

## 2073rd meeting

Friday, 15 July 1977, at 10.45 a.m.

President: Mr. L. ŠMÍD (Czechoslovakia)

E/SR.2073

### AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5937 and Corr.1, E/5937/Add.1 and Add.1/Corr.1 and 2, E/5937/Add.2 and 3, E/5937/Add.4 and Add.14/Corr.1, E/5977-5980, E/5995, E/5996, E/CEPAL/1027)

### AGENDA ITEM 11

Assessment of the progress made in the implementation of General Assembly resolutions 2626 (XXV) entitled "International Development Strategy for the Second United Nations Development Decade", 3202 (S-VI) entitled "Programme of Action on the Establishment of a New International Economic Order", 3281 (XXIX) entitled "Charter of Economic Rights and Duties of States" and 3362 (S-VII) entitled "Development and international economic co-operation" (*continued*) (E/5939 and Corr.1, E/5942, E/5970, E/5974, E/5981, E/5985, E/5991, E/5992, E/5994, E/5999, E/6001, E/6016)

1. Mr. KIBRIA (Bangladesh) said he had noted one common theme in the statements in the general debate—concern at the widening gap between the rich and poor nations. The sixth and seventh special sessions of the General Assembly, the Fifth Conference of Heads of State or Government of Non-Aligned Countries, the Conference on International Economic Co-operation and the recent meeting of the Commonwealth Heads of Government had all been aimed at the goal of a more equitable new international economic order, but the results actually achieved had been meagre. In fact, recent trends in the world economy showed that in some cases ground had been lost. The real growth in the GNP of the industrialized countries in 1976 had been 5.3 per cent, compared with an annual average of 4.6 per cent from 1962 to 1977. The developing countries, on the other hand, had achieved a growth rate of only about 5.3 per cent in 1976, compared with an average from 1967 to 1973 of over 6 per cent. The growth in *per capita* income in the developing countries was therefore smaller than in the industrialized countries, thus further widening the gap.

2. Inflation was a world-wide problem, although the industrialized countries had succeeded through fiscal, monetary and other measures in reducing the rate of inflation from some 12 per cent in 1974-1975 to 7.1 per cent in 1976. In the developing countries, the inflationary pressures had been further aggravated, causing serious social and economic instability which made the internal adjustment process even more difficult.

3. The 1976 World Employment Conference had brought out the size of the unemployment problem, particularly in the rural sectors in the developing countries. While the rate of unemployment in the industrialized countries in 1977 had been some 5.3 per cent, the situation remained alarming in the developing countries, particularly if underemployment and disguised unemployment in the rural sectors were taken into account. Despite the promises made, the flow of official aid from the developed countries still fell far short of the target of 0.7 per cent of GNP. The growth in the volume of world trade had been 11 per cent in 1976, but was expected to be only about 7.8 per cent in 1977. The growth in the volume of exports in 1976 had been 9.5 per cent for the developing countries and 11-12 per cent for the industrialized countries.

4. Debt servicing also remained a crushing burden on most developing countries, many of which had been forced to borrow on harder terms because of current-account deficits. According to estimates by UNCTAD, the ratio of debt service on government loans to the export earnings of a number of developing countries had risen from 11 per cent in 1974 to 21 per cent in 1977. Such a reduction in import capacity was a matter of great concern.

5. Those figures showed the need for vigorous action by the international community to arrest the downward trend. Some developed countries had stated their intention of taking more positive steps to attain the objectives of a new international economic order and of substantially increasing the flow of official development assistance. His delegation would watch with interest the fulfilment of those assurances.

6. In his own country, the economy had passed through a phase of reconstruction and consolidation after the liberation war of 1971, although the process had been interrupted by natural disasters. The economic and fiscal measures taken since 1975 by the new Government had started to show encouraging results. The growth of the GDP in real terms in 1975/76 had been 9.7 per cent—an increase in *per capita* income of 4.6 per cent. However, owing to further natural calamities in 1976 and early 1977, the growth in GDP in real terms in the financial year 1976/77 would be only 3-4 per cent. The production of cash crops such as jute, tea, sugar cane and tobacco had registered a significant increase and the manufacturing sector had increased production by about 9 per cent. As a result of government measures, the general price level had remained more or less under control and the balance-of-payments position had significantly improved, despite the need to import most industrial raw materials and essential goods, including food grains.

7. Although Bangladesh had a small but important industrial sector, its economy was basically agricultural. Its

economic planning had therefore been geared to the development of the rural sector, and the technique of integrated rural development was being gradually extended to the whole country. Its industrial policy gave priority to industries which would make the maximum use of domestic resources, including manpower. Foreign capital investment was welcome and a number of measures had been taken to encourage joint enterprises with foreign capital. There was a special programme for small industry based on agriculture and an ambitious programme for rural electrification.

8. While countries such as his own were doing all they could to put their economies on a sound footing, their efforts must be supplemented on a large scale by the international community if it wished to see the developing countries transformed into self-sustaining economies. His delegation therefore wished to make several suggestions for consideration by the Council. Firstly, adequate funds should be committed to enable the World Food Council to build up an emergency food-grain reserve and to expedite operations by IFAD for stepping up food production in the food-deficit countries. Secondly, financial and research support should be increased with a view to raising yields of food grains and export crops in agricultural countries. Thirdly, the flow of net aid should be increased to support the developing countries' programmes for investment to meet basic needs. Fourthly, the developed countries should help the developing countries to speed up their industrialization so that they could reach the target of at least a 25 per cent share of world industrial production by the turn of the century. Fifthly, the flow of trade between the developed and the developing countries should be rationalized, and the pace of trade negotiations and negotiations on the Integrated Programme for Commodities should be hastened for the greater benefit of all the partners. The success of the forthcoming negotiating conference on a common fund under the Integrated Programme for Commodities would be an important step forward in implementing that Programme. Sixthly, all tariff and non-tariff barriers should be removed, in order to protect the interests of the producers of raw materials and the GSP should be further extended.

