

ECONOMIC AND SOCIAL COUNCIL

SIXTY-THIRD SESSION

Summary records of the meetings held at Geneva from 6 July to 4 August 1977

2061st meeting

Wednesday, 6 July 1977, at 3.25 p.m.

Président: Mr. L. ŠMÍD (Czechoslovakia)

F/SR.2061

ITEM 1 OF THE PROVISIONAL AGENDA

Opening of the session

1. The PRESIDENT declared open the sixty-third session of the Economic and Social Council.

Statement by the President of the Economic and Social Council

2. The PRESIDENT said that the Council was meeting at a time when the world community was seeking to achieve fundamental changes in the structure of the world economy and of international economic relations. It was responsible for evaluating the progress so far achieved in the efforts to create a stable, just and peaceful world. Its central concern was to achieve a greater understanding of the relationships that should evolve between the International Development Strategy, the Charter of Economic Rights and Duties of States and the principles and objectives of the New International Economic Order.

3. For most countries, the efforts that they had been making since the adoption of the International Development Strategy to improve the general welfare of their peoples through socio-economic development had been characterized by debilitating frustrations and deep disappointment, yet the attempts of the international community to improve the lot of mankind could succeed only if they were based on co-operation rather than on confrontation. Failure to take into account each other's legitimate interests and aspirations could lead only to further frustration. In assessing the state of international development co-operation, the Council should also appraise the degree to which the United Nations system as a whole had co-ordinated efforts and fostered collective action. In that respect,

it was important that due account should be taken of the contribution that regional co-operation for development could make through the regional commissions, whose reports would be submitted to the Council.

4. The problems which the Council would be discussing could not be easily solved, but members should make a joint effort to bring the world closer to the ideals of the United Nations.

Statement by the Secretary-General of the United Nations

5. The SECRETARY-GENERAL observed that the sixty-third session of the Council was opening in the wake of the often impassioned discussions and the consistently difficult negotiations that had taken place in the past 18 months. The Council's mandate was, however, much wider. It was required to provide, as it did each year, a comprehensive diagnosis of the world economic situation, and at the present session it had also to make an in-depth appraisal of the performance achieved and the policies pursued in relation to the objectives set for the present decade.

6. Moreover, the Council's deliberations reflected an increasing concern for well-being and social justice and those were matters that could no longer be excluded from economic discussions. They were not simply a final objective towards which more rapid progress must be made, but they were also, and in a way which had not yet been made sufficiently clear, one of the conditions for economic progress in the future. A new approach was being taken in that regard, and a new balance struck between the various objectives pursued.

7. That could be seen in the analyses, in the practical action programmes, in the very organization of the work of

the Secretariat. It was doubtless much more difficult for an international body to legislate in that field, to set generalized standards of application which would not naturally be adaptable to widely varying circumstances and would often be incompatible with a rigorous interpretation of national sovereignty. But international bodies could at least consider and take into account the wide range and intensity of social aspirations and recognize what the consequences were for their global strategies. Such a concern was at the very heart of a new international economic order.

8. In its richest and most fruitful interpretation, the watchword "self-reliance", which was increasingly permeating and inspiring the debates of United Nations bodies, suggested to many a more selective relationship with the outside world, an effort more directly focused on the mobilization of local resources.

9. That concept itself seemed also to be compatible with the effort to achieve more rapid social progress. Hence, there was a tendency at the present time to see the interaction of national policies and international programmes as a somewhat different and more subtle relationship. But that could certainly not mean any slackening of an international effort which was already quite inadequate.

10. The fact that more differentiated and more ambitious objectives were recognized today made it also necessary to acknowledge, with greater vision than in the past, the glaring defects which were inhibiting the harmonious development of the international economic system: excessively unequal terms of trade, chronic instability, the erosion of the purchasing power of the poorest, the unsatisfactory distribution of international liquidity and the blockage of international markets, to the detriment chiefly of the natural development of primitive and undiversified economies. The main guidelines of international strategy and those of the General Assembly resolutions on a new order undoubtedly remained entirely valid in a context in which thoughts and actions were taking new directions and were moving more directly towards the eradication of mass poverty. If the objectives originally set were to be revised in the light of new aspirations, they would certainly not be revised downwards.

