



## ECONOMIC AND SOCIAL COUNCIL

FIFTY-THIRD SESSION

OFFICIAL RECORDS

Friday, 7 July 1972  
at 3.25 p.m.

PALAIS DES NATIONS, GENEVA

*Président:* 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. di MARTINO (Observer for the European Economic Community), speaking at the invitation of the President, said that since 1958 the Community's trade with industrialized market-economy countries had trebled, its imports from socialist countries of Eastern Europe had expanded rapidly and its imports from developing countries had increased from \$6,000 million in 1958 to over \$16,000 million in 1971, when the latter countries had had a favourable trade balance with the Community of over \$4,700 million. The Community had in fact made the largest contribution to the increase in the developing countries' exports of fuel, minerals, metals and foodstuffs in the 1960s. A wide range of bilateral and multilateral negotiations had enabled the Community to lower major trade barriers. As the last Kennedy Round of trade negotiations had not wholly met the needs of developing countries, the Community had speeded up the introduction of a generalized system of tariff preferences for manufactured and semi-manufactured goods from developing countries. Nevertheless, as some developing countries had had a smaller share than others of the increase in exports to European markets in certain sectors, the Community was prepared to discuss with those countries ways of improving their trading position in its markets. The 1972 rise in quotas and ceilings had, as promised, been based on the import figures for 1969 instead of 1968. The Community was taking effective steps to encourage the diversification of the developing countries' exports, despite difficult world market conditions, and hoped that countries which had not yet applied the generalized system of preferences would shortly do so. It was not yet possible to assess the extent to which developing countries had benefited from the Community's preference scheme, for most of the items affected had been imported under the transition arrangements laid down in its regulations.

2. In commodities, the Community tried to pursue a balanced policy in regard to prices and access to markets, in accordance with resolution 73 (X) of the Trade and Development Board.<sup>1</sup> It continued to co-operate in the

application of existing international commodity agreements and participated in the work of intergovernmental commodity groups and consultations on individual commodities. In the recent cocoa negotiations, the Community and its member States had spared no efforts to narrow the differences between producer and consumer countries on outstanding issues and had supported resolution 49 (III) on an international cocoa agreement adopted at the third session of UNCTAD.<sup>2</sup> Although it was not a member of the International Sugar Agreement, 1968, the Community had agreed to participate as an observer in the work connected with the application of the Agreement and had made the necessary internal arrangements to ensure that its exports conformed with the policy of the International Sugar Council.

3. Although the diversification of the exports of developing countries dependent on a narrow range of commodities was primarily the concern of the countries themselves, the industrialized countries should, in addition to providing technical and financial assistance, take the interest of such countries into consideration when formulating their trade policy. The Community had made numerous adjustments to its economic policy to that end and the policy it had recently adopted for the restructuring of agriculture over the next four years would provide fuller opportunities for imports of agricultural products from developing countries. In a joint statement dated 11 February 1972 addressed to the Director-General of GATT for transmission to the Contracting Parties,<sup>3</sup> the Community and the United States had pointed out the need for a full review of international economic relations with a view to adapting them to recent structural changes in the world economy. That review would cover all aspects of trade, including obstacles to the expansion of trade in agricultural products, commodities and manufactured goods, special attention being given to the problems of developing countries. At the third session of UNCTAD, the Western European countries, on the initiative of the Community, had issued a declaration<sup>4</sup> stressing the need for developing countries, including those which were not members of GATT, to participate effectively in the 1973 negotiations. That declaration had enabled the Conference to adopt resolution 82 (III) to that effect.

4. Mr. PATAKI (Hungary) said that, as shown in the *World Economic Survey, 1971* (E/5144), the diverse trends

<sup>2</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.

<sup>3</sup> GATT document L/3670.

<sup>4</sup> TD/173.

<sup>1</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 1*, p. 3.

in the world economy during 1971 had again been largely determined by the different economic, social and political structures of individual countries or groups of countries. In most capitalist countries, for example, the decline in the growth of GNP and in industrial production, together with continuing inflation, had adversely affected living standards in those countries and international trade as a whole. They had tried to alleviate domestic economic difficulties by passing them on to other countries through discriminatory trade practices. Their international monetary system had collapsed under the pressure of uneven economic development and the failure of the currency realignment of December 1971 to remedy the situation had emphasized the need for a new world monetary system. Such a system should provide for the permanent effective participation of all interested countries in the solution of international monetary problems and should solve the problem of international liquidity.

5. The current economic and monetary troubles of some leading Western countries were indissolubly linked with the international political situation. Stable economic growth and prosperity were only possible in conditions of lasting peace. Yet the war against the peoples of Indochina was still going on, Israel still occupied Arab territories, and colonial and racist régimes remained in power in Africa. Nevertheless, the recent summit talks between the Soviet Union and the United States of America, the ratification of treaties between the Federal Republic of Germany and the Soviet Union and Poland, the recent agreement on communications between the two German States and the quadripartite agreement on West Berlin showed that there were real prospects of improved East-West relations. Full recognition of the German Democratic Republic by all States and the simultaneous admission of the two German States to the United Nations would be in the interests of international peace and security. It was deplorable that the German Democratic Republic had been prevented by the Western countries from participating on a basis of equal rights in the United Nations Conference on the Human Environment. Although Hungary recognized the importance of the subject of that Conference, it did not subscribe to the view that the Conference had been an unqualified success.

