



## ECONOMIC AND SOCIAL COUNCIL

FIFTY-THIRD SESSION

OFFICIAL RECORDS

Friday, 7 July 1972  
at 10.20 a.m.

PALAIS DES NATIONS, GENEVA

*President: Mr. SZARKA (Hungary)*

## AGENDA ITEM 2

**General discussion of international economic and social policy (continued) (E/5124, E/5132, E/5144, E/5145, E/5160, E/5161)**

1. Mr. HILL (International Chamber of Commerce), speaking at the invitation of the President, said that in the past year ICC had given priority attention to three issues which had also been in the forefront of Governments' preoccupations, namely, the crisis affecting international monetary and trade relations, the protection of the environment, and economic development.

2. So far as concerned the monetary crisis, there had been since December 1971 a close identity of views between the United Nations and ICC regarding the solutions to be applied; and those solutions were precisely the same as the ones advocated by the Group of Ten in the agreement signed at Washington on 18 December 1971. In the opinion of ICC, certain basic principles should underlie the reform of the international monetary system, namely, fixed exchange parities with sufficient flexibility built into the system to permit prompt adjustments in case of a fundamental disequilibrium, improved co-ordination of monetary policies and more effective national policies to control inflation and the growth of reserves.

3. As to trade relations, the multilateral trade negotiations to be held in 1973 within the framework of GATT were in line with the policy advocated by ICC since 1969. In the view of ICC, GATT constituted a valuable framework within which Governments could accept commitments and submit to effective procedures for ensuring their observance, but it might be advisable to complete certain provisions of the General Agreement with a view to strengthening the procedures for concerted action, consultation, conciliation, settlement of disputes and recourse to safeguards. Moreover, before opening negotiations, Governments should iron out their differences on the matter of regionalism. In any case, since the Kennedy Round had brought about a substantial reduction in tariff barriers, Governments should endeavour to eliminate non-tariff barriers in the forthcoming negotiations. Since it was in the agricultural sector that non-tariff barriers raised the most serious problems, and since it had been found in previous negotiations that the traditional rules were inoperative, special rules would have to be devised so that negotiations could be held at the same time on trade-policy measures and the elements of the domestic agricultural policy of

producing countries which affected export and import patterns.

4. So far as concerned the environment, he considered that three conclusions could be drawn from the Stockholm Conference. First, Governments as well as industry accepted collective responsibility in that matter at the international level. Secondly, the environment and much of the activities undertaken in that connexion directly concerned industrialists, a fact which had not been adequately recognized at the Conference. Thirdly, the protection of the environment provided an opportunity for a constructive partnership between government, science and business. Through ICC, private enterprise had shown that it was prepared to do its part. Thus, a Special Committee of ICC had submitted reports to the Conference on all the agenda items. In consultation with the Secretary-General of the Conference, ICC had already taken steps to map out the details of its co-operation with the United Nations in that area.

5. The debates at Stockholm had shown how closely linked questions of the environment were to other important world economic issues, such as, for example, the problem of employment, which was particularly serious in the developing countries. The ICC Commission on Asian and Far Eastern Affairs had devoted its latest annual meeting to the study of means of achieving greater productive employment in the countries of that region.

6. ICC was convinced that the private sector could, when Governments accorded it their confidence, make a major contribution to the economic growth of developing countries. Within the framework of that policy, ICC had participated actively in the third session of the United Nations Conference on Trade and Development at Santiago and had submitted to the fifty-third session of the Council a report entitled *The International Corporation and the Transfer of Technology* (E/C.2/752). In another report, which would be issued at the end of 1972, ICC hoped to dispel the fears expressed in various quarters that multinational enterprises could damage the economic interests of host countries. Similarly, with regard to the role of companies from the industrialized world as investors in the developing countries, ICC had endeavoured to collect facts and information which were likely to convince host countries that foreign investment could help their economic development and also to convince investors that investment in a given project in a given country could be profitable and stable. ICC had already participated actively in the meeting of the Panel on foreign investment organized in Tokyo from 29 November to 2 December 1971 under the auspices of the Under-Secretary-General for Economic and Social Affairs, and it was currently drafting guidelines for private international investment, which it was hoped would be

published before the end of 1972. Those guidelines were in the form of recommendations to investors, the Governments of investors' countries and the Governments of host countries. The recommendations concerned investment policies, ownership and management, finance, fiscal policies, legal questions, labour policies, and policies relating to technology and commerce.

7. In addition, the ICC Liaison Committee with the Chambers of Commerce of socialist countries had issued in March 1972 a report which contained the findings of an inquiry, conducted at the request of ECE, into the practical difficulties which hampered East-West trade.