9. In order to provide balance-of-payments support and to cover the gap between savings and investment in the developing countries, the World Bank, IMF, the Asian Development Bank and other similar agencies should increase their aid by raising contributions from countries with current account surpluses. The developing countries should also be allowed increasing access to the capital markets of the developed countries. Measures should also be taken to convert outstanding loans into grants and to allow interest subsidy on new loans.

10. His delegation was pleased to note that the question of institutional arrangements for international co-operation in the field of human settlements was now under consideration in the *Ad Hoc* Sessional Committee and hoped that a suitable solution would be found, so that the matter could then be tackled with the urgency it deserved. Bangladesh had already formulated a national housing policy with special reference to the lower income groups.

11. Any international economic policy should be flexible enough to meet the changing requirements of the world

community. No tangible progress could be achieved without peace and tranquillity in all parts of the world.

12. Mr. LÓPEZ PAZ (Cuba) said that, since 1974, it had been recognized by the General Assembly that the most serious problems in international relations were economic. There had been an obvious deterioration in the economies of most of the developing countries. The causes had been analysed in detail in various international forums over the past few months, and on that basis the developing countries were making justified demands for the situation to be rectified. The leading capitalist developed countries had continued to defend the present world economic structure in recent international negotiations, an attitude which was a relic of imperialism and colonialism. It was increasingly evident that the present system could not ensure development in the economically backward countries, nor eliminate poverty, hunger, disease, illiteracy and other ills produced by centuries of domination and exploitation. The countries of the third world, supported by the socialist community, had proclaimed the need to establish a new international economic order aimed at changing the present world economic structure in the direction of greater justice for all.

13. The economic crisis, which had originated in the developed capitalist countries, had had a profound effect on the economies of the developing countries. The latter's external debt had increased from \$58,000 million in 1970 to \$180,000 million in 1976, partly because of the rise in the prices of manufactures and other products they imported, as compared with the relative or absolute fall in the prices for commodities they exported. Yet it could not be said that there had been any increase in aid. In point of fact, with the present system of trade, and the constant decrease in the real buying power of the backward countries, there was no such thing as aid or loans, but merely a sort of subsidy for the exports of the "benefactors".

14. As far as Latin America was concerned, ECLA, at its seventeenth session when adopting resolution 362 (XVII) on the third regional evaluation of the International Development Strategy and the establishment of a new international economic order (E/5945, p. 134), had agreed that, during the first two thirds of the decade, trade relations had been unfavourable, the balance of payments had shown a deficit, the cost of external debt servicing had risen and the public and private debt had steadily increased. The Commission had also agreed that that economic situation could not be solved without profound changes, both within countries and in international economic relations.

15. The Charter of Economic Rights and Duties of States adopted at the twenty-ninth session of the General Assembly, with the strong support of the third world and the socialist community, represented a complete break with the principles which had characterized international relations in the past. It was an attempt to establish a context of complete equality and national sovereignty based on a renunciation of the political and economic practices which had led to the present state of affairs. Many States constantly violated that Charter, but the periodic evaluations of the situation in international bodies had become a

mere routine. It was the imperative duty of the Economic and Social Council to study the matter and to stress that the General Assembly must assess the lack of political will of the majority of the developed capitalist countries to implement the Charter.

16. The decision taken in 1973 at Algiers by the Fourth Conference of Heads of State or Government of Non-Aligned Countries to call for a study of international economic problems had led to the almost unanimous adoption of the Declaration and the Plan of Action on the Establishment of a New International Economic Order. A major incentive had been the gravity of a new crisis in the major capitalist developed countries. The resultant recession, inflation, unemployment and monetary chaos had caused them to resort to old methods of protectionism and discrimination, showing that the time was ripe to change the present anachronistic and unjust international economic order.

17. The pattern of world trade must be radically changed so that it would promote the economic and social development of all peoples. There must be a periodic adjustment of commodity prices in order to protect the buying power of the developing countries from variations in exchange rates. The international monetary system must be reformed, despite the obvious lack of political will on the part of the developed countries. It was also important to end abuses by transnational corporations which violated the sovereignty of many countries. Work on the code of conduct for those corporations must be speeded up. It was also necessary to establish a mandatory multilateral code of conduct on the transfer of technology among States.

18. Recent economic conferences and trade negotiations had brought out the desire of the major developed capitalist countries to perpetuate the existing international economic order and the frustration of the developing countries at seeing the attainment of their just demands continually postponed. The Conference on International Economic Co-operation had been no exception. The countries which obtained vast profits from the world economy had a historic debt to the majority of peoples, which they must repay. The end of imperialism and colonialism was at hand and the process was irreversible.

19. However, despite the importance of international co-operation, intra-regional co-operation was equally important. An important development in the Latin American region was the decision to establish the Latin American Economic System, in which, for the first time, the countries of the region had shown their capacity to unite to overcome their economic difficulties and to establish a capacity to negotiate as a region with other countries, thus contributing to the establishment of more just international economic relationships.

20. Even today, in most countries, including many developed Western ones, man was deprived of the most elementary opportunities for economic and intellectual development and was even subject to discrimination because of colour or race. The aspiration of the vast majority of countries to a new international economic order, which must, in many cases be based on a new internal economic

order, should also cover the affirmation of fundamental human rights. In Cuba, a concerted effort was being made to recover from the colonial and neo-colonial past. Although that would be a lengthy process, Cubans were already guaranteed education, health, employment and racial equality.

21. Mr. BRUCE (Canada) said that Canada's position on all North-South questions was that the present international economic order worked to the disadvantage of the developing countries and should be changed in order to achieve a more equitable system. Despite frequent expressions of frustration, the past two years had shown progress in the North-South dialogue against a background of high inflation, unemployment and widespread recession.

22. Developing countries had been particularly afflicted by the high cost of energy and other items and the results of the world-wide recession. Many developing countries had experienced little or no growth and continued to be faced with high inflation, unemployment and an increasing national debt burden. Indications of recovery had been apparent for over a year in both developed and developing countries but the situation for most remained precarious. Every effort must be made to ensure a return to non-inflationary growth. That would give developing countries the chance of providing their peoples with a better way of life and improving their relative position in the world economy.