11. The medium-term trends that emerged from the various appraisal reports were not encouraging. For many countries, those trends formed part of a record of stagnation and, for some, even regression.

12. The most recent data relating to the economic situation were more encouraging. Although the economic cycle was once again moving upwards, however, the recovery remained indecisive and in some industrialized countries it still seemed to be very precarious and vulnerable. It was characterized by inadequate levels of investment, persistently high unemployment levels and inflation that had not been brought under control. It should also be remembered that, as the world emerged from the most severe depression of the post-war period, the road to be travelled simply to regain previous levels was longer and more difficult than in previous cycles.

13. However, the auspicious opportunity offered by that upward swing must be seized in order to promote progress

towards a reform of world economic structures. Periods of cyclical downturn were not favourable to bold international action. Each country protected its most immediate interests, took refuge in a too exclusively national outlook and instinctively resorted to protectionist measures. Today there were new psychological elements which had a delaying, and even inhibiting effect on the natural play of economic forces. The industrialized countries seemed to have lost confidence in the dynamism of the world economy. They were tempted to forget what international trade had done for them in the past quarter of a century.

14. He was convinced that a massive effort on behalf of the poorest countries would act as a powerful stimulus for economic recovery in other countries. His meetings with the leaders of developing countries had made him realize how much they were concerned with pressing problems which seemed to them to deserve at least as much attention as the pursuit of long-term goals. The international community must not remain indifferent to their appeals.

15. A more general and lasting recovery was conceivable only by means of concerted policies. It would seem that the policies announced recently by the Governments of the OECD member countries to stimulate their rate of growth should be of use to the whole world. Moreover, a one-year moratorium had been promised on all new protectionist measures. It was possible that international trade would not play quite the same role in the future as in the more recent past, but it should nevertheless remain one of the key elements in a restructuring of international relations. It was perhaps timely to consider today what effects the negotiations currently under way for a new phase of trade liberalization within the framework of GATT might have on the aspirations of the developing countries. Previously, those negotiations had seemed to those countries to be of relatively marginal importance. They had not been primarily inspired by the desire for a systematic improvement in the position of the third world in international trade, and from that point of view their results had usually been disappointing, but it had been possible to regard them as a lost opportunity rather than as a loss. Was it the same today? Was there not a real danger that failure to make progress in those negotiations would introduce further difficulties into the North-South dialogue?

16. One of the burning questions in the general survey that the Council was to carry out, a question that had perhaps been overshadowed in recent times, would certainly be that of food production. It was inconceivable that the problem of food production should be relegated to the background, even temporarily and even for the sake of other equally urgent objectives. Under the pressure of population growth, which, according to all the forecasts, would continue at a rapid rate for some time to come, the food problem was becoming more worrying every day. The world was getting dangerously close to a threshold of physical and social tolerance, and if that threshold were crossed the outcome might be grave. The inadequate level of food production was also directly linked to other problems of the developing countries: endemic unemployment and under-employment, together with the obstacles to rapid industrialization caused by the too slow development of the domestic market. Yet almost three years earlier

the international community had made a good beginning; the World Food Conference, held at Rome in November 1974, had represented a major step towards the strengthening of international co-operation. It had worked out a series of mechanisms and programmes which, if they were put into operation in their entirety, would make it possible to face the future with confidence. Of course, he did not wish to underestimate what had already been achieved; there had been a genuine change in the priorities and policies of the developing countries.

17. At the international level, the entry into operation of IFAD was to be welcomed, but there was so far no guarantee that that promising programme would have the necessary continuity, although its capacity for action should be expected to grow rapidly as the preliminary studies were completed and plans developed. The volume of food aid was still far from commensurate with the hopes of the World Food Conference.

