

prepared to make known the views of the ILO's Governing Body and to provide the United Nations bodies responsible for defining the objectives of the forthcoming Decade with all necessary assistance and clarification.

77. In conclusion, he said that the Conference had taken an important step towards the two ultimate goals of

development – the elimination of poverty and progress towards a free and democratic society. The Conference had proved most timely, by adding a social dimension to the important but essentially economic decisions taken at the two special sessions of the General Assembly and elsewhere.

*The meeting rose at 5.55 p.m.*

## 2016th meeting

Wednesday, 7 July 1976, at 10.15 a.m.

President: Mr. S. AKÉ (Ivory Coast)

E/SR.2016

*In the absence of the President, Mr. E. Longestaey (Belgium), Vice-President, took the Chair.*

### AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5790 and Add.1, E/5806, E/5808, E/5823, E/5825/Rev.1, E/5827, E/5834)

1. Mr. SALLAM (Yemen) said that the Economic and Social Council had been entrusted to carry out the recommendations made in the resolutions of the General Assembly, particularly resolutions 3201 (S-VI) and 3202 (S-VI) relating to the Declaration and Programme of Action on the Establishment of a new International Economic Order, 3281 (XXIX) adopting the Charter of Economic Rights and Duties of States and 2626 (XXV) laying down the International Development Strategy for the Second United Nations Development Decade. All those recommendations had been confirmed by resolution 3362 (S-VII) of the seventh special session.

2. The Yemen Arab Republic, which was one of the least developed among the developing countries of the Arabian Peninsula, practised an open-door policy which encouraged foreign investment and guaranteed the transfer of profits. Despite those advantages, however, it was shunned by foreign investment capital. His delegation considered that the least developed countries should be granted the most favourable conditions for marketing their production, in order to be able to increase their foreign exchange earnings.

3. The Economic and Social Council's present session in Africa provided an opportunity for his delegation to pay a tribute to the struggle of the African people – and in particular, the people of Ivory Coast – against colonialism and to refer to the plight of the Palestinian people who were victims of the racist policy of Israel, which could be compared only to that of the South African régime. The Council should take a historic initiative, at the economic, social, cultural and humanitarian levels, on behalf of those who were subjected to the colonial yoke and racial discrimination in Africa and in Palestine and refer specifically in its declaration and its recommendations to the

elimination of foreign aggression, occupation and domination, racial discrimination and *apartheid*; it should also reaffirm the right of peoples to regain effective control of their natural resources and to full compensation for the exploitation of those resources.

4. The representatives of the developed countries had said that it was urgently necessary to stabilize commodity markets, to increase the export earnings of the developing countries and to foster economic co-operation among those countries. The fact was, however, that even if the developing countries mobilized all their resources, they would not be able to achieve the targets they had set themselves without the assistance of the developed countries. It was therefore essential that a dialogue should take place between the developed and the developing countries in an atmosphere of goodwill, sincerity and sense of responsibility. Yemen, for its part, would support all initiatives designed to strengthen the unity and solidarity of the developing countries and co-operation among them.

5. Mr. PRASASVINITCHAI (Thailand) expressed his delegation's satisfaction that the session of the Council was taking place at Abidjan. Until all forms of oppression and exploitation of man had been eliminated, the fundamental purposes of the United Nations, namely the maintenance of international peace and security and the achievement of international co-operation in solving international economic and social problems, could not be fully realized.

6. As the President of Ivory Coast had said in his address (2006th meeting), political independence was only a stepping stone on the road to economic and social independence. That was true of the developing world as a whole, but particularly of the African continent, which numbered more developing countries than any other continent and whose situation was further aggravated by frequent natural disasters, such as drought, which impeded development. In that connexion, it was encouraging to note that the United Nations Conference on Desertification would be held in 1977.

7. Co-operation among the developing countries, which was being more and more widely accepted, was an important instrument of international co-operation. It



should not be regarded as a substitute for existing co-operation, but rather as a complementary effort. For more than a decade, his Government had taken part in a subregional co-operation experiment within ASEAN which showed beyond any doubt that the Association had become a viable organization. ASEAN had laid down firm foundations for the further development of the vast potential of the member countries, for the benefit of all. There was no reason why the same experiment should not be repeated successfully at the regional and interregional levels.