23. Interdependence was a reality. The world economy worked within a vast complex of cause and effect, which should not, however, be invoked to rationalize a lack of will to move ahead in any one area. The Conference on International Economic Co-operation, in Paris, had represented one of many efforts to bring the sense of interdependence to bear on current issues. The participants had considered it a useful one. They believed that progress had been made towards the establishment of a new international economic order. The Conference had carried forward the dialogue in three ways: by the influence it had exerted on other international meetings, by encouraging participating countries to concentrate on the central issues, and by its own positive results. Those results had included agreement on a set of principles and recommendations for national action and international co-operation in the field of energy and a much better understanding of the prospects for the international energy economy; general agreement, for the first time, on the establishment of a common fund under the Integrated Programme for Commodities, to be negotiated in UNCTAD; a renewed commitment to sustain and increase the flow of development assistance; the endorsement of an emergency grain reserve and a commitment to contribute to it; support for an African transport and communications decade, to improve the economic and social infrastructure in Africa; and a special action programme of \$1,000 million in highly concessional aid for the poorest developing countries.

24. Taken together, those achievements represented a significant improvement over the situation only a few months previously. Indeed, the progress made during the final stage of the Paris Conference had been greater than at any other international conference on North-South issues in recent years. Further progress had since been made at the

Meeting of Commonwealth Heads of Government, held in June 1977; although Canada did not agree with all the elements in the report of the McIntyre group of experts submitted to the Meeting, it had made a useful contribution to the international dialogue.

25. The organizations of the United Nations system had a key role to play in furthering the process initiated by the Paris Conference. In the area of energy, for example, the system, and in particular IAEA, was already doing a great deal. His delegation had listened with interest to the Secretary-General's proposals for a new energy institute and looked forward to receiving further details. He hoped that those agencies and financial institutions, such as the World Bank, which were already concerned with energy matters would take careful account of the conclusions of the Paris Conference in planning their activities. The GATT multilateral trade negotiations and the work of IMF were also of particular importance in efforts to improve the international economic climate. The Council must in turn make its own contribution at the current session.

26. The United Nations Conference on Science and Technology for Development would have great implications for North-South relations, and he regretted that preparations for it had not yet produced concrete results. He urged the Conference secretariat, together with the various United Nations bodies concerned, to take all necessary steps to implement the various decisions relating to the preparatory process. It was important that United Nations machinery should show its ability to respond effectively to the general wish to make the Conference as useful as possible.

27. His delegation looked forward to productive and conclusive work on the restructuring of the economic and social sectors of the United Nations system at the thirty-second session of the General Assembly and hoped that it would do justice to the remarkable efforts made by the Chairman of the *Ad Hoc* Committee which was dealing with that question. It also hoped that the groundwork could be laid for a strategy for the next development decade, which might be the most important contribution of the United Nations system to the North-South dialogue in the next few years.

28. The United Nations had made considerable progress in recent years in mapping out the road towards development. There was general agreement on the destination and on the means of reaching it. What was still required was a recognition by all that constructive co-operation was essential if rapid progress was to be made.

29. Mr. TEMPLETON (New Zealand) observed that there had been a change in climate since his delegation had last participated in the debate on economic and social policy in mid-1973; there was greater realism, and expectations were lower. The economic situation was grave, both for the world at large and for his own country. New Zealand did not fit neatly into the accepted economic classification of States. Although a developed country in United Nations terms, and one which until recently had come well up on the *per capita* income list, it was not highly industrialized and depended for its survival on the export of a relatively

few agricultural products. There was a widening gulf separating the industrialized and oil-producing nations from the developing nations, and in that situation New Zealand found itself sharing many of the concerns of the latter, taking a view about the remedies required which was different from that of many of the developed countries with which it was traditionally classified.

30. Owing to the practice of allocating the discussion of social questions to the spring session of the Council and that of questions of economic co-operation to the summer session, not enough attention was being paid to the essential relationship between the two elements in the development process. Although social developments were more difficult to analyse and quantify than those in the economic field, his delegation had been heartened at the Council's sixty-second session by the co-operative spirit in which the Social Committee had examined many fundamental problems in the light of the objectives of the International Development Strategy and by its contributions to the review and appraisal of social progress. The picture that emerged, however, was a gloomy one, particularly with regard to such major social areas as health, nutrition, education and employment, in which the global situation was serious. His delegation had particularly welcomed the move to co-ordinate the findings and recommendations of the many world conferences in the social development field held during the 1970s, with a view to their being incorporated in the new strategy for the coming decade. It also noted the attention paid to sections of the community which were frequently neglected in social development planning. He had specially in mind the persistent bias that had prevented women from participating fully in planning and decision-making and in the implementation of development programmes at all levels. The extensive plan of action drawn up for the United Nations Decade for Women, proclaimed by the General Assembly in its resolution 3520 (XXX), had far-reaching implications for economic and social development in all regions of the world. The operational effectiveness of all social development activities within the United Nations itself should be increased by the decision in Economic and Social resolution 2079 (LXII) to establish a small expert working group to examine that sector.

31. The Council's discussions on economic development had been facilitated by the documentation provided on recent world trends. The summaries by the regional commissions, together with the *World Economic Survey, 1976* (E/5995), were of particular value in forming a picture of the world economic situation in relation to the International Development Strategy. Although there was some satisfaction to be derived from the fact that the average annual rate of growth of the developing countries as a whole had approached the 6 per cent target for the Second Development Decade, other aspects were less encouraging. Deteriorating balance-of-payments deficits in a number of developing countries had been arrested only by the imposition of stringent controls. The choice for many, as the Commonwealth Secretary-General had recently put it, was between starvation and stagnation. Such countries as New Zealand could reduce their deficits by cutting their consumption of imported goods and producing more for export, provided that markets could be found, but for

developing countries whose levels of consumption were already low and whose ability to increase production was hampered by shortages of investment capital and scientific know-how, the problem was more difficult. It became impossible if their products encountered protectionist barriers—often of an ingeniously non-tariff character—raised by developed industrialized countries. Moreover, a closer examination revealed that the improvement in the growth rate had been far from even, the impressive real growth of the Latin American and Western Asian regions being far from matched in Africa, Asia and the Pacific. In Africa, the rate of growth among the non-oil-producing countries had been only some 3.6 per cent in the first five years of the current decade, while in the ESCAP region, in which New Zealand had a special interest, income disparities had actually widened and even the more successful countries had had slower growth.