8. In conclusion, he said that the general theme of the XXIVth Congress of ICC, to be held in May 1973, would be "The challenge of urban growth to Governments and private enterprise". That would be the first opportunity for industry to prepare itself, at the international level, to contribute constructively once again to the practical solution of major problems of the future.

9. Mr. ODERO-JOWI (Kenya) said that whichever aspect of the world economic situation it considered – whether trade, the monetary situation, co-operation, the transfer of technology or the environment – the Council would find itself confronted with serious problems.

10. According to the *World Economic Survey, 1971*, "the rate of growth of world trade continued to be [...] high, although the exceptional buoyancy of earlier years was not maintained in 1971" (E/5144, p. 2). That satisfactory conclusion did not, however, apply to the developing countries, whose share of world trade had been steadily shrinking all through the sixties. One way of correcting that situation would be to open the markets of the developed countries more widely to exports of manufactures and semi-manufactures from the developing countries. Another adverse feature was that the terms of trade continued to be unfavourable to the developing countries. In that respect, the United Nations had not yet exhausted the possibilities of remedial action at its disposal; to begin with, it should give serious consideration to a proposal put forward at the third session of UNCTAD, to the effect that the developing countries could receive compensation for the loss of exports earnings they incurred as a result of disparate rises in the prices of their exports and imports. The United Nations should study the factors which had contributed and were still contributing to the persistent worsening of the developing countries' terms of trade. Such a study was the more necessary since the earnings of some developing countries from oil exports tended to obscure the reality.

11. Turning to the international monetary situation, he recalled that the Kenya delegation had warned the fifty-first session of the Council of the impending crisis and had recommended, in vain, the convening of an international monetary conference. It had been obvious that, sooner or later, the Bretton Woods system would prove inadequate. One of its architects, Lord Keynes, had indeed suggested during the original Bretton Woods negotiations that the solution to post-World War Two monetary and trade prob-

lems lay in establishing an international currency. That solution had, of course, been rejected.

12. The danger of using a national currency as a reserve currency was that sooner or later the national interests of the country in question inevitably came into conflict with international interests. If a stable monetary system was to be established, gold must eventually be demonetized. That, of course, could not be carried out suddenly, and during the transition period gold would continue to play its traditional role; moreover, it would continue to be used in trade and other transactions between the socialist and non-socialist countries until the eventual hoped-for integration of the two monetary and trading systems.

13. To establish a new stable international monetary and trading order, it was further necessary to set up appropriate institutions to operate the system and to eliminate the two factors which had hitherto been dominant: i.e. commercial interest and political interest. In contradistinction to what was at present the case in IMF, where the developing countries had no voice in the decisions made from time to time to deal with disturbances affecting the systems, the control of the decision-making process should be related neither to the economic power nor to the political power of the members of the competent monetary or trade institutions.

14. Turning to the question of foreign aid, he distinguished three elements which deserved the Council's special attention: financial assistance, technical assistance and compensatory financing.

15. Financial assistance needed defining more accurately: a Government-to-Government grant was quite different from private investment, and in his delegation's view the two could hardly be lumped together as aid. In the same way, loans were either public or private, and they were granted at very different rates of interest. Capital flows to the developing countries, therefore, should be classified according to the extent to which they generated reverse flows of funds from the recipient countries. The developing countries were so deeply indebted that, there too, a crisis was to be feared.

16. As to technical assistance, it should be closely studied to see how far it really contributed to the beneficiary countries' development. The effectiveness of a technical assistance programme was not to be measured merely by the completion of the proposed project; it was also necessary to create some technical capacity in the beneficiary country. From that second standpoint, technical assistance seemed not to be attaining its objectives.

17. The United Nations generally considers the problem of compensatory and supplementary financing from the standpoint of the international financing organizations, but the Council should also show some interest in export credits, a form of compensatory financing emanating from the private sector which the developing countries had found by experience to be an inconvenient form of aid involving threats to the beneficiary countries' sovereignty. The United Nations, therefore, should see to it that the competent international development financing institutions had sufficient resources to meet the bulk of the developing

countries' requirements. One possible method was to establish a link — as the developing countries had requested in UNCTAD — between the special drawing rights and development financing.

18. The delegation of Kenya was firmly convinced that the most important determinant of economic development was the combined factor of science and technology. The United Nations agencies must therefore draw up a serious and practical programme for the transfer of technology to the developing countries, for without such a transfer those countries would be unable to build up their domestic technological capacity and all their development efforts would be to no avail. The developing countries needed to acquire technical competence and capacity not only for the manufacture of goods, but also in all branches of commerce, finance, export promotion, insurance, communications, transport, and so on.

