

1962nd meeting

Wednesday, 9 July 1975, at 10.40 a.m.

President: Mr. I. A. AKHUND (Pakistan)

E/SR.1962

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5654, E/5665, E/5681 and Add.1-4, E/5682, E/5692, E/5699 and E/5713)

1. Mr. SMID (Czechoslovakia) said that the Council's fifty-ninth session coincided with the thirtieth anniversary of Czechoslovakia's liberation from nazi occupation and of the victory over fascism at the end of the Second World War. That victory had marked the beginning of a new era in Czechoslovakia's history, during which its people had gradually constructed a socialist society. The triumph of the socialist revolutions in many European and Asian countries had resulted in the creation of the world socialist system. As a result of 30 years' painstaking work the socialist countries had achieved good results. Their broad co-operation and mutual assistance had made it possible to restore their war-ravaged economies, build up advanced industries, develop collective and highly productive agriculture and ensure an unprecedented growth in the cultural and living standards of the working people. The socialist countries now accounted for more than a third of world industrial production, the volume of which had increased more than nine-fold in 25 years. Through the dynamic development of their national economies, science and culture in the socialist countries were making further progress and living standards and social security were steadily improving.

2. Following the establishment in 1949 of CMEA – the first international organization of States to decide to end the capitalist system of economy – its members had gradually achieved a stable, rapid and recession-free economic growth as a result of the efforts and initiative of the masses of working people freed from exploitation, the purposeful and planned management of the economy and the co-operation of member States. While its programme was directed towards socialism, CMEA had no desire to be an economic group closed to the rest of the world. It viewed the socialist division of labour in the broader context of the international division of labour. It was an open community, ready to co-operate, on the basis of equality and mutual advantage, with all who showed a sincere interest in such co-operation.

3. Profound changes were taking place in the entire system of international relations, in which growing respect was being paid to democratic principles, based on the principle of peaceful co-existence among States having different social systems. His Government fully supported the efforts towards a further relaxation of tension, the strengthening of international peace and security and the

expansion of co-operation among all States, irrespective of their social system.

4. The increasing efforts to relax international tension and secure lasting world peace and security had made it possible to convene the sixth special session of the General Assembly on the initiative of the developing countries. The results achieved at that session should contribute to the creation of a new international economic order, end the historic injustice in international economic relations and ensure equal participation by the developing countries in the international division of labour. The principles of the Declaration on the Establishment of a New International Economic Order – sovereign equality of States, equal participation of all countries in the consideration of important international economic issues, the right of each country to choose its socio-economic system and exercise permanent sovereignty over its natural resources, including the right to nationalization, and the right to control the activities of transnational monopolies – were prerequisites for improving the fortunes of the developing countries. His Government had also welcomed the adoption of the Charter of Economic Rights and Duties of States as a logical continuation of the Declaration in question and as an important document which could contribute substantially to the recovery of the world economic situation.

5. When the Second United Nations Development Decade had been proclaimed in 1970, Czechoslovakia and other socialist States had jointly declared their full support for the aims of the Decade, which should make a significant contribution to general economic and social development. They had expected that efforts would be made to bring the developing countries into an equal position in the international division of labour so as to facilitate their self-supporting development. Despite the steps taken by the United Nations and specialized agencies with a view to ensuring the intensified development of the developing countries, no marked progress had been achieved and it had had to be acknowledged that the implementation of the International Development Strategy for the Decade had so far been unsatisfactory. The increase in the developing countries' share of world production resulting from surpluses in their total national product had been insufficient to narrow the difference in the average incomes of developing and developed countries. Implementation of the Strategy had suffered from the neo-colonialist policy of imperialist States, the economic machinations of advanced capitalist States, the destructive influence of supranational monopolies, the monetary crisis affecting the capitalist world, inflation, conflict and the arms race. It was hoped that the application of the Declaration and accompanying Programme of Action and of the Charter of Economic Rights and Duties of States would make it possible to eliminate many of those factors. All States sincerely

interested in the accelerated development of the developing countries should direct their attention to such application.

6. The Czechoslovak delegation at the seventh special session of the General Assembly would defend the principles of international economic co-operation among all countries, regardless of their social system, based on the further reduction of international tension and the safeguarding of peace and security. Czechoslovakia would continue to support principles of equality, mutual advantage and non-discrimination in trade relations and to reject the use of economic aggression and pressure in relations among States as incompatible with the United Nations Charter. It regarded the transfer of the economic difficulties of individual States or groups of States to other States or groups as inadmissible. Manifestations of discrimination in relations among States with different social systems and between advanced capitalist States and developing countries should be brought to an end. In considering the conditions for the introduction of a new international economic order and the ways and means of intensifying the development of the developing countries, it had to be realized that disarmament and the reduction of military budgets would release enormous financial, technical and scientific resources for the solution of the most urgent development problems.