32. The disparity in levels of growth and prospects reflected in the reports suggested a need to tailor programmes of national and international assistance more precisely to the differing circumstances of individual developing countries and regions. He hoped that in future ESCAP reports, more attention would be given to the smaller Pacific island countries. As a relatively developed country with a number of small sea-locked and economically vulnerable neighbours, New Zealand had become progressively more conscious of the need for regional co-operation. The Government of New Zealand had been led to give greater regional emphasis to its bilateral aid programmes, while endeavouring to ensure that such isolated communities were not overlooked in the allocation of multilateral aid programmes among competing priorities.

33. New Zealand's ability to increase its development aid was limited by its own economic difficulties. Its current terms of trade were some 30 per cent below the 1962-1972 average, and annual balance-of-payments deficits had ranged between 7 and 15 per cent of GNP over the past few years, resulting in a doubling of the proportion of exports required to finance external debt. New Zealand's growth rate had been less than 1 per cent of real GDP in 1976. Only once in the 10 years up to 1973 had New Zealand achieved growth in excess of the 6 per cent target for the Second Development Decade, and average annual growth in the period 1962-1972 had been just over half the target level. That long-term trend was reflected in New Zealand's progressive movement down the list of *per capita* GNP rankings. There was little prospective of an early recovery, and New Zealand was obliged for the time being to accept limitations upon its ability to contribute to the implementation of the International Development Strategy in such matters as official development assistance. Nevertheless, New Zealand had increased its assistance from a level of less than half the average for the developed countries in 1964-1966 to a level well above the average in 1975, and over 95 per cent had been given in grant form. In 1976, New Zealand had revised its scheme of tariff preferences to allow comprehensive coverage of imports from developing countries in place of the previous case-by-case treatment; only some 7 per cent of tariff items had been excluded from that coverage. New Zealand had also initiated a project with other members of the ASEAN, designed to increase trade among them. It had recently decided not to

proceed with a feasibility study for the establishment of a sugar-producing industry because of the likely effect on developing countries, a principle which the Commonwealth Heads of Government had urged developed countries to bear in mind.

34. Those developments confirmed his Government's continuing commitment to the Strategy, but it had become increasingly convinced that aid in itself was not enough and that other solutions must be found. For example, it had recently instituted the Pacific Islands Industry Development Scheme, designed to encourage New Zealand companies through tax and other incentives to establish manufacturing operations, in association with local interests, in the South Pacific islands with which New Zealand had close traditional ties. The objective was to increase employment opportunities and promote economic development.

35. In thus emphasizing the value of regional co-operation, his delegation was not unmindful of the importance of global action. It was the nations with great economic power—those whose policies had contributed substantially to the problems of the developing countries—that had to take the lead in bringing about necessary changes. The time for analysis was past, and action was overdue. An all-out effort must be made to restore stability to the international monetary system, liberalize trade, especially in agricultural commodities, stabilize commodity prices, and curb increases in the cost of imported energy. Those basic needs of the developing countries were shared by New Zealand.

36. New Zealand had joined other participants in the June 1977 Meeting of Commonwealth Heads of Government in welcoming the agreement by the Paris Conference on International Economic Co-operation on the establishment of a common fund as a means of achieving the objectives of the Integrated Programme for Commodities. Without prejudging the question whether the fund would fulfil all the hopes that had been placed in it, New Zealand regarded the decision of principle as a welcome step towards clearing the way for rapid progress.

37. The Secretary-General's proposals on energy matters would require discussion at future sessions of the General Assembly. New Zealand attached high priority to co-operation in the conservation of energy and the development of alternative sources. It was working with UNDP on the establishment of training courses in geothermal and energy technology—a field in which it had built up considerable technical experience.

38. His delegation hoped that the discussions in the *Ad Hoc* Sessional Committee would result in recommendations on institutional arrangements for human settlements within the United Nations system. If the Council succeeded in fulfilling that task it would have discharged an important responsibility.

39. While his delegation regretted that it had not proved possible for the *Ad Hoc* Committee on the Restructuring of the Economic and Social Sectors of the United Nations System to reach agreement on definitive proposals for consideration by the Council at its current session, he



hoped that the invaluable lead given by its Chairman would result in further progress being made through informal contacts. It was generally recognized that there was scope for rationalizing the way in which the United Nations system dealt with problems of international economic co-operation and development, and occasion might arise for at least some minor reforms during the Council's current session. If the *Ad Hoc* Committee was unable to discharge its mandate as fully as was hoped, his delegation would be prepared to join with others at the thirty-second session of the General Assembly in formulating proposals to make the system—particularly the Council and its subsidiary bodies—more responsive to the needs of the International Development Strategy.

40. Mr. ONISHCHENKO (Ukrainian Soviet Socialist Republic) said that the broad range of social and economic questions before the Council at its current session and the whole course of the general debate reflected the important position international economic problems rightly occupied in United Nations activities. There had been important changes in the sphere of social and economic development and in the international situation as a whole in recent times; in the 1970s, a number of countries in Africa and Asia had achieved victory in their struggle for national liberation; the sovereignty of newly independent States over their national resources had been strengthened, and they had gained control over important sectors of their economic development; great impetus had been given to socio-economic progress in the liberated countries that had chosen the socialist path; the extension of the process of liquidating colonialism to the economic sphere and the restructuring of international economic relations on an equal and democratic basis had become key issues of the day.