6. Improved international political relations could promote more effective international economic co-operation and speed up the economic progress of the developing countries. The *World Economic Survey, 1971* showed that the economic growth rate of the developing countries as a group in 1971 had not been far short of the target of 6 per cent and that industrial growth had exceeded 8 per cent. The growth of agricultural production, however, had lagged behind the rate of population increase. The developing countries' export earnings had also declined, largely because of the monetary crisis in leading capitalist countries. That situation had again demonstrated that excessive reliance on the so-called free market forces had inherent risks for any significant economic development and that one important way of forestalling setbacks in the economy was to plan the most essential economic processes.

7. The Secretary-General (1819th meeting) had referred to the division between economic and social progress. There must be a link between economic and social elements within the framework of general economic progress, for the results achieved in the Second United Nations Development Decade would depend to a considerable degree on the effective mobilization of both economic and social forces for development. Economic progress could not be achieved unless the creative energies of all the people were freed and all social inequalities and injustices eliminated. He fully shared the views expressed on the subject by the representative of Chile (1822nd meeting).

8. The previous year the CMEA countries had adopted the Comprehensive Programme for the Further Intensification and Enhancement of Co-operation for the Development of Socialist Economic Integration, based on the rapid economic development they had already achieved. That integration would not entail any discrimination against outside countries and would in fact stimulate economic relations with them.

9. Outlining Hungary's economic achievements in 1971, he stressed the role of foreign trade, which had contributed some 36 per cent of national income in that year. That was also the approximate proportion of production which had been exported. About two thirds of Hungary's foreign trade was conducted with socialist countries under long-term intergovernmental agreements, thus providing a firm basis for the country's economic development. Recent economic reforms had established a direct link between markets and production and were partly responsible for the increase in exports of engineering products to developed capitalist countries in the past few years. Hungary was trying to expand economic relations with Western countries, but discriminatory measures applied by the latter were an obstacle to such expansion. East-West trade still accounted for only 5 per cent of total intra-European trade and the enlargement of the EEC was likely to widen the scope of that discrimination. It was not yet clear how the enlarged EEC's economic relations with outside countries would develop; they would clearly depend on the political will of the Governments concerned. He hoped that the forthcoming Conference on European Security and Co-operation would promote economic, scientific and trade relations between socialist and Western European countries and thereby benefit world-wide trade and economic co-operation.

10. Hungary's economic relations with developing countries were free from discrimination. Hungary had been giving those countries preferential treatment since the beginning of 1972. Its trade with them had increased by 50 per cent over the past three years; its imports of manufactures from them had increased six-fold.

11. His delegation would express its views on the outcome of the third session of UNCTAD when the subject was formally included in the Council's agenda.

12. Regarding the role of the Council, his delegation firmly believed that the basic purposes laid down in Chapter IX of the Charter remained valid. Although international economic relations were now more complex than

they had been 27 years earlier, that complexity would not be diminished by changing the structure of the Council's machinery. The Council's effectiveness ultimately depended on the political will of its members. Its working methods could, of course, be streamlined, but one important way of adapting it to new conditions and requirements might be for member States to try to take a more concerted stand on outstanding economic issues. Penetrating exchanges of views like the present general debate would also contribute to the Council's effectiveness. His delegation was ready to consider any practical proposal which might help the Council to discharge its responsibilities more effectively and live up to the expectations of the present-day world.

13. Mr. DRISS (Tunisia) said that his delegation was prepared to support, in the committees concerned, the two proposals made at the 1825th meeting by the Lebanese representative regarding the transformation of UNESOB into an Economic Commission for the twelve Arab States of Western Asia and the possibility of the Economic and Social Council holding special sessions in times of crisis.

14. The Council spent a good deal of time discussing ways of improving its methods of work. Any attempt at reform must be accompanied by a clearly expressed political will to allow the Council to fulfil the functions assigned to it by the Charter of the United Nations. The Secretary-General hoped that the enlargement of the Council and the establishment of the Committee on Reviewal and Appraisal and the Committee on Science and Technology for Development would reaffirm its responsibilities. It was therefore essential to implement those reforms which had been approved by the General Assembly in resolution 2847 (XXVI). The amendment to the Charter must be ratified as soon as possible; he had been glad to hear that the French Parliament had already done so. In addition, the Committee on Reviewal and Appraisal had started work, but no agreement had yet been reached on the terms of reference of the Committee on Science and Technology. The Tunisian delegation would do its utmost to secure a consensus or a widely supported decision which would enable that Committee to start work. It would also continue to press, in conjunction with other delegations, for more substantial reforms in the organization of the Council and its subsidiary bodies, including the suppression of some bodies, such as the CPC, which duplicated the work of the Co-ordination Committee.

15. Those were only some of the changes required in the United Nations system as a whole. In general, knowledge of the work of the United Nations was confined to a very small public, and meetings of United Nations bodies often seemed to take place in a vacuum where resolution gave birth to resolution, while Governments remained immersed in their domestic problems and the general public remained indifferent. The continued existence and effectiveness of the United Nations depended on working out imaginative policies and seeing that decisions, once taken, were implemented. Strengthening the role of the Secretariat and improving the quality and dissemination of information would be valuable in winning Governments and public opinion over the ideals of the international community.