8. The developing countries were making great efforts to strengthen their co-operation, as was attested by the forthcoming meeting of the Group of 77 at Mexico City and the summit conference of third world countries proposed by Pakistan (2009th meeting). His delegation supported any constructive efforts to forge closer links of co-operation and to promote economic and social self-reliance among the developing countries. At the same time, it urged the international community to give its full support to activities of that kind and to contribute to the success of the United Nations Conference on Technical Co-operation among Developing Countries, which would be held in 1977.

9. With regard to the world economic situation, his delegation did not share the optimism of some, for although there were signs of economic recovery in the industrialized countries, the same was not true of the developing countries. In the ESCAP region, the economic situation of most developing countries, including Thailand, was deteriorating seriously and the prospects for 1976 were far from encouraging.

10. The inadequacies of the present world economic system had been stressed time and again and steps had been taken to improve it. However, more than two years had elapsed since the adoption by the General Assembly of resolutions 3201 (S-VI) and 3202 (S-VI) on the Establishment of a new international economic order, and the legitimate aspirations of the developing countries were still meeting with strong opposition from certain quarters in the developed countries. It was true that the General Assembly had adopted resolution 3362 (S-VII) on Development and international economic co-operation and that some progress had been made in the food and agriculture sectors, but it was also true that much remained to be done in other areas. Everyone was aware that there had been no positive response to the specific proposals of the developing countries at the "North-South" Conference in Paris on International Economic Co-operation. Progress at the fourth session of UNCTAD had been limited, although some positive results had been achieved in certain fields, such as the Integrated Programme for Commodities and the common fund, the transfer of technology and the code of conduct to regulate the activities of transnational corporations. His delegation urged the Council to give its full political support to the consensus arrived at in Nairobi, so that it could be implemented within the time envisaged.

11. With regard to revision of the International Development Strategy, his delegation agreed with others that it would be better for all Member States, particularly the developed countries, to implement the Strategy as at present formulated. A start should be made, however, on

the preparatory work for the strategy for the third Decade on the basis of the resolutions of the sixth and seventh special sessions of the General Assembly and of any other important decisions which might be taken in the meantime.

12. The process of dialogue and negotiation was slow and laborious and the situation was hardly encouraging for the developing countries at present. It was important, however, that both the developed and the developing countries should persevere with the dialogue and keep the path to progress open in order to help towards the achievement of an equitable and just system of international economic relations in conformity with the objectives of the new international economic order.

13. Mr. BRUCE (Canada) said that his Government shared the feelings of outrage of the African countries at the racial situation in southern Africa. Yet white minority rule in southern Africa was unfortunately not the only vestige of the colonial era in Africa: in the economic relationships of many African countries with the industrialized nations there were elements reminiscent of the relationships of the former colonies with their metropolitan Powers. Those relationships must be changed in order to bring about greater equity and stability. Nevertheless, the world economic system was much too vast and complex to be the subject of experiment and no trust should be placed in panaceas. The recent world recession and the difficulty of achieving a viable monetary reform revealed the extent to which the world community was still ill-equipped to identify and analyse problems, much less to prescribe solutions. The lesson to be learnt from the experience with development assistance so far was that there was no single global solution to the problems of the developing countries, but rather a mixture of solutions which varied from country to country.

14. It was now realized that official development assistance was not enough and that it should be supplemented by measures designed to modify the international trade and payments system and to improve the terms of trade of developing countries. It was those measures which the countries which had participated in the fourth session of UNCTAD at Nairobi, and those who were participating in the Paris Conference on International Economic Co-operation were endeavouring to devise. The inadequacy of progress to date was due partly to the difficulty of finding a balance between respect for national sovereignty and the interdependence of all countries. However that might be, co-operation would be essential if the immense problems awaiting solution were to be successfully tackled.

15. While every effort should be made to make the world economic system more equitable for all developing countries, particular attention should be paid to the needs of the least developed countries, of which there were many in Africa. Natural disasters and an adverse geographical situation were perhaps placing the enhanced opportunities which a new international economic order could provide out of reach of those countries. Canada, through the Canadian International Development Agency, had a close relationship with the African countries, particularly with those of the Sahel, and was helping to increase their food production, their economic resources and their skills. As a



leading food producer, Canada was deeply committed to food relief programmes and to activities to promote agricultural development. It was the largest single contributor to WFP, having committed over \$200 million to it in the next few years, and to the African Development Fund. Canada was also anxious that IFAD should start functioning as soon as possible.