7. Czechoslovakia's attitude towards developing countries was in line with the general direction of its foreign policy. It had developed systematically with a number of developing countries a broad, long-term and mutually advantageous economic, commercial, scientific and technical co-operation based on intergovernmental agreements. Its assistance to developing countries was co-ordinated with their national interests and development programmes and was directed mainly at the development of production, which should help the developing countries to free themselves from their dependence on certain imports and to master modern means of production. With a view to widening their export possibilities, Czechoslovakia had in 1972 granted customs preferences for most goods imported from the developing countries. Its imports from them had increased from 2,800 million Czechoslovak crowns in 1970 to 3,700 million in 1974 and its exports for the same period from 3,700 million to 4,100 million Czechoslovak crowns. It had supplied them not only with production equipment but also with extensive technical assistance, including scientific and technical expertise, licences and patents, and professional and scientific training.

8. His Government was prepared to develop further economic co-operation with all countries, irrespective of their social systems. It would do everything possible to further the early introduction of the new international economic order as a means of accelerating the development of the developing countries, narrowing the gap in economic levels and helping the developing countries to participate fully, actively and as equal partners in the international division of labour. In his delegation's view, many pre-requisites for achieving those goals already existed.

9. Mr. KAUFMANN (Netherlands) said that the crucial test at the seventh special session of the General Assembly would be whether the necessary political will to give shape

and content to a new set of equitable international relationships conducive to sound world-wide economic and social development was forthcoming. Events since the sixth special session had shown that new international economic relationships could not be established overnight. The seventh special session would be part of a continuing process.

10. A number of recent events and Government statements augured well for progress at the seventh special session. The Convention of Lomé between EEC and 46 developing countries of Africa, the Caribbean and the Pacific had marked the beginning of a new type of relationship and the recent Commonwealth Conference had shown a similar trend. The Governments of States members of OECD had recently taken steps to review their economic relations with developing countries, particularly with regard to commodity problems, in a new and constructive spirit. A number of Governments had declared their readiness to work for constructive results. There appeared to be a growing recognition on the part of developed and developing countries of the need for new political action to deal with the essential problems of world-wide development.

11. The change in climate had been reflected in the informal preparatory talks for the seventh special session. A genuine will on all sides to avoid confrontation was gaining strength and there was ground for cautious optimism provided the wide expressions of good intention and understanding could be translated into genuine efforts for specific action.

12. His Government, which was aware of the need to mobilize that political will for the success of the seventh special session, had recently organized a symposium on a new international economic order, at the end of which the Netherlands Minister for Development Co-operation had stressed four elements of vital importance for the attainment of a new economic order which had emerged from the discussions: firstly, the recognition that world and economic power relationships had changed; secondly, the need for new political concepts, such as the establishment of world-wide criteria for minimum incomes and minimum human requirements in the perspective of a global incomes policy; thirdly, the need for action in terms of specific negotiations to provide additional resources for the poorest countries; lastly, the desirability of adequate decision-making machinery at the national, regional and global levels.

13. Those ideas were close to those of the President (1953rd meeting), who had stressed that a new international economic order should be based on equity, justice and fair shares and on the idea that the further growth of the world economy should be consciously directed towards eradicating poverty, disease, and ignorance, promoting development where it was needed and eliminating the waste and misuse of the planet's resources.

14. An innovative feature of the symposium had been the discussion of new ways of life leading to new patterns of production and consumption, which were needed in the developed countries as well as for the betterment of the poorer countries. Although difficult to define and even

more difficult to incorporate into national and international policies, the question of new life styles should form part of the discussions on a new international economic system, concerning as they did the essential distributive aspects and basic purposes of world development.

15. It should be possible to merge the provisional list submitted in informal talks by the Group of 77 and the suggestions for additional items submitted by other delegations into an agreed agenda for the seventh special session. Although a broad variety of problems would have to be covered, it appeared to be widely accepted that political decisions on a limited number of specific issues should be sought. Such decisions should be incorporated in a single or omnibus resolution with a coherent set of interrelated recommendations for action and should cover new ground in selected fields such as commodities, trade, transfer of resources and emergency needs, industry and investment, food and agriculture, science and technology and the restructuring of the United Nations system. In dealing with all those issues, the General Assembly should give due attention to the social and distributive dimensions of development. The mid-term review and appraisal of the International Development Strategy, which remained a valid basic instrument for policy guidance, was closely linked with the discussions that would take place at the special session. The texts to be adopted should indicate clearly which organs of the United Nations system should undertake the necessary follow-up action, within specific time-limits.

16. His Government attached great importance to adequate solutions to the problems of trade and commodities. The proposals by the Secretary-General of UNCTAD on an integrated approach to commodity problems (TD/B/530, paras. 36-52) were constructive. Their further elaboration was unlikely to reveal a fundamental contradiction between an integrated approach and a commodity-by-commodity approach, since individual commodities would require arrangements tailored to their particular characteristics. The general aim should be to secure stable, remunerative and equitable prices with a view to increasing the foreign exchange earnings from exports of primary products from the developing countries, in accordance with paragraph 24 of the International Development Strategy.