16. The consensus was a useful means of making discussions in the Council more productive, provided it did not degenerate into camouflage for a right of veto, such as the great Powers exercised in the Security Council. The efficient functioning of the Council presupposed an honest application of the provisions of Chapter IX of the Charter, which clearly established the fundamentals of international co-operation. Pending a workable formula for achieving it, the gap between rich and poor countries continued to grow. The United Nations Conference on the Human Environment and the third Session of UNCTAD had shown the contrast between the situation of the two groups, the former suffering from over-rapid growth while the latter suffered from stagnation. A conference on the law of the sea might help to provide solutions to the problem. The Council should have discussed the subject of those three conferences and that of the industrialization of developing countries.

17. He hoped that when the Council was enlarged it would reaffirm resolution 1622 (LI) and reconsider its functions in the spirit of that resolution. In any case, the Tunisian delegation would have liked to hear under the present agenda item a more detailed discussion of such problems as co-operation, environment and the international monetary situation in the light of the third session of UNCTAD and the United Nations Conference on the Human Environment. All member States were, to some extent, responsible for the present position of the Council. Whenever the smaller countries made proposals for co-operation, the larger countries spoke of the need for economy, although funds were readily forthcoming for matters of interest to the larger countries. The developing countries, for their part, were too prone to rely on their numbers and their moral force in order to induce the developed countries to support their claims.

18. The President of the Council of EEC had observed in June 1972 that if present trends in growth rates and development assistance continued, the average annual *per capita* income in rich countries would soar from \$2,450 to \$3,600 while that in poor countries would rise from \$180 to only \$280, whereas a reasonable standard of living would require an annual income of perhaps \$1,080. The Secretary-General of UNCTAD (1820th meeting) had pointed out that official assistance had actually decreased considerably in real terms. The constant diminution in aid from the largest donor country was partly responsible for the forecast that developed countries would contribute only 0.35 per cent of their collective GNP to development assistance over the first half of the Second United Nations Development Decade. Furthermore, at the third session of UNCTAD no progress had been made on stabilizing commodity prices - a fact which even the leaders of some developed countries deplored.

19. The third session of UNCTAD had, however, achieved useful compromise agreements on action programmes for the least developed and the land-locked developing countries. It had recognized the need for the participation of developing countries in negotiations on international monetary problems and for linking special drawing rights with development finance. The Tunisian delegation welcomed

the proposal by IMF to establish a Committee of 20.<sup>5</sup> The Council, to which IMF submitted its annual report, should also play an important part in stabilizing the international monetary situation.

20. Tunisia was conscious of the urgent need for increased international co-operation. The President of the Tunisian Republic had proposed to found, jointly with the United Towns Organization, a world prize to be awarded annually by an international committee meeting at Tunis, for outstanding activity in the field of co-operation and development. Tunisia was also aware of the need for more active regional co-operation. It had promoted the Maghreb and was working for closer co-operation between OAU and EEC and also for the implementation of the International Development strategy.

21. The Council should show dynamism and initiative in securing the more active participation of member States in the process of development and harmonizing their respective economies. It was to be regretted that the constant threat of war was adversely affecting the social stability and domestic peace of all nations of the world. Vast resources that were needed for development were being spent on the arms race. Nevertheless, man's instinct for survival urged him to persevere and to hope.

22. Mr. GRICHTCHENKO (Observer for the Ukrainian Soviet Socialist Republic) said that it was well to bear in mind that countries with different social and economic systems did not merely exist, they co-existed and co-operated. The Council was taking up its task in the more favourable political climate created by the efforts of a number of States to reduce international tension. The forthcoming all-European conference on Security and Co-operation would undoubtedly give a further impetus to mutually beneficial relations between European countries in the economic, technical, social and cultural fields. The discussions at the third session of UNCTAD had shown that international trade not only helped countries to develop their economies but also improved political relations between them. Unfortunately, restrictive protectionist measures and other trade barriers were hindering the normal development of international trade relations. The trading position of the developing countries in particular had deteriorated and the third session of UNCTAD had not offered any prospect of improvement.

23. The Ukrainian SSR, the USSR and other socialist countries had not taken part in the United Nations Conference on the Human Environment because of the discriminatory policy of some major Powers, which had prevented the German Democratic Republic from participating in the Conference on a basis of equal rights. That had called in question the very concept of a conference which had been intended to serve as a world forum for the formulation of a global environmental protection policy. The Ukraine therefore reserved its position on all the decisions taken at that Conference.

24. Although the Ukrainian SSR recognized the importance of international co-operation in the environmental

field, it had no wish to exaggerate the importance of that issue, which did not warrant greater attention than the social and political aspects of development. Pollution should be viewed in its social and economic context. The main cause of the present world ecological crisis was the unbridled character of industrial progress in developed capitalist countries, where every industry and every entrepreneur was motivated by self-interest and profit rather than the common good. In the pursuit of profit, technology had been let off the leash and nature now presented the bill. The problem should be tackled primarily at the national level without delay. The Ukraine had enacted a nature conservation law over 12 years earlier and its budget included large appropriations for environmental protection. The ninth five-year plan for the period 1971-1975 provided for a series of measures in that field. Detailed regulations governed the use of natural resources and the protection of the soil, water, air and other elements of the biosphere against pollution. The Ukraine had a State Committee for Nature Protection with wide powers, and a voluntary organization which enlisted public support for environmental protection.