16. The forces of the international market place could be harsh on the weakest countries and western capital markets tended to ignore the least developed countries, while nearly 1,000 million human beings still had to exist on incomes of less than \$75 per year. The least developed countries should no longer be regarded as a marginal community on the periphery of relations between developed and developing countries. They needed all the more assistance since it was not certain how much they would benefit from any of the changes which were being negotiated in the conferences organized by the United Nations and elsewhere. Those changes were many and varied and involved more than the trade and payments system; they presupposed substantial modifications not only in the structure of international economic affairs but also in the broad principles governing them.

17. Canada would willingly help to seek viable solutions to commodity trade problems. It had announced that it was prepared to contribute to the common fund that might be created to finance the Integrated Programme for Commodities if such a fund was deemed useful in the light of the consultations and negotiations which were to take place on the subject. The other matter upon which the industrialized countries had a duty to act was that of liberalization of trade and promotion of the exports of the developing countries. That was what had prompted Canada to increase its contributions substantially in 1976 to the International Trade Centre, which was very active in that sector. Moreover, Canada had announced during the fourth session of UNCTAD at Nairobi that it was considering using aid funds to establish a trade promotion office to assist developing countries seeking outlets for their exports on the Canadian market.

18. The process of industrialization was vital to the process of development, as were technology and development aid. Canada had always strongly supported and contributed to United Nations development programmes, the value of which was fully recognized. He would speak instead of the role and responsibilities of private capital and technology in the development of third world countries. It was still true that bilateral co-operation was the most effective and dynamic instrument for industrialization, in particular for the transfer of technology. In recent years, the private sector had been much criticized and held responsible for many wrongs. In some cases, that had been deserved, and the Council would be discussing later in the session means for international control of abuses. It was nevertheless true that private companies were often the best source of capital and managerial skills, which were essential elements of development.

19. Some of those ideas were politically sensitive, and the Canadian delegation, in putting them forward, was not favouring any particular system or ideology. It was unde-

niable, in any event, that if the developing countries were to be provided with the substantial development assistance they would require in the years ahead, it would be necessary to mobilize the immense financial, capital, managerial, technological and manpower resources from the private as well as the public sector. The only precaution to be taken was to ensure that the assistance would be provided on terms and conditions that were acceptable to all the parties concerned.

20. Several delegations had expressed satisfaction at the results of the seventh special session of the General Assembly, and their satisfaction was to a large extent deserved. At that session, confrontation had been replaced by a positive and constructive attempt to agree on what was achievable. The important thing now was not to lose the impetus that had been gained and to follow up the work of the fourth session of UNCTAD at Nairobi and the Paris Conference on International Economic Co-operation and of the many other important meetings of the past few years – on environment, population, food, industrial development, international Women's Year – where important recommendations for programmes of action had been addressed to Governments and to international agencies, and those of the years to come – on water, technical co-operation among developing countries, science and technology, desertification, racial discrimination, trade, commodities and transfer of technology. Efforts should be made to ensure that all the commitments that had been or would be made were fulfilled by adequately financed and well-planned programmes.

21. With regard to the organization of work within the United Nations family, the Canadian delegation considered that the Council should improve its capacity to give guidance to the many components of the system engaged in economic and social affairs and to monitor the implementation of decisions taken in those fields. The framework for the third Development Decade, which the Council would soon have to construct, should include a strategy for social policy as well as for economic policy.

22. It was also necessary to make the specialized agencies more effective; it was to that end that the *Ad Hoc* Committee on the Restructuring of the Economic and Social Sectors of the United Nations System had been set up. The Committee had not made much headway so far. All Member States had a major responsibility in the matter: they must construct a system capable of implementing the decisions taken and of managing the many programmes financed by the United Nations. The active involvement of the specialized agencies and the World Bank institutions in the over-all operations of the system must be secured. A small secretariat might perhaps be needed to ensure a better co-ordination of programmes and activities.

23. The Council, for its part, must work more effectively. The whole of the United Nations system and its activities in economic and social affairs must be kept under constant review. If the Council had not been as effective as it should have been in carrying out its mandate, the fault lay mainly with Governments, which had been unwilling or unable to give it the authority it required. He hoped, therefore, that the sixty-first session would be marked by an increase in



the authority of the Council and of the regional commissions.