19. It had recently been recognized that regional economic co-operation could also make an important contribution to development. There already existed groupings of developed countries — like EEC and CMEA — and there were groupings of developed and developing countries; lastly, there were regional co-operation arrangements among developing countries, but these were usually less successful. The success of the East African Community encouraged him to request the United Nations to intensify its efforts to encourage the establishment of effective regional groupings by other developing countries. The United Nations could help the developing countries, first, in providing adequate infrastructures for such groupings; secondly, through UNCTAD, in preparing programmes of intra-regional trade promotion; and, lastly, in establishing the regional clearing arrangements without which regional economic groupings could not succeed. The United Nations should also see to it that neither the establishment of regional groupings among developed countries nor the co-operation arrangements linking groups of developed with groups of developing countries had any adverse effects on the developing countries. It should be pointed out in that connexion that the effectiveness of the general scheme of preferences was being seriously threatened by certain regional groupings; the international community should take note of that threat.

20. On the subject of the environment, he said that Kenya accepted the recommendations of the Stockholm Conference. In view of their complexity and interdependence, questions of the environment called for international study and co-ordination. His country also agreed that responsibility for action to protect the environment could be exercised more effectively at national and regional levels, and that the United Nations system should take the necessary steps to help the developing countries to carry out programmes compatible with their development priorities and plans and to participate in international programmes. Furthermore, international co-operation on the environment must be undertaken with due respect for the sovereign rights of States and in accordance with the United Nations Charter and the principles of international law. New machinery should be set up within the United Nations system to co-ordinate environment programmes.

To finance the programmes, it was further necessary to establish a fund supplied by voluntary contributions.

21. Those questions of the environment and development served to highlight the importance of the application of science and technology to development and the need to establish a United Nations fund for the exploration and development of the developing countries' natural resources.

22. For a number of years past, the Council had been considering the reform of its working methods. In the view of the Kenya delegation, such reforms should aim at strengthening the Council's twofold function of policy-making and co-ordination. For that purpose, it would be necessary: (a) to place the United Nations specialized agencies and bodies under the effective authority of the Council in the field of economic and social development; (b) to improve the quality of representation in the Council so as to demonstrate member States' commitment to international co-operation in the field of economic and social development; (c) to rationalize the operation, activities and responsibilities of the Council's subsidiary organs so that they could support the Council in its role of co-ordination and policy-making; and (d) to persuade the General Assembly to assist in the Council's reorganization.

23. He was much concerned by the fact that some members of the Council seemed to be deliberately misinterpreting the spirit and intent of Council resolution 1621 C (LI). Through that resolution, the Council had clearly vested the Committee on Review and Appraisal of the Second Development Decade with responsibility for co-ordinating on its behalf the relevant information and documents. The delegation of Kenya wished to reaffirm its support for the Committee.

24. Mr. NAIK (Observer for Pakistan) said he noted that, at the current session, the Economic and Social Council was considering particularly important problems. The world today had to reconsider and re-define the principles which had hitherto governed economic and social policies with a view to devising a scheme for the most equitable and rational exploitation and distribution of the world's resources both among and within nations.

25. In its report on its eighth session (E/5126), the Committee for Development Planning had underlined the fact that for the great majority of people living in the third world even an acceptable minimum level of living could not be attained without a policy for the re-distribution of income and consumption and a change in the composition of the national product. Such radical reforms required a political will on the part of the Governments of the developing countries.

26. After the traumatic experience recently suffered by Pakistan, his Government had undertaken a programme of national reconstruction. It had assumed control over heavy and basic industries in order to improve the structure of production and consumption. Foreign enterprises, however, were excluded from such expropriation. A new labour policy provided for greater participation by the workers in management and profits, and radical agrarian reforms had been initiated to redistribute land to the tillers of the soil.

free of cost. Education policy sought to ensure universal literacy at the primary level by 1984, and to re-orient educational programmes towards the practical requirements of national socio-economic development. The Government had also launched a big public health scheme and a programme of public works to raise the level of living and reduce unemployment in rural areas. The Government's whole policy was characterized by an effort to achieve integrated development of several sectors of the economy, with greater emphasis than hitherto on agricultural and rural development, as demonstrated, for instance, by the creation of "agrovilles" to provide economic, social and cultural facilities for the surrounding areas.

27. There were serious problems hindering the implementation of that policy. The economy of Pakistan had suffered a great deal from the upheavals of 1971 and from the consequences of war. The country was heavily in debt, and industrial and agricultural production had not yet reached full capacity. Nevertheless, the economic situation was better than might have been expected, particularly in the export sector. With the resumption of external assistance and, in particular, the initiation of a constructive dialogue to ensure durable peace in the South Asian sub-continent, his Government could view the future with cautious optimism.

28. His delegation was encouraged by the fact that the recommendations of the Committee for Development Planning had been endorsed – in their entirety, he hoped – by the delegation of the United States, for development efforts by the developing countries must be accompanied by measures to expand their export potential and provide them with concessionary finance for investment in critical sectors of the economy.