25. Some representatives had emphasized that their countries had no wish to persuade others to adopt their particular brand of development. Nor had the Ukraine any wish to do so. It was nevertheless convinced that the economic achievements of the socialist countries mentioned in the *World Economic Survey, 1971* were due to the advantages of the socialist economic system based on public ownership of the means of production, planning and the absence of exploitation in employment. Only radical social and economic reforms and development along non-capitalist lines could extricate the developing countries from the dead end they had reached. The Ukraine was willing to share its experience of economic and social development. A genuine desire to overcome poverty, backwardness, unemployment and other ills inherited from the colonial system and capitalist production methods would show the developing countries the right to economic and social transformation. Despite the devastation of the Second World War, the Ukraine had become one of the most highly industrialized countries in the world by basing its development on socialist methods.

26. The United Kingdom representative had likened the launching of the Second United Nations Development Decade to the planting of a tree. Unfortunately, the soil in which it had been planted seemed to consist of industrial recessions, international monetary crises, inflation, unemployment and trade and payments deficits. He did not share the optimism of some speakers about the effectiveness of the emergency measures which were supposed to save the unstable monetary system. The urgent measures adopted by the United States and the Group of 10 had not solved the problem. The monetary crises had adversely affected the economies of developing countries. The socialist countries refused to share with the imperialists the blame for the poverty which the developing countries had inherited from their colonial past and which was due to their unjust status in the present capitalist system of international division of labour. The Ukraine agreed that

<sup>5</sup> See IMF resolution 27/10 of 26 July 1972.

the idea of collective economic security was worth studying, provided it was taken to mean the further development of economic and technical co-operation among all countries on the basis of equality and excluded any attempts at external economic interference.

27. Mr. POISSON (Niger) said that the agenda for the fifty-third session of the Economic and Social Council showed that the Council had remained true to its vocation as the conscience of the United Nations, whose function it was to identify for the General Assembly all the major problems facing human society. Nevertheless, it was reasonable to consider action to readjust a body which had been set up during the general euphoria of the immediate post-war period and which had gradually been rendered ill-adapted and ineffective by economic and social developments in the world. Such a readjustment could only be welcomed, particularly since it promised greater vigour in the implementation of the International Development Strategy for the Second United Nations Development Decade.

28. The United Nations Conference on the Human Environment had attained its basic objectives; that could perhaps be attributed to the fact that the industrialized countries in particular could appreciate the urgency of instilling some order into the exploitation of the earth's resources for the benefit of mankind and of taking definite steps to safeguard the environment increasingly menaced by various factors of pollution. Although the developing countries were, by definition, far from being industrially and technically developed, they had not hesitated to do their part for the success of the Conference, at the same time seeking certain safeguards to ensure that the price of industrialization was not out of all proportion to their investment possibilities. The lesson of the Conference was that nations and individuals were interdependent: everything which happened in one part of the world should be a matter of concern to all mankind.

29. Yet the failure of the third session of UNCTAD seemed to show that egoism could so cloud man's understanding that he was incapable of seeing the need for a new order in world trade and a coherent development policy for the benefit of all countries. It was true that the record of that Conference had not been one of unrelieved failure. Useful decisions had been taken on behalf of the least developed and the land-locked developing countries, but the refusal of the developed countries to set up a special fund for those countries could be contrasted with the universal agreement to set up a new fund at the United Nations Conference on the Human Environment.

30. The real obstacle to the development of the countries of the third world was the machinery of world trade, which governed relations between rich and poor countries, the stabilization of commodity prices, the repercussions of monetary crises, the transfer of technology and the problems of financing. Both the *World Economic Survey, 1971* and the Summary (E/5145) of *Economic conditions in Africa, 1971* were inadequate; there was a tendency to twist the figures in order to suggest that things were not going too badly, without giving all the details. They lacked

the analysis of the negative factors and of the situation in countries which, for one reason or another, brought down the average growth rate figures for the region to which they belonged. The representatives of the developed countries should be told the naked truth; that was probably the only way to convince those who still had hesitations about the steps they had been called upon, at the third session of UNCTAD, to take in favour of the least developed countries.

31. It was stated in paragraph 99 of document E/5145 that there was a general acceptance of the need for investments to reach about 20 per cent of the GDP to attain a growth rate of 6 to 7 per cent a year. In view of the inevitable limitations on investment by the developing countries and of the lack of enthusiasm in the rich countries about investing in various regions of the third world, it might be thought that the growth-rate objective fixed in the International Development Strategy was a delusion. It would in any case be more honest if value judgements of general trends among the developing countries as a whole were not based solely on the few lucky accidents. No one could be blamed for drawing attention to the fact that certain countries were incapable of maintaining the growth rate prescribed by the United Nations.

32. Mr. ABDULLA (Observer for Sudan) said that his delegation supported the proposal made at the 1825th meeting by the Lebanese representative that UNESOB should be transformed into an economic commission for the twelve Arab States of western Asia.

33. Discussion on the organization of the Council would have priority at the present session. He supported the view that the Council should assume once more the authority conferred on it by the Charter. He hoped that the enlargement of the Council would improve international co-operation for development.

34. The international economic system should be structured more equitably. A review of current economic conditions revealed that most aspects of the relationship between developed and developing countries were still unsatisfactory. For the least developed among developing countries, the need for aid, both technical and financial, was more important than terms of trade. Developing countries could absorb for their extensive social and economic plans much more than the current flow of resources, which fell far short of the target set in the International Development Strategy. The Council should examine the whole question of the terms of external financing, as also the negative effects of regional groupings among developed countries, such as the enlarged EEC, on the exports of tropical products from countries not associated with them. It was clear, however, that developing countries would have to increase their own savings in order to finance a greater proportion of their development plans themselves.