17. Commodity negotiations should preferably be pursued in conjunction with the timing of the GATT multilateral trade negotiations, which also dealt with certain commodities. The result could then be a network of agreements providing the greatest possible benefits for the participating countries.

18. The GATT negotiations, in which special treatment for the developing countries, as laid down in the Tokyo Declaration,¹ should be reconfirmed, were of great importance. Special attention should be given to the improvement

of the GSP, particularly in the field of processed agricultural goods.

19. In view of the world-wide implications of the various systems of indexation of commodity prices, it was still necessary to find out whether the advantages of direct indexation schemes were not outweighed by the disadvantages, since many of the less developed countries which were importers of raw materials without being major exporters might suffer losses in their balance of trade as a result of that form of indexation. A careful cost-benefit analysis was therefore necessary. Indirect indexation systems might not have that disadvantage and it might be useful to examine the possibilities of indirect indexation in conjunction with the promotion of commodity negotiations.

20. With regard to the transfer of resources to developing countries, renewed emphasis should be placed on the achievement of the official development assistance target of 0.7 per cent laid down in the International Development Strategy. Special attention should be given to channelling development assistance towards the poorest countries and the poorest parts of the populations in developing countries. In view of the disappointing experience with aid targets during the first half of the Second Development Decade, it might be necessary to study realistic ways and means for automatic mechanisms for the transfer of resources. Efforts should be made by the widest possible group of contributing countries to make the new financing facilities in the World Bank and IMF operational, and to strengthen them. He hoped that the new special funds would become operational as soon as possible. It might be worth-while to explore the need for measures to promote the flow of direct private foreign investment in accordance with the development requirements of the developing countries and taking into account the role of transnational corporations and permanent sovereignty of nations over their natural resources. In particular, at the seventh special session the General Assembly might request the appropriate organizations in the United Nations system to review the feasibility of a scheme for multilateral investment guarantees.

21. His delegation was impressed by the performance of the United Nations system in its role in the transfer of resources. The new dimensions in technical co-operation agreed upon at the recent (twentieth) session of the UNDP Governing Council (see E/5703, para. 54) showed that the latter could adapt itself to present-day requirements. A promising example of that capacity for adaptation was the United Nations Capital Development Fund. Because the Fund's resources were being directed towards the poorest groups of people, his Government had decided to make an additional contribution of \$2 million for 1975.

22. His delegation felt that the question of policy measures for meeting the immediate needs of developing countries and the institutional implications for the United Nations system of meeting those needs should be seriously considered at the seventh special session.

23. His delegation thought that at the seventh special session the General Assembly should take decisions of

¹ Issued at the end of the GATT ministerial meeting held at Tokyo in September 1973; for the text, see GATT document MIN(73)1.

principle on matters of structural reform such as the reaffirmation and revitalization of the role of the Council, the strengthening of the United Nations Secretariat and the over-all coherence of the United Nations system, including a reinforcement of ACC, in the light of the report of the Group of Experts on the Structure of the United Nations System (E/AC.62/9). The recent joint meetings between PPCC and ACC represented an advance towards a fruitful dialogue between the Council and the executive heads of agencies. In future, members of the Council should be represented at the highest possible level in order to reflect the importance of both the Council and ACC in the policy-making structure of the system. His delegation also considered that it would be worth while to explore the possibility of the Council and the General Assembly coming to some sort of arrangement by which certain highly sensitive issues directly affecting the economic policy of Governments should be dealt with by a negotiating process aimed at reaching a true consensus. On the other hand, for secondary matters such an arrangement could provide for a procedure on existing lines, in which the minority in a vote abided by the decision arrived at by democratic process. The seventh special session would also have to decide upon some sort of intergovernmental mechanism to prepare further decisions implementing any decisions of principle taken on structural reform. His delegation was ready to participate in informal talks to explore the possibility of taking such decisions of principle.

24. His Government firmly supported the recommendations of the World Food Conference (E/5587, chap. V), including the establishment of the World Food Council and the International Fund for Agricultural Development. In view of the failure of the first session of the World Food Council to produce satisfactory results and the fact that the International Fund for Agricultural Development was not yet operational, the seventh special session would need to give new impetus to the implementation of the Conference's recommendations. As far as agriculture was concerned, the recent agreement in principle by the FAO Council to hold a World Conference on Agrarian Reform and Rural Development and to ask the other relevant United Nations bodies to co-sponsor the Conference was a development of great importance, as was the decision to convene a Tripartite World Conference on Employment, Income Distribution, Social Progress and the International Division of Labour in June 1976, under the auspices of the ILO.

25. He hoped that the Council would proceed actively in both formal and informal meetings, with preparations for the special session in order to ensure that the two weeks of that session would be put to the best use.