41. It was no coincidence that the strengthening of the progressive role of the developing countries in world politics had occurred in an atmosphere of developing international détente. His delegation agreed with other speakers that the review and appraisal of the implementation of the General Assembly's most important decisions on problems of social and economic development and on the restructuring of international economic relations could not be undertaken in isolation, in view of the close relationship and interdependence of economic and political problems. His Government, like those of the other socialist countries, placed consistent emphasis upon the overriding importance of the struggle for peace and security. They were convinced that it was an essential condition for real progress towards the solution of international economic problems. The signature at Helsinki in 1975 of the Final Act of the Conference on Security and Co-operation in Europe was a positive factor of great potential influence on relations between States and on the situation in Europe and elsewhere, and it established the necessary preconditions for a continuing and irreversible process of détente. The Final Act had already become a political reality in international life and was being progressively put into effect. The broad programme of action to strengthen peace in Europe covered by the Helsinki agreement was, however, of a long-term nature. He hoped that the Belgrade meeting in autumn 1977 would mark a new advance in implementing the programme. The socialist countries, including his own, were sparing no effort to strengthen peace and

security for all nations. The consistent aim of their endeavours was the termination of the arms race and the eventual achievement of disarmament, a leading role being played by the Soviet Union, which had written its peace-oriented foreign policy into the law. Its new draft constitution contained a special chapter on foreign policy, affirming the commitment of the Soviet State to the Leninist policy of peace and security, broad international co-operation, the prevention of aggressive wars and the consistent application of the principle of peaceful coexistence between States with different social systems. The preservation of peace and security was an essential element of socialism and had characterized the foreign policy of the Soviet State over the past 60 years. If the Soviet proposal to reduce the military expenditure of the permanent members of the Security Council by 10 per cent were adopted, substantial additional resources would become available for the economic and social development of all countries, including the developing countries.

42. It was clear from the extensive documentation before the Council that the outstanding feature of the current world economic situation was the severe and protracted economic, monetary and financial crisis of the capitalist countries, which was aggravated by the continuation of the arms race. A general decline in production in those countries had been accompanied by growing unemployment, a sharp rise in inflation, the disintegration of the currency system, an intensification of commercial and economic conflict and a serious disorganization of the entire machinery of international capitalism—all of which had had severe adverse effects upon the position of the developing countries. The crisis had resulted in a reduction in demand for their exports, a steep rise in the prices of their imports, caused by the failure to check inflation in the capitalist countries and by the policies of monopoly capital, wide fluctuations in prices, particularly of raw materials, a persistence of the "brain drain" from the countries of Asia, Africa and Latin America to North America and Western Europe, the growth of protectionism and opposition by the developed capitalist countries to the legitimate demands of the developing countries in practically all fields of economic co-operation. All those negative factors were swelling the flow of resources from the developing countries caused by the continuing, and indeed increasing, exploitation of them by Western monopolies. Official statistics could not reveal, and, for understandable reasons, perhaps did not attempt to reveal, the exact scale of the outflow of capital from the developing countries in all its various manifestations. Some figures had, however, been produced in connexion with the fourth session of the United Nations Conference on Trade and Development which indicated that for the period 1973-1975 alone the outflow had exceeded \$23 billion—a sum considerably larger than the total resources contributed to the developing countries under all the national aid programmes of the Western countries. Taken as a whole, all those factors substantially limited the ability of the developing countries to solve their development problems through trade and in most cases were making their economic situation worse. They were a major cause of the non-fulfilment of the International Development Strategy for the Second United Nations Development Decade. It was obvious that responsibility for the difficult economic situation of the developing countries

lay entirely with monopoly capital, which was endeavouring to preserve and consolidate the unequal and dependent position of those countries.

43. His delegation had frequently drawn attention to the misuse of quantitative indicators in review and appraisal exercises. Experience had shown that a strategy of quantitative growth unaccompanied by progressive reforms of social and economic structure was inapplicable to developing countries. In the documents before the Council, however, exaggerated importance continued to be given to quantitative indicators, while indicators of the quality of social and economic growth were neglected. The result was to conceal major causes of the continuing backwardness of the developing countries and the widening gap between them and the industrially advanced capitalist countries. It was not enough to record current trends; the adequacy of the measures applied must also be assessed. Serious attention must also be paid to improving the social condition of all members of society, particular stress being laid on the distribution of income between various social groups, the elimination of poverty and mass unemployment, access to education and medical care, the degree of satisfaction of other basic social needs, the participation of the broad masses of the population, especially the rural population, in the development process and the like.

44. In that connexion, General Assembly resolution 3409 (XXX) was of particular relevance. It stressed the advantage of a unified approach to development analysis and planning at the national level covering all sectors of the economy, public and private, as a means for the attainment of balanced social, economic and human development, and endorsed the application of that approach by the United Nations bodies concerned. In the process of review and appraisal, consideration must also be given to the implementation of such important General Assembly resolutions as resolution 3508 (XXX) entitled "Examination of long-term trends in the economic development of the regions of the world", and resolution 3488 (XXX) entitled "Role of the public sector in promoting the economic development of developing countries". The implementation of those resolutions was of particular importance, in view of the fact that one of the main causes of the non-fulfilment of the International Development Strategy was the failure to introduce consistent reforms in the developing countries, particularly in the agricultural sector, and to make structural changes in industry. His delegation wished to emphasize the importance of drawing upon the experience of different countries, particularly the members of the socialist community, when carrying out review and appraisal exercises and drawing up recommendations.

45. The Ukrainian people, like all other peoples of the Soviet Union, were preparing to celebrate the sixtieth anniversary of the Great October Socialist Revolution, which had led to the establishment of Soviet rule in the Ukraine. It was now clearer than ever that the Great October Socialist Revolution was the main event of the present epoch. Its victory had been a decisive factor in the process of the revolutionary and progressive transformation of the world. Its greatness lay in the fact that it had ushered in a new era in which the forces of socialism were waging a successful struggle for peace, freedom from exploitation

and oppression, social justice, the liberation of the workers, and lasting peace and co-operation among all peoples.