35. The currency realignment which had taken place as one result of the international monetary crisis had seriously affected the indebtedness of many developing countries, including the Sudan, 16 per cent of whose export revenues in 1971 had been absorbed by debt servicing. The Sudanese

delegation supported resolution 84 (III),<sup>6</sup> adopted at the third session of UNCTAD, under which it was recommended that all countries should participate in international monetary reform. As one of the least developed among developing countries, it also welcomed the resolution 62 (III)<sup>7</sup> on special measures in their favour.

36. Political factors contributed to the general deterioration of economic conditions. The closure of the Suez Canal since 1967, as a result of Israel's occupation of Arab land, had affected the trade of many countries, including the Sudan.

37. The Sudan had far-reaching plans for economic and social development. Targets included an average growth rate of 8 per cent for GNP, an increase of 77.3 per cent in agricultural production, an increase of 57.4 per cent in industrial production and an increase of 15.5 per cent in livestock production. Improvements were envisaged in all economic and social sectors. An important factor in the successful implementation of the Sudanese development plans would be the volume of international assistance available.

38. The Addis Ababa Agreement on the problems of South Sudan, ratified on 27 February 1972, had fortunately put an end to 16 years of strife in the Sudan. The political solution was, however, only the first phase: life had to be totally remade in a society of 4 million people covering an area of over 250,000 square miles. Relief and rehabilitation for some 750,000 returning refugees constituted merely a small part of the problem of resettlement. The United Nations High Commissioner for Refugees had already made a survey of the expenditure required in that connexion; despite prompt contributions from voluntary agencies, much was still needed. The Economic and Social Council, the Secretary-General and the United Nations High Commissioner for Refugees had already launched appeals on the subject. The whole magnitude of the problem, however, would appear when the representative of the Administrator of UNDP made his report on the resources needed to settle Southern Sudan. That report would constitute a challenge to the Second Development Decade: the Council would then have to decide whether it was a challenge to the Sudan alone.

39. Mr. DARSA (Observer for Indonesia) said that, as the representative of a developing country, he wished to underline some of the points already made by other speakers. In particular, he endorsed the Secretary-General's reference to the interdependence and co-responsibility of all countries.

40. The *World Economic Survey, 1971* revealed some disquieting trends in world economy, particularly in agriculture where the growth rate was well below the target of 4 per cent set for the Second United Nations Development Decade.

41. With regard to trade, on which developing countries were heavily dependent, the relative position of developing countries continued to deteriorate and had been made worse by the international monetary crisis and other phenomena, such as the upsurge of protectionism in developed countries. Those facts illustrated the truth of interdependence and made it imperative that all developing countries should participate in decision-making on world trade and monetary issues.

42. Another unsatisfactory sector was that of development finance, where according to estimates made by IBRD the flow of official aid from developed countries for the first half of the Second Development Decade would reach only half the target figure of 0.7 per cent of their collective GNP, although, as pointed out by the President of IBRD, at the third session of UNCTAD<sup>8</sup> the additional amount required to achieve the target could be found by diverting a very small percentage of the substantial increase in the collective GNP of developed countries forecast for the 1970s.

43. In general, the results of the third session of UNCTAD had been below the expectations of the developing countries; no progress had been made with regard to access to markets or pricing policies for commodities. On the other hand, the link between special drawing rights and development finance was being studied and the Conference had ensured the participation of developing countries in the forthcoming trade and monetary negotiations. His delegation welcomed the consultations undertaken by the Secretary-General of UNCTAD with the Managing Director of IMF and the Director-General of GATT and hoped that the 1973 multilateral trade negotiations would devote special attention to the trade problems of developing countries. His delegation also welcomed the success of the United Nations Conference on the Human Environment but it stressed that the needs of developing countries must be given adequate consideration in the formulation of international action on environmental problems.

44. He was happy to state that the over-all economic growth of Indonesia continued to meet the targets set in its development plans. Owing to the sound fiscal policies introduced in 1967, production had increased while prices had remained stable. The 1970/71 budget had recorded a surplus greater than that planned. Agriculture continued to be the largest contributor to gross output, rice production having increased substantially and exceeded the target figure. Timber production had increased even more remarkably and the production of petroleum, tin, bauxite and nickel had reached high levels. Industrial production was also increasing, particularly that of textiles. Exports, including petroleum, had been higher in 1971 than in the previous year. Imports had also increased and the share of capital goods and raw materials in relation to consumer goods had risen, showing increased industrial activity.

<sup>6</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.

<sup>7</sup> *Ibid.*

<sup>8</sup> For the summary of the statement made by the President of IBRD at the 83th plenary meeting of the Conference, see *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, *Plenary Meetings*, part one, "Statements by Heads of delegation".

45. The Indonesian delegation agreed with the general analysis of the reasons for the reduced role of the Council, in particular the appearance of new subsidiary bodies and the emergence of centrally financed programmes outside the Council's control. New multidisciplinary problems such as those of natural resources, population and environment showed the need for integrated programmes of action. The enlargement of the Council and the establishment of the Committee on Review and Appraisal and the Committee on Science and Technology for Development were a step forward. He hoped that an informal working party under the chairmanship of the President of the Council might reach a consensus on reforms of the Council's methods of work and structure.