24. Mr. ZEGERS (International Monetary Fund) said that the past year had been a very active period for the Fund: the Board of Governors had approved a comprehensive amendment of IMF's Articles of Agreement and the Sixth General Review of Quotas had been completed. To permit greater assistance to be given to members encountering balance-of-payments difficulties, the compensatory financing facility had been modified and the size of each credit tranche had been temporarily enlarged by 45 per cent. The Fund's resources used in the first half of 1976 had amounted to more than SDR 4,900 million, which exceeded the purchases made in any full year to date. Furthermore, the Fund had become trustee for two accounts, the Trust Fund and the Subsidy Account, both established to provide financial assistance to developing members on concessionary terms. The Trust Fund would derive its resources principally from sales of one sixth of the Fund's gold through public auctions, while the Subsidy Account received cash contributions from member countries and they were used to subsidize the interest cost, for the most seriously affected countries, of using the 1975 Oil Facility.

25. Outlining the Fund's views on the current state of the world economy and prospects for 1977, he spoke first about the situation of the industrialized countries. In 1975, the Fund had forecast that the output of the industrial countries would turn upwards in the second half on 1975. Developments had borne out that projection, first in the United States of America and then in the other industrialized countries. In those countries as a group, production had perhaps expanded at an annual rate of 6 to 7 per cent in the first half of 1976. On the evidence available, it seemed reasonable to conclude that the process of recovery was firmly established and that the output of the industrialized countries as a whole should increase in the second half of 1976 and into 1977 at slightly higher rates than hitherto.

26. It was necessary to start thinking forthwith of how to facilitate a smooth transition from the phase of recovery from recession to the longer-term phase of growth. It was a difficult task because numerous economic variables and contingencies had to be reckoned with. Moreover, little was known about the interaction of economies in cyclical movements, and countries had considerable difficulty in assessing the growth of foreign demand for which they should allow in framing their policies.

27. In the upward phase of the cycle, the rates of inflation in the industrialized countries were very high by past standards, since they were settling at 7 to 8 per cent and looked like continuing at that pace for the next 12 months. There were therefore grounds for expecting some deterioration on the price front. Conventional indicators suggested that there was a great deal of economic slack at present, by their accuracy was questionable for they had not provided warnings about capacity limits in the 1972-1973 upswing phase. Changes in relative prices, large exchange rate adjustments, the slow pace of fixed investment in many countries, the fact that a growing portion of the new investment had been geared to environmental

needs, were all factors which did not contribute to growth of output as usually measured.

28. It was also known that the unemployment rates were still relatively high in most industrialized countries and the authorities feared that it would be difficult to bring them down to more normal levels within a reasonable period of time. The structural changes in the composition of the labour force doubtless had something to do with that; furthermore, improvements had been made in the assistance provided to the unemployed, thereby altering the cost of being out of work. What had been regarded as a normal rate of unemployment some time in the past might no longer be a valid standard. It was likely that in a number of industrialized countries the rate of capital formation would have to be raised to deal with unemployment.

29. In view of the difficulty of starting the upswing with a high rate of inflation and of assessing the capacity for cyclical recovery, demand would have to be managed with considerable caution in the period ahead, particularly in those countries which still had high rates of price increase and weak external positions. A moderate pace of recovery would perhaps offer the best hope that reasonably full utilization of resources would be achieved and sustained. There seemed to be general agreement that a new upsurge of inflation could have adverse effects on demand, production and employment.

30. Beyond the issues relating to short-term stabilization, many industrialized countries saw a need to increase the fraction of current output devoted to investment. The success of efforts to increase national savings rates, however, would depend essentially on how fiscal policies evolved.

31. It was therefore reassuring that policies in the main industrialized countries were shifting in the required direction. Some were beginning to withdraw the fiscal stimuli introduced in 1974-1975, when it had been considered necessary to stimulate demand, and many others would probably follow suit in 1977. Even more significant was the fact that countries where quantitative guidelines for the monetary aggregates were employed were beginning to scale down the maximum expansion permitted by the targets which had been fixed for those variables.

32. Budget deficits were in general still very large and in many instances the rates of monetary expansion continued to be high. Both would need to be reduced significantly within the next year or two if longer-term growth was to be really stabilized.

33. It was a disturbing thought that, even on the assumption of cautious demand policies, it might not be possible to do more than contain inflation. Demand policies often seemed to have been based on an overestimate of production capacity. So long as inflation stayed at a relatively low rate, the costs incurred by a policy of rapid demand growth was more than offset by gains in production and employment, but when inflation reached a high rate it was difficult to bring it down without running the risk of adversely affecting production, employment and perhaps even business solvency. It was those dangers that



led Governments to opt for a gradual stabilization of prices, but in certain circumstances they should perhaps introduce an incomes policy to assist demand policy to slow down inflation.