29. An objective analysis of the recent monetary crisis led to conclusions similar to those derived from the report of the Committee for Development Planning. The monetary system of the past had contained the seeds of its own destruction. It had been based on the hypothesis that the value of the dollar was unlikely to change, and that assumption implied certain political and economic relationships. Moreover, the system had benefited only a limited number of relatively advanced countries. At the twenty-sixth session of the General Assembly, his delegation had proposed the adoption of a text [subsequently resolution 2808 (XXVI)] calling upon all the countries directly affected by the monetary crisis to reach agreement on solutions. Consequently, it could not but be gratified by the transitional arrangements adopted by the Group of Ten in December 1971. Nevertheless, those arrangements could not be a substitute for the necessary far-reaching reform along the lines suggested by the Second Ministerial Meeting of the Group of 77,<sup>1</sup> in the General Assembly and at the third session of UNCTAD. To reach a final solution, it was

necessary to remove the fundamental cause of the monetary breakdown. The proximate cause of the crisis, the deficit in the United States balance of payments, had itself been the result of restrictions on the principle of free trade, and particularly agricultural trade, imposed by some other advanced countries. No monetary system could endure unless it permitted a continuous expansion of world trade and exploited the potential for expanding the production and consumption (and hence the external trade) of the developing countries.

30. The economic growth of the developing countries required substantial external assistance on concessionary terms. In that connexion, the developing countries had, at the third session of UNCTAD, put forward realistic proposals concerning special drawing rights and the establishment of a link between the creation of those rights and development financing.

31. It was obvious what the elaboration of a new monetary order meant to the developing countries. His delegation welcomed the decision of IMF<sup>2</sup> to establish a "Committee of Twenty" to work out a new scheme. That body must, however, be genuinely representative.

32. Similarly, the developing countries would have to participate in any negotiations for freer world trade. Arrangements to ensure such participation must be worked out for the forthcoming trade negotiations in GATT. The declaration of the Group of 77 on those negotiations would have to be taken fully into account, especially since the most-favoured-nation clause had been eroded by the existence of regional groupings and would be further damaged by the expansion of EEC and the extension of special arrangements with EFTA. Although freer trade among developed countries was desirable, it would render the general system of preferences ineffective. Adjustment measures would therefore have to be introduced. Moreover, the elimination of non-tariff restrictions should be accorded priority.

33. His delegation was convinced of the importance of the recommendations and conclusions of the United Nations Conference on the Human Environment. The developing countries must take environment considerations into account in their national development strategies so as to avoid the mistakes made by the developed countries. Nevertheless, the Conference had drawn attention to the fact that, for two-thirds of mankind, environment problems were those of poverty, malnutrition, illiteracy and misery, thereby demonstrating to public opinion in the advanced countries the unity and interdependence of the world. The decisions of the Conference had been made possible by the political will of all countries and, in particular, by the willingness of the developing countries to make concessions on issues that were of primary interest to the advanced countries. As the Secretary-General (1819th meeting) and the representative of Chile (1822nd meeting) had both noted, however, where the interests of the developing countries were at stake, as had been the case at the third

<sup>1</sup> Declaration and Principles of the Action Programme adopted at Lima (TD/143). The text will be reproduced in *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (to be issued as a United Nations publication).

<sup>2</sup> This decision was the subject of resolution No. 27/10, of 26 July 1972.

session of UNCTAD, the political will of the advanced countries was significantly lacking.

34. It had been said that the Economic and Social Council should play its rightful role under the Charter. That could not be achieved by simple structural reforms, and the authority of the Council could be enhanced only if the Council was allowed to consider and resolve the fundamental problems of under-development and poverty. The Council's primary concern during the present decade should therefore be to assist in the implementation of the International Development Strategy. At present, the Council considered a large number of items, most of which were of peripheral importance for economic and social co-operation, and it took decisions that were not based on any general policy. The Strategy and the recommendations concerning its review and appraisal should provide such a policy. His delegation would return to that subject when the Council came to consider the report of the Committee on Review and Appraisal.

35. Mr. ALZAMORA TRAVERSO (Peru) said that, at a time of political *détente*, of economic integration among the industrial countries and of the formation of regional economic blocs, the world was entering a new era, that of negotiation. The recognition of the legitimate rights of the People's Republic of China in the United Nations and, more generally, the recognition of the right of the socialist countries to be integrated in the commercial, financial and monetary systems and processes would undoubtedly confirm the link between the universal nature of the United Nations and the international nature of the world economy.

36. Unfortunately, that universality was in violent contrast with the lack of political will in relation to development problems. It was now acknowledged that under-development was not so much a question of national economic backwardness as the inevitable outcome of the overgrowth of the external sector and the domination exercised by the large industrial centres which controlled the third world's natural resources and international trade. As the Secretary-General (1819th meeting) had pointed out, however, the developed countries refused to recognize the seriousness of their responsibility in that respect.