26. As the President of the Council had stated earlier that year (1935th meeting), the higher reality which the United Nations had been established to serve had been man's search not merely for survival but for an order based on justice and reason. In that spirit, 1975 could become the year of decisions for change, not conceived in terms of one party's loss as opposed to another party's gain, but as a reflection of the renewed sense of joint endeavour in search of which the world might make peaceful, orderly and universally beneficial progress.

27. Mr. PETRESCU (Romania) said that the Council was meeting at a time when peoples throughout the world were struggling, with considerable success, to build their own future. He welcomed the recent victories of the peoples of Indo-China and Africa in their progress towards independence, which would undoubtedly have a favourable effect on the international political climate. It was also a time when serious international economic problems had to be faced, such as the urgent need to eliminate under-development and to find solutions to the problems of raw materials, energy, the acute shortage of foodstuffs, continuing inflation, the need for monetary reform and the environment. The present world economic situation presented a sombre contrast with advances of science and technology, for the world possessed a vast economic and human potential capable of ensuring the well-being and harmonious development of all nations.

28. As the President of his country had stated recently, the economic crisis and the complex problems of the day could not be overcome on the basis of the old rules and principles which had governed relations between States and had divided the world into poor and rich; relations between all States would have to be established on a new basis of complete equality and equity.

29. The world must be built on the basis of dialogue and active co-operation among all peoples and there must be a more determined effort to implement the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States, to carry out the recommendations of the World Population Conference, the World Food Conference and the Second General Conference of UNIDO, and to adapt the International Development Strategy to those documents. Everything depended on the political will of States to assume firm commitments in the pursuit of progress and peace.

30. The establishment of equitable relations between the prices of raw materials, of agricultural products and of industrial products would give an impetus to the development of the world economy and would help to remove the sources of inequity in relations between States and to overcome the raw materials and energy crisis. Prices should be established on the basis of economic rules which would take into account both the use value of products and the value based on the labour necessary for their production. The lack of objective principles and criteria for determining prices, and the fluctuation of prices according to arbitrary market conditions, adversely affected the process of economic and social development of States and aggravated world economic instability. It was also necessary to ensure that all countries had access to raw materials, energy and modern technology. He hoped that the adoption of the integrated programme for basic commodities proposed by the Secretary-General of UNCTAD would solve many of those problems.

31. Measures decided by the international community as a whole were essential if the malnutrition and famine which still afflicted vast regions of the world was to be wiped out. Such measures should be aimed at speeding up the growth of agricultural production, development of agricultural land

and resources which had not been fully exploited, particularly in developing countries, irrigation, improvement of water supplies, land reform, production of new varieties of grain, new breeds of animals adapted to the developing regions, production in the developing countries of agricultural machinery, fertilizers and other agricultural chemicals, and training of specialized manpower.

32. Urgent measures were also needed to organize the international monetary system so as to encourage free and normal international trade and payments. The new monetary system should ensure the establishment of equitable relations between national currencies at realistic rates of exchange based on economic laws and objective values accepted by all participating countries. It should be a real factor in promoting world monetary stability, protected from fluctuation, distortion, disproportion and crisis.

33. The multilateral trade negotiations opened by GATT in February 1975 would also help in pursuing some of the aims of the Declaration and Programme of Action. Although negotiations were now open on all fronts and had been carefully prepared for some years, there had been little progress so far. In particular there was no indication of what additional advantages there might be for the developing countries, how the opportunities for those countries to participate in the expansion of world trade would be improved, or the means by which they would be assured special and more favourable treatment in trade. The GATT negotiations should therefore be given priority with a view to achieving the objectives of the Tokyo Declaration of OECD Ministers and the Declaration and Programme of Action as rapidly as possible.

34. His delegation still held that the speeding up of the economic growth of the developing countries, and hence the liquidation of their economic under-development, depended primarily on the efforts of those countries themselves to use their material and human resources to promote their essential interests and aspirations; but in the modern interdependent world those efforts would not be sufficient to enable the developing countries to achieve their economic progress targets if the developed countries failed to help them by providing more financial resources on favourable terms, facilitating access to modern scientific and technical advances and giving them preferential treatment in all fields. In that context, economic, technical and scientific co-operation and equitable trade should be regarded as a normal requirement, not a gift.

35. Attention should also be given to the vast possibilities of co-operation among the developing countries themselves. Romania was playing an active part in co-operating with other developing countries of all continents to promote their economic and social progress. Visits exchanged recently by the President of Romania and the Heads of State of a number of developing countries had opened up favourable prospects for the extension of such co-operation in all fields.