34. Turning to the outlook in the industrialized countries for world trade and payments, which had implications for the developing countries and in particular for the non-oil-producing developing countries, he said that according to the Fund's projections the growth of output in the industrialized countries would produce a strong increase in the volume of world trade, perhaps of the order of 10 per cent per year in 1976 and 1977. That expansion of trade should ease the task of adjustment for countries with balance-of-payments deficits. Some developed countries were in serious difficulties in that respect, but the countries which were most affected were certainly the non-oil-producing developing countries. In the case of the latter, however, the deficit in the current account of their balance-of-payments should decline from \$37,000 million in 1975 to about \$32,000 million in 1976. That was not a very large reduction, but the fact that it was possible for it to take place in a situation of strong expansion of world trade would have certain favourable implications for those countries; the better prospects for the terms of trade indicated that the volume of imports of the developing countries would again take an upward turn. Moreover, the purchasing power of the export earnings of the non-oil-producing developing countries in 1976 would recover to approximately the level of 1973-1974 and a further improvement was likely to occur in the first half of 1977. Those countries would thus benefit from a margin for adjustment without having to compress their current payments.

35. With regard to the outlook for financing, the staff of the Fund considered that, in combination with use of Fund resources and other credits, the flow of capital to the non-oil-producing developing countries in 1976 would be sufficient to allow of a pick-up in their imports. Financing through types of transactions that did not affect net debt positions, together with loans from Governments and from international development agencies, should amount to well over \$20,000 million in 1976. A deficit of \$10,000 million would remain to be covered by other sources. The contribution of the latter, however, would probably be considerably less than in 1975 and the Fund might have to provide the non-oil-producing developing countries with more substantial aid than heretofore, most importantly through its compensatory financing facility.

36. Nevertheless, it needed to be recognized that a large proportion of the net capital inflow of the non-oil-producing developing countries in recent years had entailed borrowing on terms much harder than those for official development assistance. The real level of official development assistance should therefore be raised. With regard to external financing and debt, the situation of individual non-oil-producing developing countries varied a great deal, sometimes as a result of chance, but also because of the policies they followed. Many had been successful in reducing inflation and in balancing their balance of payments; what was remarkable was that some of the countries

most seriously affected, by the crisis had been in the forefront in that regard.

37. It remained true that numerous countries, both developed and developing, still faced sizeable external payments problems. The recovery in output and world trade obviously offered more favourable prospects than during the preceding two years, but a smooth transition from that cyclical recovery to longer-run expansion in the main industrialized countries would still be required. It would also be important that the industrialized countries should refrain from restricting imports and should strive rather to improve access to their markets, particularly for the developing countries. Internationally acceptable forms of adjustment encompassed a variety of domestic measures and exchange rate variation. Each country should analyse its own situation to decide whether it ought to have recourse to domestic policies operating on demand and costs or to an exchange rate policy. Moreover, it should not be thought that those two approaches could be used independently of each other, for adjustment involved establishing a stable relationship between expenditure and output, which suggested that the roles of domestic policies and exchange rate variation in reconciling the achievement of external and internal balance were complementary.

38. The Fund's main objective was to promote a real adjustment. It was, moreover, well equipped to discharge that responsibility, particularly since it had amended its Articles of Agreement and increased the quotas. It had been agreed that the Seventh General Review of Quotas would be conducted three years, instead of the normal five years, after the last review, which meant that it should be completed by early February 1978. That was evidence of the determination of all members to maintain the Fund as the central institution of the international monetary system.

39. Mr. DARENKOV (Bulgaria) said that the main feature of the past period had been the increasing *détente* in international relations. It was in that new climate that the sixth and seventh special sessions of the General Assembly had been held and the Charter of Economic Rights and Duties of States drawn up, as had the resolutions of the fourth session of UNCTAD. There was still a long way to go, however, and the champions of the old system of international economic relations were putting up a dogged resistance.