37. The result of that attitude was a steady deterioration in the developing countries' situation as a whole. Their share in world trade was decreasing, the financial aid they received was diminishing, their external debts were increasing and the technological gap was widening. All those symptoms were indicative of the failure of co-operation at the international level. The situation had become so acute that the murmur of discontent was becoming louder and louder. In a world that was shrinking, the great Powers could no longer remain indifferent to the voice of the poor.

38. Not only were the developing countries not receiving the support they needed, they had also to put more and more energy into the task of defending their rights and interests against attempts to usurp their natural land and offshore resources, and against the unfavourable effects of protectionist measures or monetary crises for which they were not responsible but which undermined their economies. They had also to fight against the pollution of their

environment and the destruction of their fauna and flora as a result of nuclear tests which had been condemned by the international community, or against economic and political pressure by private supranational interests. Thus, the systems and procedures adopted by the international community more than twenty-five years previously were today incapable of solving either the problem of under-development or that of the uncontrolled over-development by which it was accompanied.

39. In the face of that profound crisis, the developing countries had set forth their position in the Declaration and Principles of the Action Programme adopted at Lima by the Second Ministerial Meeting of the Group of Seventy-seven, demanding effective participation in the decision-making process on trade and monetary questions and the initiation of a just system of international co-operation based on the principle of mutual benefit.

40. The current monetary crisis was an excellent opportunity for launching an ambitious programme to give new life to international trade and reorganize the system of international payments. The economies of the industrial countries would have to be reordered in such a way as to take into account not only the convergence of interests between North America, Western Europe and Japan, but also the developing countries, which, from mere spectators, would become active and direct partners in an international system in which the centrally-planned economies would also have their place. While some countries were desperately searching for outlets, others had internal markets which would soon be saturated as a result of overproduction. The import requirements of the third world and the potential scope of its markets could help to restore equilibrium without causing new crises. Increased participation of the third world in international trade would substantially alleviate the tensions in the developed world's balances of trade. Moreover, if that expansion of trade was financed by the floating mass of liquid resources, which, owing to monetary uncertainty, represented a constant threat of inflation, international monetary stability could be re-established.

41. The proposals which his delegation had just put forward would demand a considerable intellectual, political and material effort on the part of the industrial countries, but the creation of a community governed by the common interest would be the most rational solution to the problems of co-existence between peoples separated by gradations of wealth.

42. The Economic and Social Council could play an important part in that development by abandoning its traditional role of co-ordinating the subsidiary organs of the United Nations and dealing with things that really mattered. As long as the Council was incapable of drawing up principles and policies and steering the whole economic system of the United Nations, it would be unable to recover its power and prestige and regain the confidence of the third world.

43. To conclude, his delegation hoped that what had not been done in the name of solidarity, justice or historic responsibility, would be carried out for the sake of mutual

benefit and the universal interest, and that the enormous wealth-generating capacity available in the modern world, which had already assured the progress and well-being of the developed countries, would be placed at the service of justice for all peoples.

44. Mr. KUMI (Ghana) recalled that at the twenty-sixth session of the General Assembly, many delegations, including his own, had expressed concern about the monetary situation and had called for participation by the developing countries themselves in decisions that affected them directly. Unfortunately their appeal had not been heeded, and those countries were still being victimized by the vicissitudes of the monetary system. It must be admitted that the principles of Bretton Woods had had their day. At its third session, UNCTAD had recognized the need to establish a more satisfactory international monetary system in which both developed and developing countries would participate, and in its resolution 84 (III)<sup>3</sup> it had invited IMF to consider the creation of a committee of twenty members to advise the Board of Governors on matters relating to the reform of the international monetary system. While not fully meeting the developing countries' concern, that step would nevertheless be a hopeful beginning.

45. His Government regretted the fact that UNCTAD had failed to conclude an international cocoa agreement. As the Council was aware, the balance-of-payments problems facing most developing countries were due to conditions on the international commodity market. That was why the General Assembly, in the International Development Strategy [resolution 2626 (XXV)], had set 31 December 1972 as the target date for the conclusion of international agreements on certain commodities, including cocoa. For ten years, however, the consumer countries had been subjected to pressures which had prevented the conclusion of such agreements. The mere adoption of a resolution, as at the third session of UNCTAD, was not enough. The consumer countries must now show the political will to reach an agreement.

46. Ghana was rich in natural resources, but had been facing economic crises for a long time. His Government, firmly resolved to eliminate the obstacles to the country's economic development, had declared the years 1972-1974 to be agricultural years and had adopted an economic policy based on the principle of self-reliance: the aim was to make full use of all human and material resources and not to depend upon external assistance for survival. It was also indispensable that the control of the economy should remain in the hands of Ghanaians. That did not mean that Ghana would disregard international economic co-operation. Such co-operation was essential, but it should not be more than a complement to a country's own efforts.

