countries, and very long-term co-operative ties had a stabilizing effect on trade. His delegation advocated economic relations based on the equality and mutual interest of all countries, the elimination of tariff and non-tariff barriers and the abolition of restrictive commercial practices. His Government extended tariff concessions to the developing countries in regard to certain manufactured articles and other products, and extended credits for the construction of industrial enterprises in the developing countries, long-term loans, and so on.

32. He regretted that many developing countries belonging to capitalist preferential unions did not grant the USSR the same treatment as that accorded to developed capitalist countries. At the most recent meeting of the Consultative Political Committee of the Warsaw Treaty Organization, many members had stressed the role of the United Nations in the search for a solution to current problems and the establishment of co-operation on an equal footing between countries with different social systems. They had also emphasized the right of developing countries to use their natural resources as they saw fit and to put an end to unfair economic relationships. Such principles would make it possible to improve the current international economic situation and contribute to the progress of all countries, including the developing countries. It was in that spirit that his delegation would approach all the problems before the Committee, and in particular the Charter of Economic Rights and Duties of States. Such a charter would have true meaning only if the above-mentioned principles were taken into account.

33. The question of transnational corporations and their influence in the world occupied a permanent place on the agenda of the Economic and Social Council, thus showing the extent to which developing countries were concerned by the interference of those corporations in their internal affairs, interference which had been borne out by the tragic events in Chile.

34. Those corporations ignored both the interests of the developing countries and the policies of their own Governments; they were responsible for the disruption of financial and commercial markets, and continued to plunder the natural resources of developing countries. That was why the USSR supported efforts aimed at combating the harmful effects of those corporations and bringing their activities into line with the stated objectives of national plans. His delegation approved of the recommendations formulated in its resolution 1908 (LVII) by the Economic and Social Council on the basis of General Assembly resolutions, and the principle of sanctions against transnational corporations. Another problem of concern to delegations was that of energy and food supplies. That problem could be solved only in a climate of peace and respect for the inalienable sovereignty of countries over their natural resources.

35. In order to overcome all the economic difficulties facing the world enormous means would be necessary, which could be obtained only by the general mobilization of all resources, in particular by using for peaceful purposes resources hitherto devoted to military ends, involving an average expenditure of \$250 thousand million per year. The arms race checked economic progress, especially the development of peaceful sectors of the economy. The continuation of the arms race and of the growth in military expenditure would result in worsening economic crises and increasing human suffering. Effective disarmament measures were therefore necessary, and the current political détente must be accompanied by military détente. That was why the USSR had proposed the convening of a world disarmament conference and a 10 per cent reduction of the military budgets of States permanent members of the Security Council, in order to free resources which would be used for the benefit of poor countries. The conclusion of a convention which put an end to the arms race and protected the environment would be in the interest of all countries.

36. At the sixth special session of the General Assembly, the Minister for Foreign Affairs of the USSR, Mr. Gromyko, had stated<sup>7</sup> that his country was prepared to support any progressive resolutions aimed at liquidating the vestiges of colonialism and reforming economic relations between developing and developed countries. The Minister for Foreign Affairs of Algeria, Mr. Bouteflika, in his opening speech at the twenty-ninth session of the General Assembly (2233rd plenary meeting), had rightly said that the socialist countries were and would remain the natural allies of the developing countries.

37. Mr. PEREZ DE CUELLAR (Peru), after commending Mr. de Seynes on his remarkable statement and the outstanding ability with which he had performed his functions, said that the current crisis should be considered with the required serenity and detachment, uninfluenced by immediate and conjunctural events, such as price fluctuations, which were often the result, and not a cause, of the crisis. He therefore welcomed the fact that the General Assembly, at its sixth special session, had taken a multidimensional approach to the problem. A deliberate attempt had recently

been made to exaggerate the effects of certain aspects of the world economic crisis in order to belittle or conceal its true nature. The origin of the crisis should be sought in the market-economy system, in which oligopolistic groups, such as transnational corporations, had acquired a power which actually exceeded that of some countries. If to that were added the impact of certain natural disasters which had affected food production, and the capital losses brought about by the war in south-east Asia, the true causes of the current difficulties became more apparent. Of course, the crisis had also enabled developing countries to revalorize their raw materials, but that revalorization was not the cause of rising prices and had not attenuated the export of inflation from developed to developing countries.

38. A source of major concern to the developing countries was the exorbitant growth of transnational corporations, which were each day developing their organization, extending their activities, accumulating capital and strengthening their penetration efforts, thereby often infringing upon the sovereignty of third-world countries. The developed countries had long pretended that those corporations were in fact genuine instruments of progress and development, but it had become clear that they disrupted not only the life of poor countries but also the world economy as a whole, and that they were largely responsible for the current economic crisis. It was therefore surprising that, in the case of petroleum, the industrialized countries accused the producing countries of being responsible for the current crisis, without having investigated the huge profits which the big corporations, by their own admission, were amassing.