36. In the face of the complex problems of the day, the organizations of the United Nations system would have to redouble their efforts to promote international co-operation and improve their own structures and working

methods. His country had always attached special importance to increasing the role and effectiveness of the United Nations and it welcomed the report of the Group of Experts on the Structure of the United Nations System. With regard to the future role of the Council and its part in the establishment of a new international economic order, his delegation considered that its activities and working procedures would have to be reorganized and adapted so that it could enable the international community to deal promptly and effectively with urgent situations, to anticipate difficult world situations whose improvement would require international co-operation, and to help in building up true political and economic security for all States. Careful consideration should be given to the possibility of keeping the Council in permanent session, with special sessions devoted to the solution of urgent and important problems, holding sessions in the countries of United Nations Members in rotation, enabling all countries members of the Council to participate directly in its work, and adopting its decisions by consensus. Lastly -- and that applied to the Council and all other organizations of the United Nations -- it should be kept constantly in mind that, in the present world of growing interdependence, important economic and political problems could not be solved in a narrow framework limited to participation by a few States or representatives of certain groups of States. The solution of such problems called for continuous dialogue and active co-operation by all States concerned on an equal footing, regardless of size, level of development, social and political system or geographical group, and with due regard to the legitimate interests of every country. The universality and democratization of international economic and political relations were in fact two objective processes which were interconnected. In that context the small and medium countries could and should play a more active part in settling the important economic and political problems of the modern world.

37. His country's views with regard to the seventh special session of the General Assembly had been submitted at the second session of the Preparatory Committee in the form of a conference room paper. His Government fully supported the proposals on the draft agenda submitted by the Group of 77 in informal talks. It was of vital importance that real progress should be made at the seventh special session towards effective co-operation among all States on measures to resolve the major problems of development and international co-operation in a spirit of justice and equity.

38. His delegation would co-operate with all delegations in carrying out the important tasks before the Council at the present session.

39. Mr. FARTASH (Iran) said that his delegation shared the views expressed by the President at the opening meeting (1953rd meeting). At the present stage he proposed only to state his delegation's position on a number of issues which were of fundamental importance to his country, in the light of the new development imperatives which had emerged from the sixth special session of the General Assembly.

40. In the past few years profound changes had taken place in the relationship of forces in all fields of international economic activity. The third world had become a

powerful factor, with increasing influence, and there was growing awareness of the reality of the interdependence of all nations, developed and developing. Consequently, the interests of the developed countries could no longer be isolated from those of the developing countries and the third world should participate fully in the process of decision-making concerning the international community.

41. Perhaps the most salient feature of the new era in international economic relations was the realization that the days were over when massive exploitation of cheap energy resources of developing countries had enabled the industrialized countries to enjoy uninterrupted and virtually unlimited growth and prosperity, while those resources were being rapidly depleted and the developing countries deprived of the benefit of their own wealth. At the same time there was a growing consciousness that over-consumption and waste, which inevitably led to pollution and environmental hazards, must be ended and that the conservation, exploitation and use of non-renewable natural resources must be governed by rational considerations. It was in that context that he viewed the new development imperatives.

42. While his delegation still believed in the objectives of the International Development Strategy, it considered that the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States, which complemented and strengthened the Strategy, more truly reflected the new requirements of the third world in the face of continuing economic imbalance between developed and developing countries. So far, the implementation of the Strategy could be described as a sad history of non-achievement. To give but one example, far from reaching the 0.7 per cent target, official development assistance by the developed market economies to developing countries had declined from 0.33 per cent in 1970 to 0.29 per cent in 1973, so that one of the most important targets set by the Strategy had not been achieved.

43. The sixth special session of the General Assembly had provided a rare opportunity to revise the concepts of development and international economic co-operation and to re-define the purposes and functions of the United Nations system with a view to making it fully responsive to the requirements of the new economic order. In that context the Council had been called upon to co-ordinate the activities of all organizations, institutions and subsidiary bodies in the United Nations system with the aim of ensuring the implementation of the Programme of Action. That remained one of the Council's most important tasks. Between the previous and the present Council sessions there had been important developments. The World Population Conference, the World Food Conference, the Conference of Developing Countries on Raw Materials, Dakar, the Conference of the Sovereigns and Heads of State of the OPEC member countries and the Second General Conference of UNIDO had made important contributions to the cause of development and given added urgency to the task of implementing the Programme of Action. Those conferences had emphasized the need for prompt and concrete action to deal with increasingly difficult problems facing the international community. Among the most urgent tasks were

revalorization and stabilization of the prices of raw materials and other basic commodities exported by developing countries at equitable and remunerative levels; the formulation and urgent implementation of an effective food programme aimed at increasing food and agricultural products in developing countries through grants and assistance from the developed countries, particularly the major producers and exporters of food products; acceleration of the development processes and industrialization of the developing countries through transfer of modern technology; adequate protection against depreciation of the value of developing countries' external reserves; curbing the high rate of inflation; structural changes in world trade and the monetary system; and promotion of a new international division of labour. Inflation and currency depreciation were of particular concern to his country, since they eroded a large part of the value of price re-adjustment. That situation could not be allowed to continue unchecked.