47. The encouraging results on environment obtained by the Stockholm Conference should not be allowed to obscure the other urgent problems of the day: the world

was still divided into rich and poor countries; and unemployment, poverty and disease were still rife in the third world, which had to be content with fine words.

48. In southern Africa the majority of the inhabitants lived in a state of slavery and oppression. The Government and people of Ghana were dedicated to the fight for the eradication of *apartheid* in southern Africa and for the freedom of all oppressed peoples.

49. As to the role of the Economic and Social Council, his delegation considered that the Council should certainly review its methods of work in order to increase its efficiency. It did not agree, however, that the Council should relinquish any of the responsibilities conferred upon it by the Charter.

50. Dr. CANDAU (Director-General, World Health Organization) said that he was very much looking forward to the detailed review by the Council of the activities of WHO. Rather than expatiate on the Organization's achievements, he proposed to speak about WHO's programme policies in relation to the needs of its members.

51. At the fifty-first session of the Council, he had spoken of the development of WHO's capacity for applying systems analysis to health projects and of the launching of an ambitious research programme in health planning as an integral part of socio-economic planning in countries with widely differing conditions. Before those methods could be universally applied, WHO had embarked on a number of exercises for testing them. For example, systems analysis had been applied in five countries with greatly varying conditions. Studies had been made in six countries under the research programme in health planning. The proof of those methodological approaches would be their ability to improve programme delivery in the four principal areas of global priority for health activities, namely, the strengthening of health services, health manpower development, disease control (including prevention) and the promotion of environmental health. Those four areas of activity figured prominently in WHO's General Programme of Work for 1973-1977, which set out in rather broad terms the Organization's medium-term objectives.

52. For the formulation, implementation and evaluation of the programme within that general framework, structure-bound thinking had been abandoned in favour of a flexible and functional approach consonant with the changing variety of a programme fundamentally geared to the fulfilment of country health needs. Programmes for the improvement of health at both national and global levels were interdependent, and WHO had therefore adopted the concept of the interdisciplinary team responsible for channelling expertise towards the defined objectives of the programme area concerned, it being hoped thereby to achieve better co-ordination of the various interests involved and the cross-fertilization of ideas leading to better programming.

53. Those teams were one of the mechanisms which enabled WHO to deal with national, regional and international realities. Programme budgeting was another. The new system was to be introduced in preparing the pro-

<sup>3</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (to be issued as a United Nations publication), annex I.



gramme and budget proposals for 1975. For the first time, the budget would present country programme statements, which would outline in their economic and social context the main health problems of the country concerned and would be followed by a summary of the objectives of the WHO-assisted programmes and of progress made in their achievement. There would also be budgetary schedules showing for each programme the budgetary distribution by type of functional activity for each region, for inter-regional activities and for headquarters. The weaknesses of WHO's activities should by that means be exposed no less than their strong points; programme planning and execution would thus be stimulated and the Executive Board and the World Health Assembly would be provided with a clearer picture of the options before the Organization.

54. It had become more evident than ever that medium-term programming and programme budgeting must be supported by a pragmatic, programme-oriented information system kept constantly under review. In this connexion, WHO attached importance to the collaboration of the Inter-Organization Board for Information Systems and Related Activities.

55. WHO's activities in the environment field exemplified its programme approach. As the Stockholm Conference had shown, the psychological environment was no less influential than the physical. In 1971, 245 WHO projects of assistance were being carried out in 90 countries in the field of environmental health, priority being given to the needs of developing countries, which WHO was helping, for example, to achieve the safe-water targets set for the Second Development Decade.

56. Any reference to the environment as a whole would be incomplete without reference to population. With financial support from the United Nations Fund for Population Activities, WHO was assisting countries, on request, on health aspects of family planning, and had developed a global programme of research in human reproduction. The research programme, which was receiving generous support from a number of Governments and foundations, was focused on the development of a variety of safe, effective and acceptable methods for the regulation of fertility. An international group of specialists was also advising on research priorities and the allocation of resources.

57. In drawing that fragmentary picture, he had wished to show the members of the Council that WHO was concerned with renewing its programme approach, and to indicate some of the steps which had been taken to make WHO more efficiently responsive to the health needs of countries, regions and the world at large. Those organizational innovations were only a beginning, and serious difficulties would probably be encountered in the development of programme policies and procedures, and of the information system. The evolution, however, which had taken place in WHO in recent years gave grounds for optimism, provided that, under the Council's leadership, the organization continued to be self-critical and remained responsive to the guidance of the World Health Assembly and Executive Board.