40. Developments in the international economic situation during the past few years had been marked by the crisis in the world capitalist economic system, the most serious since the end of the Second World War. The collapse of the monetary system, worsening economic contradictions and disorganization throughout the entire capitalist market system had had a serious impact on the economy of the developing countries, particularly those which had remained within the so-called market-economy system and were therefore specially vulnerable. The African countries, 28 of which were among the most seriously affected, were having a particularly hard time. A high rate of unemployment and inflation could be expected by the end of the decade, so the prospects for economic progress in the developing countries were rather gloomy. All those factors



were a threat to United Nations action in the economic and social fields and to the achievement of the objectives of the Second United Nations Development Decade. Today as yesterday, responsibility for that state of affairs lay with the capitalist Powers and their monopolies.

41. The CMEA member countries offered a completely different picture, with continuing expansion at a sustained rate, equalization of the levels of economic development of the nations of the socialist community, and social measures to improve the welfare of the population. Moreover, the economic plans of the countries of the socialist community allowed for the requirements of the international division of labour and more particularly for the needs of the developing countries. A new type of economic relationship was being established in economic co-operation between the socialist countries and the developing countries. The volume of trade between the CMEA member countries and the developing countries was growing faster than the total trade of the CMEA countries and represented a growing proportion of the over-all volume of trade of the socialist community. The volume of technical and economic assistance and credits granted by the socialist countries to the developing countries was constantly increasing, as was the number of plants put into service in the developing countries with the help of socialist countries. There was no denying that all those measures had helped to stabilize the situation on many commodity markets and to soften the impact on the developing countries of the West's economic crisis.

42. Some aspects of the economic development of the developing countries were of special importance and had been pinpointed by the CMEA representative in his statement (2015th meeting); the need for decisive socio-economic changes to solve the social and economic problems of the developing countries, economic co-operation between developing countries, measures for guaranteeing the sovereignty of developing countries over their resources and their economic activity, and the development of the economy on a pattern in keeping with national objectives, for instance by the establishment of controls on the action of foreign capital and, in particular, of the transnational corporations.

43. At the fourth session of UNCTAD, the CMEA countries had presented a programme of action for broadening and deepening co-operation with the developing countries. His delegation wished to recall certain basic features of those proposals. The socialist countries considered that there should be greater recourse to long-term economic and technical co-operation agreements concluded for two or three five-year periods; that the main effort should continue to be concentrated on industry as the basis for the modernization of the economies of the developing countries, which should acquire a modern scientific and technical infrastructure and modern educational systems; that complementary action should be undertaken to develop agriculture and solve food problems; and that the action of the developing countries concerned should be co-ordinated with a view to helping them to achieve their economic objectives, *inter alia*, by facilitating the development of their natural resources while respecting their sovereignty and legitimate rights.

44. Turning to the social and economic development of his own country, he said that the industrialization of the Bulgarian economy had proceeded satisfactorily during the past period and the share of industry and agriculture in total production had evolved from 77.1 and 22.9 per cent, respectively, at the beginning of the five-year period, to 81.2 and 18.8 per cent. National income had increased by 46 per cent and the real earnings of workers by 32.4 per cent. The nominal income of members of farm co-operatives had practically caught up with that of workers and employees. Since 1975, all those categories had enjoyed the same retirement conditions. With regard to the future, the seventh five-year plan provided for an increase of 60 per cent in industrial output and 20 per cent in agricultural production, and a rise of 50 per cent in national income.

45. It was particularly interesting to note the constant increase in his country's trade with the developing countries: it had multiplied sevenfold from 1974 to 1975, as compared with an increase of roughly two-and-a-half times in the case of Bulgaria's trade as a whole. The share of industrial goods in its trade was constantly increasing. The situation was the outcome of new and progressive forms of economic co-operation between Bulgaria and the developing countries. The delivery of turnkey projects paid for by imports of goods manufactures at the same works, and the organization of joint corporations, were good examples in that respect.

46. His Government had recently decided to extend the system of preferences in force since 1972, which meant that its preferential system would in future apply to all the items in the BTN. His country was at present granting credits worth more than \$500 million for development purposes and over 3,000 Bulgarian experts were helping to introduce socio-economic changes of vital importance to the developing countries. In pursuance of a recommendation of the second General Conference of UNIDO, Bulgaria had organized two meetings which had been attended by ministers from developing countries; the first, in October 1975, had dealt with industrialization problems and the second, in May 1976, with the industrialization of agriculture. The participants had considered both meetings extremely useful. His Government intended to continue its co-operation both with UNIDO and with the other international organizations.