44. Every effort should be made to ensure the success of the forthcoming seventh special session of the General Assembly. Experience had shown that it was not possible to deal with too many problems in too short a time; efforts should therefore be concentrated on a few of the most urgent problems. The provisional list of agenda items proposed by the Group of 77 offered a good basis for discussion. His country had actively participated in the preparatory work for the special session and would continue to do so.

45. In the context of the need to restructure the United Nations system to make it fully responsive to the problems of the developing countries and the requirements of the new economic order, he agreed with the general direction of the report of the Group of Experts on the Structure of the United Nations system and supported many of its recommendations. He shared the views expressed by the Norwegian representative (1958th meeting) that in the last instance everything depended on substantial results, and that the burning political issues of the time called for political action; they could not be settled through structural reform.

46. The sixth special session of the General Assembly had reached a conclusion of tremendous political significance, which should serve as an inspiration in future discussions on world economic problems. The time was past when a few countries had dominated international economic life to suit their own interests, without regard to the development needs of the third world. The essential condition for just and viable economic relations was full and effective participation by all countries in the formulation and application of all decisions concerning the international community. That meant that in the search for constructive solutions to world economic problems old ideas should be abandoned and the developed and developing countries should work together on the basis of co-operation and understanding. His delegation had never visualized the new economic order as a revolutionary dogma to be imposed on industrialized countries; rather was it an evolutionary process which might take years to materialize, and then only through joint effort and co-operation.

47. It should not be forgotten, in the joint endeavour, that, while the developing countries were mainly respon-

sible for their own development, the developed countries had special obligations and responsibilities.

48. Mr. PHAN VAN PHI (Observer for the European Economic Community), speaking at the invitation of the President, observed that the various economic maladjustments which had first become apparent in the second half of 1973 had become more acute over the past year against a continuing background of widespread recession. Apart from various structural problems in most sectors of the economy, the salient features of the general economic situation had been a parallel increase in the rate of inflation and the incidence of unemployment. The Community had continued to seek solutions to those problems in a liberalization of trade and in intensification of international economic co-operation, which had been reflected in a considerable increase in its imports in 1974 as compared with 1973. Although the increase was in large measure due to the general rise in prices, an increase of nearly 100 per cent in imports from developing countries deserved emphasis, especially in view of the much smaller rate of increase in imports from other countries. As the increase in imports had not been matched by an equally rapid rate of increase in exports, the deficit in the Community's balance of trade had risen from approximately 3,000 million European units of account in 1973 to almost 16,000 million units in 1974, and in relation to the developing countries had reached a level of nearly 25,000 million units. In practical terms, the deficit represented a net transfer of real resources from the Community to its trading partners.

49. At the ministerial session of the OECD Council in May 1975, the Community had supported the renewal of the May 1974 Declaration² by which the OECD Governments had affirmed their resolve not to resort to new trading restrictions in response to difficulties resulting from the international economic crisis. In the Community's view, the crisis, which had caused or aggravated imbalances in balances of payments, retarded growth, encouraged inflationary pressures and created mounting unemployment, could only be overcome by concerted international action bearing on all its aspects if recourse to protectionist measures aimed at national self-sufficiency were to be avoided.

50. With reference to the wider liberalization of international trade, he said that the Community welcomed the fact that the multilateral trade negotiations within GATT, on which it had expressed its broad views in 1973, were now taking place. The Community did not regard the negotiations – in which the developing countries were participating on a basis of full equality, and which were ambitious in scope, since their purpose was not only to seek new markets but to assure access to sources of supply – as an end in themselves. They had to be placed in a general framework of international action to overcome the current crisis in the international economy.

51. The Community had continued to expand its activities on behalf of international economic co-operation at the regional and bilateral levels as well as at the world

level. They had been directed towards a further expansion of existing Community policies towards the developing countries as a whole, the co-ordination and harmonization at the Community level of national and Community policies of co-operation for development, and the formulation of new Community co-operation policies, in particular the creation of new measures of financial and technical co-operation within the Community.

52. In 1974, adjustments had been made to the generalized system of preferences as a result of the enlargement of the Community, which reflected its increased responsibilities towards developing countries and were an earnest of its intention to give practical expression to its joint statement of intent on the development of trading relations with developing countries in Asia. For the year 1975, the Community had made further favourable adjustments in its system with regard to processed agricultural products and semi-finished and manufactured goods, and it had considerably reduced the number of products subject to quotas and taken steps to establish an objective balance of preferential advantages between beneficiary countries. Furthermore, it had widened the category "originating" products in favour of countries members of the Central American Common Market, the Andean Pact and the Association of South-East Asian Nations.

53. As a further mark of its resolve to increase the export earnings of the developing countries, to promote their industrialization and accelerate their rate of economic growth, the Community had decided in March 1975, to extend the generalized system of preferences beyond the initial ten-year period dating from 1970.

