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## AGENDA ITEM 2

General discussion of international economic and social policy (*continued*) (E/4942, E/4984, chap. III; E/5004, E/5005, E/5007, E/5009, E/5010, E/5016, E/C.2/726)

1. Mr. JENKS (Director-General, International Labour Office) said that in the Second United Nations Development Decade the ILO intended to play a full part in the larger task of the entire United Nations system and to give its contribution to that task the distinctive character which reflected the ILO's unique tripartite structure. The ILO believed that the quality of achievement in the Second United Nations Development Decade would depend largely on its emphasis on the social purpose of development.

2. The ILO's political and financial problems had attracted some attention. They would in due course be solved, but in the meantime they would in no circumstances be allowed to cripple its activities. A typically successful session (the fifty-sixth) of the International Labour Conference had rounded off a year of successful meetings, all producing useful results with unanimity or near-unanimity on most issues. A comprehensive series of surveys had been initiated to reappraise, in the light of changing needs, the ILO's activities in such fields as conditions of work, occupational health and safety, social security, management development and workers' education. The 1972 Conference would deal with the vast problem of child labour in the developing world and the effects of containerization on dock labour. Over the next two years, work would be done on such subjects as community interest in labour-management relations, the treatment of foreign workers, education leave (in collaboration with UNESCO), occupational cancer (in collaboration with WHO), and the labour relations of multinational corporations, taking into account the work being done by OECD.

International labour standards were being accepted by an increasing number of countries; the ILO was vigorously pursuing its efforts to protect human rights; its operational programme continued to expand. There was no crisis in the ILO itself; its roots ran deep into the changing realities of the contemporary world, wherein lay the promise and certainty of its continuing vitality.

3. The more coherent and purposive planning which was to be the essence of the International Development Strategy for the Second United Nations Development Decade and of the restructuring of UNDP on the basis of country programming presupposed the development of common or compatible information systems for the United Nations as a whole. The more voluminous and varied the information, the more necessary was rational and effective use of the latest information-processing techniques. Efficiency and economy in the use of electronic data-processing by international organizations had therefore become a key managerial responsibility in the planning of the Second Development Decade. The ILO was taking steps to discharge that responsibility and was co-operating fully with the Inter-Organization Board for information systems and related activities. While maintaining a computer within the medium range, the ILO would not install a large-size computer, even if the volume and complexity of the work increased beyond the capacity of its facilities, but would take full advantage of the facilities offered by the International Computing Centre.

4. The broader problem of the relationship of data-processing to personal freedom and privacy had been raised at the fifty-sixth session of the International Labour Conference in connexion with the transfer of personal information furnished to employers to computerized data bank systems. Such issues could not be neglected. A development strategy which underestimated human freedom or belittled the importance of the ecological context of human life sacrificed the purpose of development to the modalities of attaining it.

5. A more immediate issue was the relationship of trade, employment and labour standards. At the fifty-sixth session of the International Labour Conference the ILO had been urged by developing countries to launch a campaign to secure general recognition of the fact that the radical solution for the employment problem in those countries lay in a new system of truly international trade. At the conclusion of the Conference, its President had responded to that appeal by agreeing that it was the ILO's responsibility to voice the need for measures that would provide a solid economic foundation for social justice. That statement had reflected the general mood of the Conference which had unanimously adopted a resolution concerning the relations between international trade and employment

requesting the International Labour Office to carry out a study on the relationship between the principles, standards and practices of international trade and the World Employment Programme, and to contact the appropriate organs and bodies, United Nations bodies as well as GATT, to ensure that full consideration was given to the effects of economic development and trade during the Second Development Decade on employment, wages and living conditions. The question of trade, aid, employment and labour had been included in the agenda of the next session of the ILO's Governing Body, to be held in November. He had already initiated consultations on the subject with the Secretary-General of the United Nations, the Secretary-General of UNCTAD, the Director-General of GATT and the Secretary-General of OECD, with a view to working out an agreed basis on which the ILO could usefully co-operate with the other organizations. In the complex problem of development, of which trade, aid, employment and labour were inseparable elements, the ILO had responsibilities to developing and industrialized countries alike.