58. Mr. BANERJEE (Observer for India) said that the past year had been crucial in bringing to the fore the interdependence and essential weaknesses of international monetary, trade and financial relations. The events of the last few weeks in particular had highlighted the urgency and importance of establishing a new international monetary system. During that same year the gap between developed and developing countries had continued to widen. Some of the latter were very far from having reached the economic growth target fixed for the Second Development Decade. Their export earnings had decreased, and their terms of trade had deteriorated. At the same time the transfer of financial resources to those countries was slowing down, and the burden of external debt servicing was growing heavier.

59. The results of the third session of UNCTAD had been disappointing, but it would be wrong to describe the session as a total failure. The participants had generally agreed that it was necessary to solve trade and monetary problems in a co-ordinated way, with the participation of developed and developing countries alike. Some of the developed countries had also recognized the desirability of establishing a link between special drawing rights and development finance. Various recommendations had been adopted (on the subject, for example, of shipping conferences) which represented intermediate steps calling for further action by the permanent machinery of UNCTAD.

60. A positive step taken in 1971 had been the agreement reached on the general system of preferences. Unfortunately, not all the developed countries had yet applied the system; moreover, the value of the preferences which the developing countries enjoyed in their trade relations with the Common Market countries was likely to be considerably eroded as a result of the enlargement of EEC. In that respect his delegation had noted the assurances provided by EEC.

61. Reverting to the question of the flow of financial assistance to developing countries, which was well below the target of 1 per cent visualized for the Second Development Decade, he added that very little progress seemed to have been made in untying aid. It was necessary to make allowance not only for a sufficient flow of aid on the most reasonable terms possible, but also to give exports from developing countries the freest possible access to industrialized markets. To sustain their economic growth, it was of the utmost importance for developing countries that they should export both traditional and non-traditional items, and that their weak position should not be exploited.

62. One of the basic objectives to which the world community had subscribed in accepting the International Development Strategy was the eradication of poverty in the world. India, which was anxious not to remain closely dependent on external aid, had constantly laid the greatest possible emphasis on the mobilization of its internal resources. Despite the sacrifices involved and the efforts made by the Government and people to accelerate the pace of economic development, *per capita* income was still less than 100 dollars per annum. Economic expansion alone would not be able to eliminate abject poverty, and India,

which believed in the necessity of promoting social justice, had placed the main emphasis in its fifth plan on the campaign against unemployment, under-employment and poverty. Other countries were making similar and very substantial efforts at a time when international economic co-operation appeared to be at a low ebb. While multilateral trade negotiations for the liberalization of trade were contemplated for 1973, protectionist tendencies were making their appearance, and it could no longer be hoped that the liberalization measures provided for in the Strategy would take effect by the target dates. For the Strategy to succeed, progress should be made in implementing all the interdependent measures woven into it. The energy which had been spent on drafting it would be wasted unless countries manifested concretely that they had the necessary political will to abide by the commitments they had assumed.

63. His delegation attached great importance to the arrangements which were being made for the review and appraisal of the Strategy's implementation, and particularly to the work of the Committee on Review and Appraisal and the Committee for Development Planning. It considered that that task was the joint responsibility of all the organizations in the United Nations system. Each one should review the progress made in its own sphere of competence, and the Economic and Social Council was called upon to play an important role of co-ordination. But it was also necessary that each country should scrutinize the progress it had made, because the effectiveness of the arrangements for review would depend on the extent to which countries accepted the concept of their accountability to the international community.

64. Turning to the question of the environment, he pointed out that the ecological crisis had been caused by the unscrupulous exploitation of natural resources by enterprises and corporations guided solely by the profit motive. It was to be hoped that the fight against pollution would not become another area in which some companies or nations would make profits at the cost of others. The problems of environment should be viewed in the perspective of the process of economic development. As the Prime Minister of India had said, the environment could not be improved in conditions of poverty.

65. The modern world was one of contrast and contradictions, as was indicated by the fact that the total military expenditure of the rich nations each year was equivalent to the total income of the developing countries. However, in launching side by side the Development Decade and the Disarmament Decade the world community had admitted that all countries, rich and poor, had a stake in development. The elimination of poverty and the development of the impoverished regions were accepted as international obligations, and the Council should find ways and means of enabling the international community to discharge them.

66. Mr. GHORRA (Lebanon) said that he proposed to deal first with the question of establishing an economic commission for the Arab States in western Asia. In doing

so, however, he did not intend to belittle the importance of the role played by the United Nations Economic and Social Office at Beirut (UNESOB), which, despite limited financial and human resources, had proved its usefulness and efficacy. But in his delegation's view, it was no longer adequate to meet the growing requirements of the region. The twelve Arab States Members of the United Nations which were situated in western Asia constituted the only group of States which did not belong to a United Nations regional economic commission. The negotiations which, twenty-five years earlier, had preceded the creation of several regional economic commissions, should have permitted the establishment of an economic commission for the Middle East, but the advent of Israel had stood in the way.