18. He had received encouraging news from the World Food Council concerning the establishment of a minimum security reserve in the near future. It was not yet possible to predict climatic variations, except in the very short term, and elementary caution suggested that precautions should be taken against the disasters from which so many countries had suffered in recent years and from which some had barely recovered. He hoped that at the present session the Council would be able to provide the necessary impetus for the completion of the remaining stages. That was all the more important because forecasts for food crops in 1977 appeared to be very favourable at present in several regions of the world. That opportunity to go ahead with a policy which only a very short time earlier had been considered essential should not be missed.

19. The measures recommended by the World Food Conference had obvious practical importance, but also symbolic value; if the international community could not organize itself in the area of nutrition, its ability to deal successfully with so many other problems must be despaired of.

20. In suggesting certain subjects for consideration at the present session, it was not his intention to distract the Council from what was a central, and indeed legitimate, theme of its deliberations. In particular, he would like to reiterate once again his deep conviction that genuine progress in launching an integrated programme for commodities was an essential condition for progress in other areas. The present session of the Council itself offered an opportunity to advance the development of a project which was to be examined in UNCTAD in November 1977.

21. It was in that spirit that he had referred recently to the energy problem, to which he wished to revert. At its seventh special session, the General Assembly, in its resolution 3362 (S-VII), had entrusted him with the task of considering the establishment of an institute to assist developing countries, especially those of the third world, in the formulation and application of their energy policies.

22. In that context, he had expressed the hope that the international community would assume world-wide re-

sponsibility with regard to a problem which was crucial to all aspects of development and to that end he had proposed the establishment of an international institution within the framework of the United Nations.

23. He was not thinking in terms of the establishment of a system of central planning or of the creation of a supranational authority, but it was clear to him that the very size of the task, the great inequalities and the diversity which characterized the energy situation required a degree of co-operation and a very special effort of organization at the global and regional levels. That idea was based on fundamental, if not sacred, principle: that of the permanent sovereignty of each nation over its natural resources. That principle had been formulated for the first time by the General Assembly in January 1952, in its resolution 523 (VI). It represented a constant in the collective thinking developed in the United Nations. Recently, it had inspired and permeated the inquiry conducted under the auspices of the Economic and Social Council into the role and practices of transnational corporations. That principle implied that each country should develop its own autonomous decision-making capacity with respect to all matters affecting the production and utilization of its natural resources. In so doing, of course, a country acted in accordance with the rules dictated by its own concept of the national interest and with the degree and nature of the co-operation which it wished to establish with others.

24. Energy was also a resource which must play a vital role in a new international economic order.

25. Many feared that there would be shortages, perhaps local or temporary, but sufficient to cause a serious disruption of development policies. In view of the time needed for discovering and developing new sources, it was not too soon to take notice of that danger.

26. The knowledge already acquired or likely to be acquired by the few Powers which possessed the technological capacity to do so was not being shared sufficiently with the rest of the world, nor was it always shared in conditions which ensured full respect for the principle of national sovereignty.

27. The training programmes required in order to put the resources and new technology into use were not organized on a large enough scale.

28. Prospecting for new resources and investment in technological research were not at present following any rational plan. They ensured neither the desired geographical diversification of sources of production nor the development of technology suited to widely differing circumstances.

29. The reason why he had referred recently to the desirability of a world energy order was chiefly that he was aware of the danger of nuclear proliferation. There was a feeling of unease on that subject which was spreading to large sections of the population, to which young people in particular were apparently extremely sensitive, and which the United Nations system must recognize, particularly since world security, of which it was the guardian, was

directly linked with the development of nuclear energy. The problem was steeped in uncertainty, which would not easily be removed. He was realistic enough to know that there were at present too many countries involved in planning and carrying out nuclear programmes for it to be possible to get back to a "clean slate". Twenty-five years of concentrated research on nuclear energy had brought about a situation in which some energy-consuming countries were obliged to embark upon nuclear programmes which were meeting increasingly lively and well-organized opposition. In the circumstances, he felt that everyone would agree on the need for concerted international action with a view to increasing the range of options available.