47. He recalled the results of the Helsinki Conference on Security and Co-operation in Europe, which had succeeded thanks to the efforts of the socialist countries, particularly the Soviet Union, in favour of peaceful co-existence. The climate brought about by that Conference could be expected to facilitate the solution of the main problems outstanding, especially in the economic and social fields. So far as co-operation in Europe was concerned, ECE was a body of the utmost value and Bulgaria and the other socialist countries firmly supported its activities. On the initiative of the Soviet Union, the socialist countries had proposed, at the Commission's thirty-first session, the organization of three international conferences, on the protection of the environment, development of transport, and energy (see E/5781, para. 72).

48. He affirmed his country's determination to continue working for the consolidation of the détente, the op-



ponents of which were rejecting Soviet and other socialist initiatives for the effective limitation of the arms race and for the strengthening of peace, particularly the proposals for the complete and general prohibition of nuclear weapons tests and a ban on the development and manufacture of new types of mass-destruction weapons and systems. Another proposal worthy of the closest attention was that made by Mr. Brezhnev at the twenty-fifth Congress of the Communist Party of the Soviet Union, concerning non-recourse to force in international relations.

49. Mr. VESELSKY (Austria) said that the Austrian people felt themselves closely linked to the peoples of Africa and especially to those who were suffering under the oppression of racist minorities.

50. An important part of Austrian technical assistance was now directed towards African countries, particularly in the field of agriculture and forestry. In the area of health, the assistance given mainly concerned the construction of hospitals and the provision of Austrian doctors and nurses. Prospecting for minerals was another field of Austro-African technical co-operation. In the education sector, an increasing number of African students were attending courses in Austria.

51. Africa and African statesmen had contributed to the economic and social development on the continent and to that of other regions of the world. They had developed new and original forms of regional co-operation, the best example of which was OAU. The countries of Africa were the countries with the greatest needs and they were also those which had been most seriously affected by the recent international economic crisis. It was therefore in Africa that the struggle for economic and social development must be won.

52. In considering the world economic situation, it was difficult not to mention the severe recession of the past two years. To avoid the recurrence of such a phenomenon, a lesson should be learnt from the series of crises of the last few years and efforts should be made to give a new impetus to economic and social co-operation at the world level. As far as co-operation between the industrialized countries and the developing countries was concerned, his Government had submitted a comprehensive plan which he proposed to outline, since it was of particular interest to the African continent.

53. It was well-known that in periods of world-wide economic stagnation and recession, production capacities became available in the industrialized countries. An obvious solution would be to use those capacities for the benefit of developing countries. To do that, it would be necessary to set up a special system of financing and to link the specific needs of developing countries with the delivery possibilities of industrialized countries. The donor countries could finance the industrial goods supplied in that way by having recourse to their own market. The goods would be made available to the recipient countries either in the form of grants or on the basis of long-term credits on favourable terms. The recipient countries would pay for the goods in local currency which would be paid into a special fund, which in turn could be used for the financing of investment

projects. An international organization could be made responsible for co-ordinating the needs of the developing countries and the delivery possibilities of the industrialized countries. The goods thus made available to the developing countries would of course be in addition to the aid they were at present receiving. In view of the transport problems in Africa, the first step would be to arrange for the supply of rolling stock for the existing railways.

54. International economic and social co-operation had recently been reflected in a series of important meetings, from the sixth special session of the General Assembly to the fourth session of UNCTAD and Habitat: United Nations Conference on Human Settlements, which had just been held at Vancouver, among them the World Population Conference and the World Conference of the International Women's Year. Those meetings testified to the will of the international community to construct together a new international economic order. Neither setbacks nor the difficulty in reaching agreement on basic principles should be a cause of discouragement. Although none of the major problems which were on the agenda of the fourth session of UNCTAD had been resolved, those attending had for the first time recognized the need to organize the commodities market.

55. As far as the new international economic order was concerned, it would be a mistake to become involved in an academic debate on the relative merits of free-market concepts and central-planning ideas. It would be better to adopt a pragmatic approach and to seek just solutions.

56. The number of major problems which remained to be solved had not decreased. The extent of the world food crisis had been clearly revealed at the recent meeting of IFAD at Rome. The beginning of the decade had seen a sharp decline in world food production. Although the situation had improved during the past few years, there was still reason for concern in view of the irregular harvests and the inadequate levels of world food reserves. At the same time, the costs of food imports for the developing countries were rising rapidly.

57. Another serious problem was that of the external debt of the developing countries. His Government understood the desire of those countries to start negotiations on that subject as soon as possible. Those problems would have to be solved if the developing countries were to achieve the progress essential for improving the standard of living of their people by the end of the second Development Decade.