54. Recent movements in international commodity markets had occasioned an urgent policy review by the Community, which was endeavouring to find an appropriate response to the resulting problems, which were of vital importance to developing countries. The Community was also considering the proposals by the Secretary-General of UNCTAD for an integrated global programme for primary commodities. It had declared its readiness to negotiate international agreements – including, if necessary, the establishment of stocks – on wheat, maize, rice and sugar, and it had made specific proposals for an outline agreement on cereals in the multilateral trade negotiations within the framework of GATT.

55. At the world level, the Community had intensified its efforts to assist the numerous developing countries suffering from the acute food crisis and had increased its aid from 121 million units of account in 1973 to 212 million units in 1974, which, while in part reflecting the increase in food prices, was also an expression of its humanitarian response to the natural disasters suffered by the Sahelian countries, among others. In March 1975 it had drawn up a food aid programme covering the period 1974/1975 in accordance with the undertakings entered into under the Food Aid Convention of 1971.

56. In order to palliate the effects of the crisis on the economies of the most severely affected countries, the Community had already, before the sixth special session of the General Assembly, proposed international action. After

² For the text, see OECD Press Release of 30 May 1974.

the emergency operation decided on at the sixth special session, the Community had undertaken to contribute a sixth of the total amount, to a maximum of \$500 million, which had subsequently been paid in two instalments. Moreover, food aid to the most seriously affected countries for the period from mid-1974 to mid-1975 had been increased, and States members of the Community had also made bilateral contributions to the emergency operation.

57. As far as the harmonization of national and community policies in co-operation for development were concerned, the Community had agreed on various terms for financial assistance, on a number of joint principles for their improvement, to the special advantage of the 25 least developed countries, on suiting the terms to the particular circumstances of each recipient country and on further measures for the harmonization of terms in relation to the different developing countries. Its purpose in so doing had been to help towards the solution of the increasingly acute problem of the external indebtedness of the developing countries.

58. At the regional level, the historic Convention of Lomé recently concluded between the Community and 46 countries of Africa, the Caribbean and the Pacific had been signed at a particularly difficult moment for Europe, which was passing through the most acute economic crisis since the Second World War. The fact that the Community had nevertheless taken that opportunity to demonstrate its policy of openness to the outside world was the more remarkable. For the countries of Africa, the Caribbean and the Pacific, the Convention was a mark of the importance they attached to close co-operation with the Community. Probably never before had such a large number of industrialized and developing countries endeavoured to define, in conditions of complete equality and in such a short time, the terms of their co-operation, and never had it been made so clear that the concept of "donors" and "recipients" of aid was a thing of the past. He was pleased to note that the Secretary-General of the United Nations had recognized that the Lomé Convention, although of limited scope, affected a number of poorer countries and embodied some of the most important policies on primary commodities that had been propounded since the first UNCTAD Conference. The Convention was characterized by radical changes in the approach to co-operation between industrialized and developing countries. Of the four fields it covered — trade co-operation, the stabilization of export earnings, industrial co-operation and financial and technical co-operation — two were entirely new. In the commercial field, the Convention was based on the principle of free access of the countries of Africa, the Caribbean and the Pacific to community markets. The IMF compensatory financing scheme apart, the system for the stabilization of export earnings marked a major innovation in international economic relations in that industrialized countries and commodity-exporting developing countries had for the first time agreed upon a system guaranteeing the latter a certain level of export earnings. The provision for industrial co-operation was a further innovation and covered a variety of sectors. With regard to financial co-operation, the Convention introduced important reforms in aid management and administration and there was a new approach to meet new development needs. The total sum at the disposal

of the Community would amount to 3,390 million units of account, which represented an increase by a factor of 3.7 as compared with the second Yaoundé Convention.³

59. As early as the 1972 Paris summit meeting, the Community had stressed the importance it attached to the policy of association and the fulfilment of its commitments to the Mediterranean countries with which agreements had been or were to be concluded. The Community had also concluded or was negotiating bilateral agreements with a number of developing countries in Latin America and Asia.

60. The various decisions and actions to which he had referred showed clearly the will of the Community, at a time of economic difficulty, to find solutions on the basis of the enlargement and extension of international economic co-operation and increasingly free and open trading relations.