46. Mr. PETRESCU (Observer for Romania) said that the fact that vast areas of the world were still at a very low economic and social level and that the gap between the developed and developing countries was tending to widen meant that international efforts had not been able to fulfil the hopes raised by the International Development Strategy and that the concept of the responsibility of the international community towards the problems of under-development needed to be reconsidered. The developing countries had a right to expect more understanding from the international community with regard to the assistance they needed for their economic and social development. The provision of such assistance was in the interest not only of two thirds of the world's population but of the whole international community, including the developed countries.

47. The *World Economic Survey, 1971*, included a chapter entitled "Towards a new international economic order." It was indeed essential to have such an order, which would take into account the interests of all countries. The essential conditions for placing world economic relations on a sound basis were strict respect for national independence and sovereignty, non-intervention in internal affairs, equality of rights and mutual advantage, and respect for the right of each people freely to decide its own destiny. That meant that all States, large and small, should collaborate on an equal footing in preparing measures for promoting economic progress and co-operation between countries. No important problem affecting a particular country should be considered without the participation of the country concerned. The reform of the international monetary system and the trade negotiations planned for 1973 could only succeed if the interests of all countries were taken into account.

48. The acceleration of general progress required a constructive attitude on the part of all countries to ensure the expansion of trade without hindrances and the full participation of all countries, whatever their degree of development or social system, in the advance of science and technology. For that purpose it was essential that all States should agree to eliminate the restrictions and discriminatory measures which hampered the free exchange of goods and the implementation of the principles adopted by UNCTAD.

49. The improvement of international trade machinery must depend on a more rational and equitable international division of labour, which could offer developing countries better opportunities for exploiting their own national resources, diversifying their economies and having greater access to the markets of developed countries, thus accelerating their economic growth.

50. Romania, as a socialist developing country, was making great efforts to reduce the gap which separated it from the developed countries. For that reason it strove consistently to eliminate obstacles to the development aspirations of all countries and to promote favourable conditions for economic and social progress at the international level.

51. His delegation agreed with the Secretary-General as to the need to revitalize the Economic and Social Council so that it could carry out to the full the functions conferred on it by the Charter. The Council had been somewhat slow in adapting to the realities of the contemporary world, including the phenomenon of under-development. His delegation agreed with the Brazilian representative (1821st meeting) that the Council should again assume its role as a principal organ of the United Nations responsible for stimulating the General Assembly to take final decisions for the implementation of action-oriented policies. Every step in that direction, however, should take account of the interests of all countries and should be the result of their participation on an equal footing in the discussions and in the decision-making progress. One of the essential elements of such an approach was the need for the United Nations to be genuinely universal.

52. He agreed with the Secretary-General of UNCTAD (1820th meeting) that the results of the third session of UNCTAD should be assessed primarily in terms of the guidelines it had laid down rather than in terms of immediate achievements.

53. The value of the United Nations Conference on the Human Environment lay in the fact that it had opened up new prospects for co-operation in a field of great importance for the future of mankind.

54. International co-operation was a valuable instrument not only for increasing the development efforts of individual countries but also for creating the necessary conditions for that purpose, namely, peace and security. Romania was expanding its bilateral and multilateral relations with all countries, whatever their social and political systems. It had trade relations with 110 countries and the volume of its trade was steadily growing. While the major part of its trade was with the socialist countries, the highest growth rate was in its trade with the developing countries. During the past 10 years, while Romania's total exports had approximately doubled, its exports to the developing countries had increased four-fold; during the same period, its total imports had increased by 300 per cent and its imports from the developing countries by 500 per cent.

55. Romania attached particular importance to ECE, and to the activities of UNDP and UNIDO. Romania had recently been admitted to GATT, another multilateral body



which could make a substantial contribution to the promotion of economic relations.

56. Mr. OLMEDO (Bolivia) said that the attainment of the Council's main goal – political, economic and social security – was being made more difficult by rapid but unbalanced development. International relations in the economic and social field were becoming increasingly complex and fraught with stress as a result of the formation of powerful centres of influence, the growing interdependence of productive factors and the flood of demands originating in what had come to be known as the awakening of the third world. The challenge facing the modern world was to restore a right which had been withheld for long enough – namely, to fulfil the legitimate aspirations of hundreds of millions of people who had hitherto participated only marginally in contributing to development and in enjoyment of its benefits. Problems which had previously been dealt with in isolation by a few select countries were now seen in their wider economic context and there was a corresponding tendency to reject tutelage and paternalism in matters of universal concern and scope. The absurd doctrine of an international division of labour with primary-producing countries on one side and manufacturing countries on the other was no longer acceptable, and the right of each country to development in all sectors was universally proclaimed. Although scientific and technological progress founded on accumulated wealth had increased productivity, the benefits had been felt mainly in the rich countries, and the developing countries had, paradoxically, suffered as a result of the depletion of their natural resources by more intensive exploitation. In view of the close link between capital and technology, the financial aid requested by the developing from the industrialized countries could be regarded as, in a sense, a reversion of funds to their source, but he personally felt that it was preferable to forget the past and to base hopes for the future on the progressive outlook of the new generations and on enlightened internationalism in the developed countries, whether with centrally planned or market economies. He realized the problems of the richer countries but was also aware that the remedy and solution for the cyclical fluctuations of their economies and their co-operation in international development could be achieved through a better system of priorities for their public investments in which peaceful objectives would take precedence over armaments.