58. Austria attached the greatest importance to the strengthening of international scientific and technological co-operation and welcomed the convening, in 1979, of a United Nations Conference on Science and Technology for Development. It was prepared to contribute to the utmost to the success of that Conference and had proposed that it should be held at Vienna. In view of the fact that the Austrian capital was the headquarters of IAEA, UNIDO and other scientific and technological bodies, and in view of Austria's activities in the field of science and technology for development, the Federal Government hoped that its offer would be favourably considered by the States Members of the Economic and Social Council and of the United Nations.



59. The supply of energy played an essential role in economic and social development. The importance of non-conventional sources of energy for developing countries had been emphasized in a recent report by ECA. Indeed, half of the world's solar energy potential was to be found in Africa. Research should therefore be intensified with a view to mobilizing those new sources of energy. His delegation was convinced that the United Nations was specially qualified to promote international co-operation in that field and it proposed to submit specific proposals to the Council under agenda item 14 (Science and technology). Austria was ready to contribute to the common endeavour. It intended to direct its research and development activities with respect to solar energy in such a way as to collaborate with the developing countries, for instance on the basis of joint ventures. A project for constructing a small solar power plant was being studied. The results of that experiment would be made available to the developing countries.

60. Austria considered that any contribution to a better functioning of United Nations bodies, particularly in the economic and technological fields, could be beneficial to

economic and social development. It was in that spirit that Austria had offered to construct, at its own expense, namely without additional charge to the United Nations budget, the headquarters of a number of United Nations bodies at Vienna. The Austrian delegation hoped that at its forthcoming session the General Assembly would take that consideration into account when it decided on the Austrian Government's offer.

61. The improvement of world economic structures had been the subject of many sound proposals. What was really needed at the present stage was to create the political will to carry out the decisions and recommendations which had already been adopted and which were the basis for the establishment of the new international economic order.

62. As far as Austria was concerned, its delegation had come to Abidjan with the intention of proceeding in that direction and of contributing to the implementation of the plans and projects which had been drawn up in the last few years.

*The meeting rose at 1 p.m.*

## 2017th meeting

Wednesday, 7 July 1976, at 3.35 p.m.

*President:* Mr. S. AKÉ (Ivory Coast)

E/SR.2017

### AGENDA ITEM 3

**General discussion of international economic and social policy, including regional and sectoral developments (continued)** (E/5790 and Add.1, E/5806, E/5808, E/5823, E/5825/Rev.1, E/5827, E/5834)

1. Mr. SILVA SUCRE (Venezuela) said that the fact that the Council was holding the first part of its current session at Abidjan was of particular importance for its work.

2. Since the beginning of the First Development Decade in 1960, the international community had been paying increasing attention to international economic questions. In the second half of the Second Decade, the emphasis was on improvement of the living conditions of States Members of the United Nations in the third world.

3. Yet the minimum targets laid down by the international community over the last 15 years had not been attained, despite unprecedented efforts by the more disadvantaged countries that had not always been supported by the highly industrialized nations. Nevertheless, undeniable material and moral headway had been made. The very fact that the name of the target had changed, from Development Decade to International Development Strategy and later to the new international economic order showed that there had been progress in the conceptual formulation of the international community's objectives.

4. In recent months many international meetings had been devoted to the establishment of the new international economic order: the fact that their results had not always been satisfactory was to be attributed not to any lack of goodwill by participants but rather to the difficulty of replacing a state of affairs which had benefited one part of the world by another that would benefit all. None the less all those meetings had taken steps in the right direction.

5. Some of those steps, such as the adoption at the fourth session of UNCTAD of resolution 93 (IV) on the Integrated Programme for Commodities, had been decisive; others had been less so. And although the Paris Conference on International Economic Co-operation as yet showed no sign of finding a solution to the major economic problems of the international community and in particular of the third world, it was held in a friendly atmosphere and had made progress by analysing basic aspects of the problems of the developing countries, such as stabilization of commodity markets, the disequilibrium in balance of payments, access to markets, the transfer of technology and resources for development, and industrialization. The Conference had not yet reached the negotiation stage; the proposals put forward by the developing countries had so far fallen on deaf ears or had met with negative reactions from the most important industrialized countries, and no alternatives for further discussion had been put forward. However, at a meeting between the Latin American and European Community countries in June, the Chairman of the Committee of Permanent Representatives of the Community had stated