46. Over the past six decades, a basic transformation had taken place in Ukrainian society and in the situation of its people, as of the other peoples of the Soviet Union. They had had to face many of the problems now being faced by the developing countries. During the years of Soviet rule in the Ukrainian SSR, the dominance of foreign and domestic capital had been ended, socialist industrialization had taken place, agriculture had been placed on a co-operative basis, there had been a cultural revolution and a just solution had been found to the problem of national minorities. That had made it possible in a short time to cover a road that would normally take centuries and to succeed in building a socialist society. That had all been done despite the fact that, of the 60 years of Soviet rule, nearly two decades had been years of war forced upon the Soviet people, who had then had to reconstruct their economy. During the Second World War, the Ukrainian SSR had lost more than 6 million people, or one in six of its population.

47. The First Secretary of the Central Committee of the Ukrainian Communist Party had observed that, as a result of the victory of the October Revolution, the wise leadership of the Party of Lenin and the unity, brotherhood and friendship of the nations and peoples forming the USSR, the Ukrainian people had overcome all the trials of the civil war and succeeded in reaching the heights of economic, social and spiritual development. A major role in that development had been played by radical economic and social reform, which had opened up opportunities for progress in all spheres of society. There was extensive participation by all workers in the solving of State problems, and they played a maximum part in the creative work of society, thus creating a new atmosphere in a society whose chief wealth lay in human labour, the eradication of all forms of exploitation, the guarantee of human rights and the creation of true possibilities for all forms of creative work by all members of society. That was the inexhaustible source and the main motive power of his country's rapid economic and cultural development.

48. The Ukrainian SSR continued as in the past to support the objectives of the Second United Nations Development Decade. In the review of progress in international economic relations, the most important aspect would be the establishment of conditions to prevent the continued exploitation of international labour and to eradicate the exploitation of developing countries by imperialist monopolies. His delegation actively supported all efforts by the developing countries to secure their sovereignty over their natural resources and economic activities and to develop their economies in the national interest, free from neo-colonialist exploitation, including efforts to gain control over international capital, and particularly over the activities of transnational corporations.

49. The experience of the socialist countries showed that decisive factors in that process were the full mobilization of domestic resources, economic planning, industrialization, agrarian reform, progressive economic legislation and the development of international economic co-operation on the

basis of equality. It was important to overcome the one-sidedness of external economic relations between the developing countries and the former metropolitan countries. The United Nations could do a great deal in that respect by helping to develop regional, subregional and interregional relations among developing countries and between countries with different economic and social systems.

50. The Ukrainian SSR did not merely give political support to the demands of developing countries, but provided substantial assistance to them in their efforts to achieve economic and social progress. Important spheres of participation by the Ukrainian SSR in the economic relations of the Soviet Union with developing countries were foreign trade, technical assistance in the construction of various projects and scientific and technical co-operation. Hundreds of undertakings in his country exported products to a large number of developing countries, and in turn the Ukrainian SSR received both their traditional exports and products from their newly-established industries.

51. The Ukrainian SSR had played a substantial part in Soviet co-operation with developing countries, and particularly in the provision of equipment and assistance to projects in the energy field, ferrous and non-ferrous metallurgy, mechanical engineering, mining, chemicals, oil extraction and refinery, agriculture, education, culture and health. It gave considerable assistance in the training of national staff from the countries of Asia, Africa, and Latin America. Courses for metallurgical engineers organized in his country in conjunction with UNIDO since 1965 had been particularly useful. Seminars had been organized at Kiev, also in conjunction with UNIDO, and had been greatly appreciated by that body and by the participants.

52. The Ukrainian SSR would continue to follow a policy of co-operation with the developing countries of Asia, Africa and Latin America. The Soviet Union's assistance to developing countries was not given as compensation for past wrongs. As had been shown in the Soviet Union's statement at the thirty-first session of the General Assembly,<sup>30</sup> its help was that of a friend and ally in the struggle against the common enemies: imperialism, colonialism and neo-colonialism. But for the reliable support of the Soviet Union and socialism, imperialism would stifle all efforts to achieve genuine national independence. He assured the Council of his delegation's genuine efforts to co-operate with other countries in seeking constructive decisions. It would do so in accordance with the purposes and principles of the Charter of the United Nations.

53. Mr. HÖHNE (Observer for the German Democratic Republic), speaking at the invitation of the President, said that the Great October Socialist Revolution, of which 1977 would see the sixtieth anniversary, had ushered in a new epoch in the history of mankind. A direct road led from the Decree on Peace to the peace programme of the twenty-fourth and twenty-fifth Congresses of the Communist Party of the Soviet Union. United Nations activity was essentially

influenced by those initiatives. The principles of peaceful coexistence had become the basic guidelines in the relations of States having different social systems. The fundamental restructuring of international economic relations on a democratic basis had become a necessary and urgent task. The decisions of the General Assembly at its sixth special session and the Charter of Economic Rights and Duties of States were important steps in that direction. Both in the United Nations and in its own bilateral relations, the German Democratic Republic had helped to put those instruments into effect. Detailed reports on its specific activities had been submitted to the Council and to UNCTAD.

54. Relations between the German Democratic Republic and the developing countries had developed in a stable and continuous manner despite the serious crisis in the capitalist world economy. Through government agreements on trade relations and scientific and technological relations with more than 40 developing countries, the German Democratic Republic made a practical contribution to their economic development. Together with other socialist States, it had submitted joint statement containing a whole programme of proposals and measures to further economic co-operation, at the fourth session of the United Nations Conference on Trade and Development.<sup>31</sup> It was generally recognized that the present state of international economic relations was unsatisfactory. The situation had been analysed by many delegations and in certain documents submitted by the Secretariat. That analysis, supported by recent experience, showed that the United Nations would remain the most appropriate forum for promoting international economic and technological co-operation. The democratic restructuring of international economic relations required the participation of all States, in accordance with the principles of the Charter of the United Nations. The recently increased activity of those forces which sought to perpetuate relations of inequality, discrimination and exploitation was a matter of serious concern to his delegation. It was urgently necessary for the United Nations to take effective measures to eliminate economic colonialism and neo-colonialism. The international community must not allow the economic backwardness of the developing countries to continue in new forms.