57. He would not attempt the complex and controversial task of assessing the achievements of the third session of UNCTAD; he agreed with the Secretary-General of UNCTAD that the Conference could be considered only as marking a stage and that the aim would continue to be extension and improvement of agreements already reached and the working out of new agreements, principles and policies.

58. The situation of Bolivia could be regarded as typical of the hard-core least developed countries. It was a large country, rich in a variety of natural resources, with a low population density due to a high death rate, with a literacy rate of barely 25 per cent, an economy distorted by foreign

interests bent on exploiting its primary products as cheaply as possible and with a manufacturing sector amounting to only 12 per cent of the GNP; to which must be added its present land-locked position, resulting from an expansionist war of conquest, and its geographical situation far from the coastal area and hence from that irreplaceable resource, the sea. Since 1952 the economic and social structures of the country had been profoundly changed by nationalization of the mines, agrarian reform, and the introduction of universal suffrage, changes whose irreversible character had been reaffirmed by President Banzer's Government. Thus Bolivia had established control of its main sources of wealth, had halted the establishment of large foreign enterprises and was pursuing realistic and moderate policies in the interests of its people. His Government recognized, however, the economic benefits to be derived from foreign capital, provided it contributed to the absorption of new techniques and passed through the channels best suited to the national interest.

59. In 1961, Bolivia had drawn up its first ten-year development programme, introducing modern techniques of economic management. It was a member of LAFTA and of other regional and subregional associations. Although results so far had been disappointing, Bolivia continued to believe in the value of industrial planning at the regional level, economic co-ordination, the adoption of common policies on foreign capital and the establishment of multinational enterprises. His Government placed special emphasis on achieving balanced and harmonious development among the countries of the area.

60. Bolivia followed a policy of non-discrimination in trade and economic and financial matters, believing that optimum productivity could be achieved only by world-wide interdependence, even when that entailed reaching agreement with countries with different social or political systems, always provided that there was no intervention in the internal affairs of the Bolivian people. Bolivia was a firm believer in the historic role of multinational organizations in preserving international peace and justice. Its development programmes were based on rapid, self-sustained economic growth, with the participation of the entire Bolivian people in those endeavours and their benefits. Education was being reorganized to produce the trained labour force required for development, and the Government had recently established a Department of Youth in recognition of the need to bind the generations more closely together and to ensure a more effective transfer of public responsibility to the young.

61. In spite of the efforts made by his country to implement the programmes to which he had referred, results so far were not encouraging, owing both to external obstacles to development and to the lack of technical and financial co-operation on a sufficient scale. His Government had on a number of occasions indicated its willingness to co-operate with the secretariat of UNCTAD in investigating the causes of the persisting economic stagnation in Bolivia, and to identify the external obstacles. In the same spirit Bolivia had asked, at the third session of UNCTAD, to be included among the hard-core countries, believing that



there was a close link between the least developed countries and those which were land-locked.

62. It was the responsibility of the present generation to overcome intolerance and lack of co-operation between nations, and it was heartening to note that the efforts of the poorer countries in that direction had found a response among the youth of the industrialized countries. His Government continued to have faith in a new world order based on international social justice, which could only be achieved if the internal efforts of each developing country were seconded by external aid. The peoples of the world must no longer be cheated, lest in their feeling of frustration they come to accept demagogic solutions harmful to mankind.

63. Mr. AMERASINGHE (Ceylon) said that all the problems that he had mentioned in his statement on agenda items 2 and 3 at the forty-ninth session of the Council<sup>9</sup> were still unsolved, and every hope he had expressed remained unfulfilled. It had recently become fashionable, especially in the affluent societies, to seek consolation for that state of affairs by pointers to the dramatic developments of the past two years, but it might be asked what suggestions had been made for dealing with those developments in the spirit of such high-sounding resolutions as that in which the General Assembly had adopted the International Development Strategy (resolution 2626 (XXV)). The only advice had been that the developing countries should avoid adopting sterile resolutions and should exercise patience. When he looked for evidence of action taken over the last ten years or so to reduce the widening economic disparity between the affluent and the penurious countries, to improve the conditions of world trade in the most critical areas – where dramatic results could be achieved with hardly any sacrifice of the living standards of the developed countries – in short, action to promote economic and social equity, he was obliged to admit that he saw none.

64. As a further remedy for disillusionment, the developed countries urged the revitalization of the Council's role. He had, however, looked in vain for concrete, constructive and comprehensive suggestions and had found instead only bureaucratic proposals for reducing the number of meetings, cutting down the agenda, and – somewhat inconsistently – holding longer meetings. While he agreed that a revitalization of the Council's role was almost indispensable for the improvement of international economic co-operation, he regarded the decision to enlarge the Council's membership as a mere sop to the developing countries. The established disproportion in representation between developing and developed countries had, in fact, been preserved and the representation of the latter had in effect been doubled. Such was equitable geographical distribution as practised in the United Nations – unfortunately with the consent of a number of developing countries themselves.

65. It was the political will of the more affluent members of the Council that needed to be revitalized to enable them

to move from commitment to action. There was no doubt that the Council had discharged its responsibilities as set out in Chapters IX and X of the Charter of the United Nations: it had made far-reaching and progressive recommendations which had been embodied in impeccable declarations. Neither the Council nor the United Nations in general, however, had the power to enforce those recommendations, with the consequence that the developing countries were reduced to the futile and frustrating process of fashioning new resolutions and declarations which were mere paraphrases of the essential principles of the Charter.