39. The current crisis could not be solved by calling for increased production of goods and services, because it originated precisely in an overproduction which had favoured the creation of artificial needs among consumers. What was needed was the adoption of new criteria and a fresh attitude at both the national and international levels. It was for each country, and in particular the industrialized countries, to take the appropriate measures. At the international level, the General Assembly, at its sixth special session, had adopted a vast innovation programme which if rigorously applied would have very constructive results.

40. It was to be hoped that a new economic order based on close relations between countries, and in particular on active co-operation with the countries of the third world, would finally be established. Without the third-world countries no global and definitive solution to the current problems could be found, as the recent monetary agreement concluded at Washington at the annual meeting of IMF had shown.

41. The sixth special session of the General Assembly had made it clear that a majority of countries wished to make radical changes in the current economic order, on which the prosperity of the developed countries had been based so far. As could be seen from the documents adopted, the General Assembly had held that in view of the existing close relations between the countries of the world, it was the business of all countries, not merely some, to solve problems together. Either there would be a commitment to lay the foundations of a new economic order that would

<sup>7</sup> See *Official Records of the General Assembly, Sixth Special Session, Plenary Meetings*, 2210th meeting.

end the poverty and oppression suffered by the developing countries, or else serious confrontations lay ahead. The developing countries had become aware of the real nature of the world and had begun their struggle to free themselves."

42. The task facing the United Nations was difficult, but it was the only means of putting an end to a system inherited from colonial times which condemned two thirds of mankind to live in poverty. However, while the United Nations had a special role to play in the reform of the international economic order, the main responsibility for the success of the undertaking lay with the Member States, without whose will to succeed all efforts would be fruitless.

43. Mr. YANNOPOULOS (Greece), after congratulating the Chairman on his election and praising the merits of the review presented by Mr. de Seynes, said that the most important task of the Second Committee during the current session would be the search for new institutional arrangements to enable the developing countries to assert their economic independence within a new international economic order based on more just and equitable relations between countries. The Committee was dealing with the issue at a time when the restoration of democracy in Greece had created the appropriate conditions for that country to assert its own economic independence.

44. Greece, which in many respects could be considered a developing country, associated itself with the other developing countries, whose struggles were familiar to it; it supported their initiative for a gradual shift in their favour within the international economic system of power, including effective participation in the decision-making of international financial institutions.

45. His Government wished to become as soon as possible a full member of the EEC, in order that the Greek people might share in the Community's prosperity and standards of living and also in the process of European political unification, which represented a guarantee for the stability of democratic institutions in Greece. However, while Greece desired to increase its economic co-operation with Western Europe, it was also determined to withdraw irrevocably from the military section of the Atlantic Alliance. As a Balkan nation, it was naturally interested in strengthening the work of the Economic Commission for Europe, and as a Mediterranean nation, it was interested in promoting, within the framework of the United Nations, new forms of regional co-operation and economic intercourse among all countries of the Mediterranean area.

46. The current crisis of the international economic system, characterized by inflation, food shortages and rising unemployment, was the inevitable result of the growing inequities of the world economic system. It would be unjust to lay the responsibility on the oil-producing countries. World inflation resulted from the collapse of the Bretton Woods system, from the arms race and from the emergence of oligopolistic structures in a number of world markets dominated by a few transnational enterprises. In such circumstances, the immediate task was to protect those suffering the most. His Government would have liked to take a more active part in the emergency operation of the United Nations launched by General Assembly reso-

lution 3202 (S-VI), but as a consequence of the economic policy of the preceding régime, Greece was faced not only with a huge balance-of-payments deficit but also with the moral obligation, as a result of Turkish aggression in Cyprus, to provide economic assistance to the Government of Cyprus, which had to face a critical situation. Despite those difficulties, Greece was considering means of contributing to the United Nations Special Fund, particularly by providing transport facilities for the dispatch of urgently needed fertilizers to the most affected countries in Africa.

47. In order to alleviate the current difficulties and at the same time safeguard the interests of the developing countries, it was important to increase co-operation among those countries, preferably in the form of tripartite agreements under which one developing country would obtain a loan, an oil-exporting developing country would provide funds and a third developing country, which had acquired some technical experience, would provide the necessary technical assistance and equipment. Greece was already in a position to provide such technical assistance and was fully prepared to co-operate in such efforts. However, IMF should at the same time expand its programme of borrowing from oil-exporting countries and lending the funds to developing countries with balance-of-payments deficits, at lower interest rates than those charged to developed countries, and with extended repayment periods.

48. The only way to protect the developing countries from the rising costs of the goods and technology they imported for their development was to establish a link between the prices of their exports and those of their imports. The growing gap between the developed countries and the developing countries was a result of the operation of powerful forces within the existing international economic system that promoted the further concentration of wealth in the developed countries.