55. His delegation did not share the optimistic view that existing international economic relations could be fundamentally changed by certain limited corrections. The democratization of international economic relations was a complex process of changing the present economic and social structure into one based on equality, respect for sovereignty, mutual benefit and other principles of international law as stipulated in chapter I of the Charter of Economic Rights and Duties of States. It included the elimination of the influence of transnational corporations on the internal development of the developing countries and the attainment by those States of full and effective sovereignty over their natural resources and economic activities. It also called for progressive social and economic

<sup>30</sup> See foot-note 9 above.

<sup>31</sup> TD/211; reproduced in *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), annex VIII, F.



reform and was linked with basic changes in the principles and structure of international trade and international monetary relations.

56. Those were the essential objectives of the decisions of the General Assembly at its sixth and seventh special sessions and of the Charter of Economic Rights and Duties of States whose implementation required the active participation of all States. The German Democratic Republic was accordingly contributing to the formulation of a code of conduct to control and regulate the activities of the transnational corporations, and was continuing to take an active part in the preparation of a code of conduct on the transfer of technology. It resolutely advocated the elimination of discriminatory trade barriers that hampered free international trade and was opposed to the increase of protectionist measures. His Government was prepared to contribute to the solution of all urgent problems in the field of international trade, particularly in raw materials, and it participated constructively in the work of the bodies concerned.

57. There was nothing propagandist in seeing an organic connexion between the strengthening of international peace and security, disarmament and economic progress. Nobody in the socialist States profited from the arms race. Considerable resources could be used to solve urgent economic, social, scientific and technological problems, and support for the developing countries could be extended. A reduction in arms expenditure would also assist the struggle against inflation and unemployment in the capitalist countries.

58. The German Democratic Republic would continue to give consistent support to the developing countries in the solution of their complicated economic and social problems and to apply the principles of peaceful coexistence. It renewed the assurance of its readiness to place at the disposal of the developing countries its experience in planning and managing the economy and developing and strengthening the State sector as a basis for successful and stable development in the economic and social field and in other fields of interest to the developing countries.

59. Mr. BERHANU (Ethiopia) said that the hopes which the Second United Nations Development Decade had inspired when it had been launched remained unrealized. The economic and social situation in the vast majority of developing countries, particularly the least developed among them, had, in fact, considerably worsened during the Decade. The situation could be attributed in no small measure to the limitations imposed by the existing international economic order, which the International Development Strategy for the Second Development Decade had failed to alleviate. The policies envisaged in the Strategy had not been implemented. Most developed countries had avoided making specific commitments on particular measures. Even where they had done so, the commitments had remained unfulfilled, and most countries had failed to redirect their economic policies on the lines laid down in the Strategy.

60. The central assumption of the Strategy had been that economic expansion in the developed countries would be

transmitted to developing countries through such machinery as trade, the transfer of technology and development finance. It had been expected to lead to increased demand for the export products of developing countries, thus increasing their real income and capacity to purchase the essential goods required for their development programmes. That assumption had proved false.

61. The Strategy had failed to take adequate account of the fact that economic relations had become increasingly dominated by the activities of transnational corporations, which controlled a substantial proportion of the foreign trade of developing countries and imposed inappropriate patterns of development on the third world. The effective control of modern technology and international marketing channels by such corporations placed them in a position to capture a vast share of the gains from trade between developing and developed countries. The so-called normal working of market forces had thus operated to restrict the degree to which economic expansion in the developed countries had been passed on to the third world.

62. During the past two decades, there had been unprecedented economic expansion in the developed countries, but relatively few developing countries had benefited from any "trickling down" to their domestic economies. Developing countries had remained a dependent sub-system in international economic relations, subject to the vagaries of economic mismanagement in developed countries. It was the developing countries, and particularly the poorest among them, that had been hit most severely by the economic disarray of the recent past. Even if the modest goals of the Strategy had been implemented and the false assumptions had held true, the effort would have been insufficient to provide either for long-term development or for the satisfaction of basic needs.

63. Such a state of affairs clearly called for the rapid and radical restructuring of the institutional framework of international economic relations. The new international economic order, the Declaration and the Programme of Action on its establishment and the Charter of Economic Rights and Duties of States constituted the remedy sought by the developing countries.

64. The Council's discussions had followed familiar lines. Spokesmen for the majority of mankind who lived in the oppressed third world had reiterated familiar positions and continued to press for reforms that were widely recognized as indispensable conditions for change. Statements from other quarters, sometimes couched in pious and even paternalistic tones, appeared to be designed to lull developing countries into a state of false optimism. The facts, which were clearly set out in the *World Economic Survey, 1976* spoke for themselves. The analysis led to the conclusion that the international community faced an uncertain economic outlook for the current year and beyond. The principal market-economy countries had lost their internal dynamism. Their economies were stagnating and rendering the basic assumptions of the International Development Strategy null and void. Nor did they appear to have the political will for radically restructuring international economic relations, as advocated by the developing countries, even though such restructuring would serve their

own self-interest. That placed the developing countries in a precarious position.

65. The situation in the African region, in particular, was critical. The ECA secretariat had recently completed its third bi-annual review and appraisal of social and economic performance in the African region. It had classified African countries into five economic categories, and the majority of them fell into the fifth, with *per capita* incomes below \$100.

66. The ECA review showed that there had been a widespread shortfall in the growth of GDP throughout the region and indicated that the prospects up to the year 2000 were hardly brighter. That was particularly true for countries with a *per capita* income below \$100, which faced continued stagnation, and in some cases a decline in their growth rate. Those conditions prevailed despite an increasing tendency for a larger proportion of concessional assistance to flow to the poorer developing countries and despite the efforts on the part of the international community to relieve the hardship caused in the most seriously affected countries by inflation and recession.