67. The Arab countries of western Asia were endowed with vast natural and financial resources and enjoyed an ethnic, cultural and geographic homogeneity which could only make co-operation and co-ordination easier to attain. They could also play an important role in international co-operation, more especially in the economic field, for, while needing technical assistance from developed countries, they, in turn, could supply the latter with markets and give them the benefits arising from the Arab countries' geographical situation and financial potential. The latest financial crisis had shown that the monetary resources of Middle Eastern countries were making a positive contribution to the stabilization of the international monetary system.

68. His delegation was not advocating the elimination of UNESOB, but its transformation into an economic commission which would create a co-operative link between the United Nations and the League of Arab States, provide member States with the necessary intergovernmental machinery for co-operating and integrating their economic and social activities and, in the long run, contribute to the success of the Second Development Decade. The Council might deal with that proposal under agenda item 7 (a) (Regional co-operation: reports of the regional economic commissions and the United Nations Economic and Social Office in Beirut). If, however, it felt that more time was needed to study the proposal, it might perhaps adopt a resolution requesting the Secretary-General to establish a report on the matter and submit it to the General Assembly at its twenty-seventh session for final consideration and decision. Of course, his Government would do its utmost to facilitate the transformation of UNESOB into a regional economic commission.

69. Turning to development problems, he said that while the implementation of the International Development Strategy was being hampered by lack of financial resources, military budgets were swelling. Yet the General Assembly had adopted a series of resolutions and declarations stressing the close link between disarmament, development and international peace and security. While it was admitted that the wealth and talent wasted on the armaments race would be put to better use in helping the developing countries, nothing definite was being done to stop the waste. The Council should deal actively and effectively



with the economic and social consequences of the armaments race. While some gratifying progress had recently been achieved in disarmament, the situation remained basically discouraging. Military expenditures were absorbing from 6 to 6.5 per cent of the world's GNP. They represented two-and-a-half times the amount spent on health, one-and-a-half times the outlay on education, and thirty times the total amount of official economic aid supplied by developed to developing countries. Moreover, those expenditures were increasing, a fact which was particularly disturbing in the case of developing countries. Colonialism had left a number of those countries with security problems. Thus, the Arab countries had to face continued aggression by the militaristic State of Israel. He wondered how the objectives established by the Charter could be even partly achieved, and the lot of humanity improved, if vast resources continued to be squandered for military purposes. The Council should give careful consideration to the question of re-allocating military resources and using them for economic and social purposes. If economic security was to be a major objective, the Council would have to do in that field what the Security Council did for political security.

70. Lack of resources was the main obstacle to development. Resources, scarce at the outset, were becoming increasingly scarce in relation to the growing needs. At the twenty-fourth session of the General Assembly, his delegation had supported the principle that 2 per cent of military expenditures should be allocated for peaceful developmental purposes; and that percentage could be raised each year. The new source of revenue might be used to finance an international fund which, in turn, would allocate funds to the various agencies established or to be established in the field of international co-operation, to enable them to expand and improve their aid to developing countries.

71. Unless additional resources were allocated for development purposes, the Second Development Decade would

be in danger of meeting with the same fate as the first. Certain facts concerning the situation of the 96 developing countries in 1971 were already available: growth rate below the target set, increase in the trade balance deficit, drop in total production, particularly agricultural production, and decline of export earnings. Perhaps the most encouraging feature was the higher price of petroleum and the consequent substantial increase in the revenues of oil-producing countries.

72. Referring to the results of the third session of UNCTAD, he said that the Conference had failed to adopt any resolution on the question of military expenditures. Nor had it taken any steps to lighten the burden of debt of the countries of the third world. Moreover, countries with a controlling influence in IMF were behaving as if nothing had happened since the Bretton Woods Agreements, and had objected to the establishment of a link between special drawing rights and additional resources for development. On the brighter side mention should be made of the special aid to be granted to the least developed countries and of the progress made in the sphere of maritime conferences. Another gratifying feature was the strengthening of the UNCTAD Trade and Development Board, which should enable the Board to play a stronger role on behalf of the developing countries in its dealings with IMF and GATT.

73. Lastly, he supported the initiatives taken by several countries on ways and means of strengthening the Council's role. Procedural measures would not suffice to restore to the Council the role assigned to it under the Charter. The Council should not be content merely to approve the reports of its subsidiary organs and to take note, for example, of a food or monetary crisis. At such times its duty was to meet, even outside its regular sessions, at the highest level of competence, to deal with the crisis and take effective measures to mitigate its effects.

The meeting rose at 1.25 p.m.