61. Mr. CAMARA (Guinea) said that the recent achievements by anti-colonialist forces in various parts of the world marked the beginning of a new era in world history. The present world crisis was not simply an energy crisis, but one that affected the entire political and economic system which had previously governed relations between countries. Since the end of the Second World War, the great economic Powers had undertaken a whole series of measures ostensibly to lessen the gap between themselves and the third world as far as economic development was concerned. Yet despite their good intentions, the results achieved had been precisely the opposite, as had been confirmed by the various economic and statistical experts who had been examining the problem. The explanation was simply that development assistance, as applied today, was merely a more subtle form of exploitation of the third world by the rich capitalist countries. Consequently, in speaking of an equitable new economic order, it should be borne in mind that the first point to attack was the real and increasing exploitation of the developing countries by the industrialized capitalist Powers. The gap between the two groups would not be lessened merely by the achievement of some growth in parts of the economy of the developing countries. As President Sékou Touré had said in 1974, it was a revolutionary rather than evolutionary approach that was needed. While it was essential that the international agencies should be restructured along the lines set by the Fourth Meeting of Heads of State or Government of Non-Aligned Countries at Algiers and codified at the sixth special session of the General Assembly, the real problem was that of the development and emancipation of the countries of the third world, together with international co-operation based on equitable principles. The independence which the peoples of the third world had regained implied national and international responsibility and required the presence of those peoples wherever the well-being of mankind was being planned. The achievement by men of conscience of the noble objectives that had been set depended upon the elimination of injustice, exploitation, oppression and all forms of dependence. There was nothing wrong in the fact that some countries were richer

³ Convention of Association between the European Economic Community and the African and Malagasy States associated with that Community, signed at Yaoundé on 29 July 1969.

than others or had more raw materials; what was a crime was that reasonable people should fail to harmonize their relationships on the basis of their joint interests and aspirations to freedom and justice.

62. Both suppliers and consumers, whether of raw materials or of manufactured goods, should cease to exploit each other and should endeavour to harmonize their own interests. In the present changing times, there was a new interdependence among peoples and their relationships should be based on justice and respect for each other's legitimate interests. Unfortunately, throughout the world, there were still peoples suffering under the yoke of colonialism, precisely because they possessed the resources that the forces of imperialism intended to continue to exploit indefinitely for their own exclusive interests. Although most of the third world countries had regained their sovereignty, the economic relations established under the colonial system continued to remain in force and to paralyse the peoples concerned. The old-style colonialist imperialism had become neo-colonialist, retaining its essential inhumanity and subtly adapted to each situation. There was thus a fundamental contradiction between the aspirations of the third world countries to economic development and sovereignty and the continuing determination of imperialism to enslave. The old order would not disappear gradually and naturally; on the contrary, it would increase its capacity for exploitation and its inhumanity. Consequently, when discussing development in the context of the appraisal of the First United Nations Development Decade and the first half of the Second Development Decade, it was essential to bear in mind that the world was not truly developed economically while one half owed its prosperity to the deprivation of the other half.

63. The decisions taken at the World Food Conference were a challenge to and a test of the world political and economic system, and the establishment of a World Food Council should be a land-mark in the history of international action to combat famine, poverty and malnutrition. Sad to say, the results expected from the first session of that Council were far from being achieved, since most of the wealthy countries had lacked the political will to ensure that Governments achieved the aim of eliminating hunger and malnutrition within the next ten years. The Director-General of FAO (1954th meeting) had drawn the Council's attention to the serious difficulties facing the international community and to the urgent need for a general effort to achieve economic and social development. It was essential that the decisions taken by the World Food Conference, such as the establishment of an International Fund for Agricultural Development, should pass from theory to practice, from pious wishes to concrete achieve-

ments. The Governments of the whole world should be mobilized to give new dimensions to international co-operation, to create the necessary resources for the development of the third world and to reduce the world economic recession. The international community had the means and the technical capacity to achieve that aim and to establish viable economic bases that would enable the developing countries to overcome their present difficulties which were the result of economic, technical and technological underdevelopment. As the Director-General of UNESCO had said (1958th meeting), the transfer of science and technology to the poorer areas of the world was a crucial problem facing the international community. If the economically underdeveloped countries were denied the material basis for development, no generosity in "giving" them a tiny part of the wealth derived from their own assets would ensure their true development. The people themselves must be allowed to exploit their own resources.

64. Although the economic liberation of independent nations which were still subjected to economic exploitation based on the inequality of the trade system was a key issue, it should not be forgotten that other nations continued to suffer under oppressive colonial domination. The United Nations should not tacitly accept the racist and fascist domination of the peoples of Zimbabwe, Namibia and South Africa. The nations that supplied modern weaponry to those barbarous régimes of oppression, in violation of United Nations resolutions, were being hypocritical in their declarations of friendship to the African peoples, but sooner or later the day of reckoning would come. Until all peoples were free, the efforts of the United Nations would be vain for the principles of the Charter were being flouted by the very States that had drafted them. The African peoples were weary of listening to pious declarations; what they wanted was strict respect for the contents of declarations and recognition of their determination to fight relentlessly for their right to be masters of their own destiny and their own resources.

65. Times had changed considerably since the foundation of the United Nations and the Organization now needed to be thoroughly restructured so that all its principles were in harmony with the right of peoples and nations – large and small – to protect their own interests. The seventh special session of the General Assembly should therefore take account of the recent changes and of the appraisals made by the Group of Experts established for that purpose. Economic justice remained one of the principal factors for international peace and co-operation and should be the most important item on its agenda.

The meeting rose at 12.45 p.m.