67. To deal with that situation, the Executive Secretary of ECA had called for three new orders: a new national economic order, a new regional economic order and a new international economic order. Ethiopia, which supported that call, could be justly proud of its record in bringing about a new national order in a country that had been oppressed for centuries by archaic feudalism and its links with the external forces that supported it. The revolution of the Ethiopian masses that had taken place over the past three years was being channelled by the Provisional Military Government of socialist Ethiopia into a dynamic force, with institutions and programmes designed to redistribute income and wealth within the nation. The major means of production—the land—had been put into the hands of the Ethiopian peasant masses, thus incidentally increasing agricultural productivity. The industrial sector had also been transferred to the people, thus ensuring the participation of labour in its management and in the production of goods needed for mass consumption. Ethiopia supported the view that the restructuring of the internal economic and social order was essential for the achievement of a higher standard of living for the masses in the developing countries.

68. History had shown that when the poor countries attempted national restructuring along progressive and often socialist lines so as to ensure the emergence of an egalitarian economic and social system, they faced severe handicaps. Both the formerly privileged minorities within the countries and the external forces which had mercilessly exploited those countries sought to hinder progress. The countries were threatened with, and often subjected to, the withdrawal of economic assistance, and outright attempts were made to subvert the efforts of Governments and peoples to provide even the elementary human needs. The right of self-determination embodied in the Charter of Economic Rights and Duties of States was among the most sacred of principles in international economic, social and political relations. The people of Ethiopia would continue

to defend that right, as they had done throughout their long history.

69. The Charter of Economic Rights and Duties of States also asserted the right of the developing countries to full control over their natural resources, so that they could develop their full potential. The defence of that principle was of the utmost importance in Africa, where the economies of many countries continued to be dominated by former colonial Powers, while others were subject to neo-colonialist exploitation. A reduction in their economic dependence would require the establishment of the new regional economic order called for by ECA, in order to stimulate trade and other mutually beneficial economic activities. It would also require a more effective economic co-operation among the developing countries on the principle of collective self-reliance, in accordance with the agreements reached at the Mexico City Conference on Economic Co-operation among Developing Countries. Ethiopia fully supported that strategy and continued to co-operate with brotherly African and other third-world countries in implementing it.

70. The stimulation of the agricultural sector, which continued to be dominant, was of crucial importance to most regions, and particularly to Africa, where more than 70 per cent of the population lived in rural areas and were primarily concerned with food production. Because of crop failure due to a variety of causes, including natural disasters, the majority continued to live in abject poverty.

71. The fourth meeting of the ECA Conference of Ministers in February-March 1977 had adopted a series of resolutions on the mobilization of international resources for agricultural development and effective support for the OAU African Inter-Ministerial Committee for Food. A related resolution called for increased international support for integrated rural development activities aimed at providing basic economic and social infrastructures and the institutions needed to stimulate rapid and sustained rural development. Whole-hearted support for such measures would not only alleviate the depressing conditions prevailing but also provide a firmer basis for launching the third development decade.

72. The Council's attention must be drawn to the dangerous situation in southern Africa brought about by the existence and activities of the illegal régime in the territory of the people of Zimbabwe and the oppressive and inhuman racist régime in the territory of Azania. Newly-emerging States in that subregion, particularly Mozambique, were facing daily violations of their territory and loss of life and property. Powerful forces threatened their ability to survive and undermined their efforts to build free, independent and just societies. The Council should pledge support to Mozambique on a priority basis and to increase its assistance to Zambia, Botswana and Lesotho, which continued to sustain severe economic losses. Ethiopia, which stood for the principle of self-determination, looked forward to specific action by the Council in the spirit of the Maputo Declaration in Support of the Peoples of Zimbabwe and Namibia, adopted on 21 May 1977 by the International Conference in Support of the Peoples of Zimbabwe and Namibia, which would relieve the strains imposed on the

countries of southern Africa and permit them to pursue their development goals.

73. There should be ample scope for supporting development efforts in the third world, not only through official development assistance but also through a massive reduction in the amount of resources being directed to the production of armaments and the redirection of those resources towards development goals. In 1975, more than \$250,000 million—more than 15 times the total of net official development assistance from all sources—had been spent on armaments. More assistance would be required than the new initiative of a \$1 *per capita* “special action” for the thousand million poorest people, agreed at the “North-South” dialogue in Paris. Those much publicized resources had largely been consumed already and would therefore do little to relieve the burdens of the people in the developing countries.

74. A third development decade, to be undertaken within the framework of the new international economic order and the Programme of Action on its establishment and based on the Charter of Economic Rights and Duties of States, would have to be designed above all to speed up development in the third world. It would require in particular recognition and support for the basic principles of national self-determination and collective self-reliance. It would also call for national and international institutions to facilitate the implementation of new goals and targets. The United Nations system had an important role to play in that respect, but it could not fulfil that role unless there was now a firm commitment to restructure its institutions.

His delegation was well aware of the difficulties facing the *Ad Hoc* Committee on the Restructuring of the Economic and Social Sectors of the United Nations system. Ethiopia was among those countries that would wish to see less defence of the *status quo* in order to permit developing countries, in particular the least developed among them, to participate fully in the decision-making process, which was of vital importance to future development prospects.

75. His remarks and analysis were not intended to belittle the efforts of the international community to come to grips with the pressing problems of the developing countries, but the review showed undeniably that the prevailing international economic order frustrated the efforts of the majority who were striving to meet basic human needs.

76. Although Ethiopia had participated from the outset in international co-operative endeavours at great cost to its own people, the majority of those people had so far not benefited greatly from that participation. His delegation would like to be able to report to them that the community of nations supported their tremendous efforts to transform their ancient society by establishing a more egalitarian system and that more appreciable assistance would be forthcoming. He also hoped that the sixty-third session of the Council, coming as it did before the resumed thirty-first session of the General Assembly, which would review the outcome of the recent Paris Conference on International Economic Co-operation, would mark a decisive stage in the developing countries' quest for change.

*The meeting rose at 1 p.m.*