30. He had recently outlined the functions that might be assigned to a new institution in the energy sector. Briefly, these were (a) to encourage a complete and rational utilization of all available sources of energy, both conventional and new, and to promote regional co-operation projects to that end, (b) to disseminate knowledge of the whole range of possibilities offered by modern technology for the development of new sources of energy, (c) to facilitate the transfer and adaptation of energy technology, (d) to undertake intensive training programmes.

31. Members of the Council would note that he had not included the fixing or negotiation of the international price of energy among those functions. The price continued to be the subject of decisions taken in the context of national sovereignty. That was true of the prices fixed at the production stage of the various sources of energy; it was also true of the prices prevailing at the consumption stage, which were affected by national decisions relating to tariffs, taxes and distribution systems. The discussion of the mandate of a new institution should, in his view, concentrate on the manifest advantages which international machinery geared towards technological and geological co-operation could offer to so many countries, whether industrialized or developing.

32. Such an institution could be conceived only within the framework of the United Nations, in which it could take its natural place as part of a vast effort to promote development. He was perfectly aware that new machinery of the kind that he was considering could not be born in an institutional void. He was not suggesting that existing machinery should be weakened, but a strong, new central institution could provide the momentum and coherence which all those efforts needed if they were to be fully effective. The institution could be a centre in which the choices among various energy policies and all their implications could be studied and compared in depth. Such work would lead to the formulation of useful guidelines for research and exploration programmes for the various sources of energy.

33. Among those choices, the conservation and more efficient use of energy obviously constituted an important element which should be envisaged side by side with the development of new resources. Between efforts to promote conservation and those aimed at developing new sources, there were possibilities of substitution, of arbitration, the effects of which were not always immediately apparent but which a programme of international co-operation could help to identify.

34. In presenting those few remarks, he was aware of the important responsibility with which the General Assembly had entrusted him. He thought that they would have made his position clear and might be useful to the Council in its efforts to promote the solution of a problem which remained a major concern of the international community.

35. The United Nations was now going to provide the framework for the continuation of the North-South dialogue. He was sure that the Organization provided a propitious framework for the negotiations. It was even possible that the enlargement of the agenda for the negotiations would help the international community to achieve, before the end of 1977, the breakthrough which had eluded it so far.

36. The new order that the world was seeking had not only an economic aspect but also a human dimension. On the threshold of the Councils' present session, nobody should lose sight of the fact that, while three quarters of mankind were developing, almost one half was desperately poor. Poverty demeaned not only those who were affected by it but also those who tolerated it.

37. The international community, through the United Nations system, had assumed a historical commitment, both moral and political, to tackle resolutely and in concert a task which was essentially global.

38. Nothing must be allowed to diminish or divert its determination to work to promote those structural changes in international relations which were the very essence of a new order.

ITEM 2 OF THE PROVISIONAL AGENDA

Adoption of the agenda and other organizational matters (E/5990, E/L.1772)

39. Mr. CORDOVEZ (Secretary of the Economic and Social Council) recalled Security Council resolutions 406 (1977) and 407 (1977) concerning assistance to Botswana and Lesotho, the text of which was reproduced in document E/L.1772. He suggested that the Economic and Social Council should add to its agenda and consider in plenary meetings the following two items: "Assistance to Botswana" and "Assistance to Lesotho".

40. The PRESIDENT invited the Council to adopt the provisional agenda (E/5990) with the two additions suggested by the Secretary of the Council, as items 28 and 29.

The provisional agenda (E/5990), as amended, was adopted.

41. The PRESIDENT said that, if there was no objection, he would take it that the Council agreed to consider the agenda items on assistance to Botswana and to Lesotho in plenary meetings.

It was so decided.

The meeting rose at 4.5 p.m.