66. The informal Working Group that had met since the Council's fifty-second session to examine measures for reforming working procedures and structure was to be congratulated on its diligence if not on its achievements. The reason for its failure to agree was that only when more attention was paid to measures for remedying the growing economic disparity between the developed and the developing countries could the task of procedural and structural reform be effectively carried out. He agreed with the proposal to limit meetings of subsidiary bodies, and hoped that it would lead to the speedy demise of some of them, but that was not the way in which the world's economic reform problems would be solved. The same considerations applied to the reduction of the calendar of conferences and the extension of the time allotted to meetings. Co-ordination was the most important item of reform. He understood it to mean the mutual correlation of the activities of various bodies dealing with the same range of problems, the avoidance of overlapping and duplication of effort, and harmony and consistency in the treatment of questions falling within the competence of more than one body. Although co-ordination in the economic and social field was certainly the Council's responsibility under the Charter, care must be taken in pursuing it to avoid weakening the authority and initiative of bodies established for particular purposes, in particular UNCTAD.

67. At the third session of UNCTAD, his country's Minister of Foreign and Internal Trade had recalled previous UNCTAD achievements – the endorsement of the 1 per cent target for financial transfers from the developed market economies to the developing countries; the creation of a climate of opinion resulting in the establishment of the system of special drawing rights on a universal basis; and the acceptance and implementation by the great majority of developed countries of the generalized system of preferences – but he had also pointed out that the problem of commodity prices had scarcely been touched upon, in spite of its crucial importance to the developing countries, especially those dependent on a limited number of commodities.<sup>10</sup> Diversification, which was the remedy suggested by international organizations, had severe disadvantages: it required heavy capital outlays, it caused grave problems of labour mobility and retraining, and it

<sup>9</sup> See *Official Records of the Economic and Social Council, Forty-ninth Session*, 1704th meeting, paras. 57-66.

<sup>10</sup> For the summary of the statement made by the Minister of Foreign and Internal Trade of Ceylon at the 88th plenary meeting of the Conference, see *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, *Plenary Meetings*, part one, "Statements by Heads of delegation".

involved changes in traditional attitudes. Moreover, the interval of time between the start of the diversification and the point where it could make a real impact on the economy would be long and marked by grave social and political tensions. There were better solutions, based on humanism and mutual self-interest, such as the proposed scheme for supplementary financing to compensate countries which experienced a persistent deterioration in their terms of trade and suffered catastrophic losses of foreign exchange, and the suggested link between special drawing rights and development aid, but little or no progress had been made with them.

68. One of the achievements of the Conference had been the adoption of resolution 66 (III) on the draft code of conduct for liner conferences;<sup>11</sup> he was confident that the new code would be drafted but doubtful whether liner conferences would abandon their frequent increases in freight rates, which caused economic havoc in developing countries.

69. A stabilization of commodity prices was essential for the economic advance of the developing countries. His country had for nearly two decades experienced a persistent deterioration in its terms of trade, which had fallen from an annual average of 142 between 1952 and 1956 to an average of 88 in the period 1968-1970, at first owing to the rapid rise in import prices, export prices remaining almost stagnant, but more recently to a sharp drop in rubber prices. With regard to foreign reserves, his country's average external resource deficit had risen from 69 million rupees for the period 1952-1956 to an average of 1,003 million rupees for the period 1968-1970, which had had to be met from receipts of commodity aid and credits, at almost crippling interest rates. He did not deny that his country had adopted advanced social welfare policies before creating the economic base to sustain them, with the result that an unduly high percentage of Government revenue was devoted to consumption, and too little to investment, but the people would soon realize that investment must receive priority over consumption.

70. Emphasizing the importance of foreign assistance in appropriate quantities, on easy terms and at the moment of need, he expressed his Government's gratitude for the munificent aid received from the People's Republic of

China in the preceding year, which had been followed by further evidence of the generosity of China to the developing countries on the occasion of the recent visit of his country's Prime Minister to Peking. He also expressed his Government's sincere thanks to the members of the Aid-Ceylon consortium and to others for past and continuing help. He trusted that his Government's assurances with regard to certain legislation it had enacted would dispose of any doubts they might have had about granting assistance.

71. The PRESIDENT said that the statements the Council had heard augured well for the successful completion of its work at the current session. Although the general debate was concluded, agenda item 2 would remain open so that delegations could submit formal proposals.

72. Mr. SANTA-CRUZ (Chile) welcomed the assurance that agenda item 2 was to remain open. The individual statements made on the item were not sufficient; what was required was a debate in the full sense. A number of points had been made which called for discussion and an exchange of views. He recalled that in past years debates of that character had led to the adoption of specific measures in the interests of development.

73. Mr. CARANICAS (Greece) agreed with the Chilean representative. The debate had so far consisted of a series of monologues; there should now be an opportunity for discussion, as had been the case in 1971. The procedure suggested by the President seemed to imply that draft resolutions were to be submitted in the plenary meeting, which would be at variance with the Council's established practice of confining such action to the sessional committees.

74. M. DRISS (Tunisia) supported the two preceding speakers. A number of highly important ideas had been put forward which the Council should have an opportunity to discuss.

75. The PRESIDENT said that he would consult the Bureau about the feasibility of allowing time for such a discussion. It was his present intention that the Council should take up agenda item 7 (regional co-operation), at its next meeting.

The meeting rose at 6.45 p.m.

<sup>11</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.