49. Together with other Mediterranean countries, Greece had suffered for many years from a drain of human resources towards the other countries of Europe. It was necessary to promote a new international division of labour making it possible to redirect investment to countries with labour surpluses and thus avoid the mass exodus of millions of people who became, in the receiving countries, an underprivileged proletariat and a potential source of social strife with racial undertones. His delegation would therefore favour the organization of a symposium in which the countries of emigration could exchange information concerning training and recycling of the labour force from the developing countries, working in the developed nations, with a view to its future incorporation in the countries of origin.

50. The rise of transnational corporations was not wholly unrelated to the perpetuation of the division of the world into rich and poor countries. His delegation welcomed the report entitled *The Impact of Multinational Corporations on Development and on International Relations*,<sup>8</sup> and the proposals it contained. It was paradoxical that the international community, which had set up GATT to supervise international trade, had so far taken no action on the

<sup>8</sup> E/5500/Rev.1 (United Nations publication, Sales No. E.74.II.A.5).

question of international investment, despite the fact that by 1971 the production of transnational corporations had exceeded in value the total exports of all market-economy countries.

51. In order to promote a fairer distribution of the benefits of international investment, it would also be desirable to adopt the Charter of Economic Rights and Duties of States. The sovereignty of a State over its natural resources and its inalienable right to dispose of them freely were constantly undermined by various forms of neo-colonialism, some of which operated through the mechanisms of multinational corporations and some through different channels. Thus, on the flimsy pretext of the "protection" of the rights of a small minority against the risk of hypothetical future infringements, the Republic of Cyprus had been deprived of its inalienable right to the full utilization of its resources for improving the welfare of its whole population. Seventy per cent of the island's total gross product originated in the area now occupied by the Turkish army. The impressive economic achievements of the past 14 years had been destroyed overnight.

52. In order to combat the injustices of the existing international economic system, the developing countries must strengthen their co-operation and improve the organization and use of their consultancy centres and services;

currently, technological dependence tended to become a new form of economic dominance. To facilitate such co-operation and set the Programme of Action in motion, United Nations agencies needed a flexible approach and should use experts from the developing countries as extensively as possible.

53. Priority should be given to the implementation of the International Development Strategy, in view of the fact that so far the aid supplied by the developed countries had not reached the target of 1 per cent of their gross national product. At the same time, there should be a lowering of the interest rates paid by developing countries, a rescheduling of debt payments and even a cancellation of debts in the case of countries that were the victims of foreign occupation or aggression. However, such measures would not suffice if the exports of the developing countries were not given fuller access to the markets of developed countries. It was also vital that, through the current stage of multilateral trade negotiations, the developing countries should obtain a lowering of tariff barriers and the elimination of the various forms of non-tariff barriers which severely limited their export efforts. Furthermore, it was of the utmost importance to establish a link between special drawing rights and development assistance.

*The meeting rose at 12.45 p.m.*

## 1591st meeting

Monday, 30 September 1974, at 3.05 p.m.

*Chairman:* Mr. Jihad KARAM (Iraq).

A/C.2/SR.1591

### GENERAL DEBATE (*continued*)

1. Mr. TAYLOR (Sierra Leone) said that his delegation attached great importance to the broad economic issues on which most delegations had expressed their views during the general debate in both the plenary meetings and the Second Committee. However, he would limit his comments to some of the problems of socio-economic development in the third world.

2. His Government had anticipated the work of the sixth special session of the General Assembly by proposing the inclusion of an item on the reduction of the increasing gap between the developed countries and the developing countries in the agenda of the twenty-eighth session (agenda item 108). The self-critical statements which continued to emanate from various bodies of the United Nations system attested to the persistence of a gap or specific binary gaps between those two groups of countries. The Programme of Action on the Establishment of a New International Economic Order (General Assembly resolution 3202 (S-VI)), to which his Government had subscribed, would not suffice to reconcile existing dichotomies and, in the foreseeable future, there would continue to be a

distinction between the developed and the developing world. Despite the problems which arose in respect of definition and interpretation of the concept of the gap, the existence of specific gaps could hardly be denied. The qualitative difference between countries with a high *per capita* product and those with a low *per capita* product was reflected in a number of easily identifiable fields, such as manpower, the entrepreneurial sector, technology, communications, and value systems and motivations.

3. In attempting to reduce the magnitude of the gap, it must be recognized that there was an imperative need to raise standards of living to a desirable level and to increase the capacity to generate income. Even more important than the static, aggregative distinction between rich and poor was the contrast between the rate at which developing countries were building up the power to generate income and the corresponding rate in the developed countries. The traditional definition of the power to generate income as "wealth" or "capital" had undoubtedly led to the regrettable emphasis placed on foreign aid, promotion of private foreign investment and industrial development through import substitution. The basic problem was how to replace an almost wholly external growth dynamic, dependent on