6. During the 1960s unemployment in the developing countries had grown at an alarming rate, in contrast with the encouraging performance of many of those countries in terms of GNP growth. In many developing countries open unemployment represented 10, 12 or 15 per cent of the labour force, to which could be added widespread underemployment not shown by statistics. Much of the unemployment was concentrated among young people, who entered the employment market in ever-increasing numbers as a result of the rapid rates of population growth. The disappointment of the high expectations fostered in them by improved education led them to question the foundations of a society which offered them so little chance of fulfilment. Moreover, graduate unemployment was spreading from the developing world to the most advanced countries. There was no prospect of world order on so precarious a basis.

7. It was now generally agreed that a balanced approach to the problem of unemployment and underemployment involved action along three major lines: a more efficient labour force, increased demand for the products of labour-intensive agriculture and industry, and the careful scrutiny of each sector of the national economy to test the possibility and limitations of using more labour-intensive processes without undue loss of efficiency or profitability within the context of higher rates of economic growth. Effective action along those lines presupposed acceptance of the level of employment as a major goal and criterion of general economic policy. Completing its first review of progress in the World Employment Programme, the International Labour Conference at its fifty-sixth session had called on developing countries to orient all aspects of their development policy towards full employment and to take the necessary measures to overcome such obstacles to employment-oriented development policies as might exist within the structure of their economy and society. The primary responsibility clearly rested with each country, but the international community could stimulate, guide and buttress national effort. The progress made towards achieving the employment objective of the International

Development Strategy could be periodically examined within the framework of the regular progress reviews of the Second Development Decade. The International Labour Conference had stressed that the national, regional and over-all appraisals of progress advocated in the International Development Strategy should provide a basis for modifications in existing policies wherever necessary in order to achieve greater employment. He hoped that the Council would endorse the proposal of the Committee on Development Planning to include an item on employment policies in the agenda of its eighth session and would accept his invitation to hold that session at the International Labour Office (see E/4990, paras. 128-130).

8. To overcome the difficulties raised by the lack of reliable current statistics on the size, composition and deployment of the labour force in most developing countries, provision was made in the World Employment Programme for research aimed at refining the quality of employment indicators and for an analysis of the impact on employment of the major elements of economic and social policy, including fiscal, population and education programmes. Research was also being undertaken on the employment potential of the major economic sectors and of specific projects. Such research would lead to a better understanding of the nature of unemployment, which affected different groups of the labour force in different ways, and would help towards the formulation and application of preventive or remedial measures. No task ever undertaken by the ILO had called for so much co-operation with the rest of the United Nations system and with agencies administering bilateral programmes in that field. That co-operation had been generously given within and outside the United Nations system. The ILO attached great importance to deploying its limited resources in the context of such broad co-operation.

9. The International Labour Conference had expressed concern at the frequent incompatibility of development plans with practical needs and possibilities and had emphasized the desirability of associating employers and workers more fully with development planning generally and with the operational work of the ILO in particular. It was the common experience of nations in every stage of economic development and of every type of political, economic and social structure that national development policies and plans failed unless there was an adequate response from the productive forces of the community. The only way to enlist the support of the community was to give it an active part in the national life and thus a longer range of vision than its own immediate interests. Sections of the community with special interests then became aware of wider responsibilities and deduced the general interest from a realistic balance of practical needs and possibilities rather than from a master plan. The tripartite structure of the ILO was particularly relevant in the present circumstances.

10. Economic policy was now recognized as essentially a means of achieving social objectives. Trade and aid policies or the choice of technology were no longer the exclusive province of economists and engineers; they involved social judgements, which were no less vital for economic growth than for political stability, because economic growth would

cease unless it satisfied social claims and their political expression. Responsible innovation in the present-day world involved the constant reappraisal of development strategies; it could call for far-reaching reforms in the economy and structure of society which presupposed or precipitated radical changes in the balance of political power. It could raise the question of the relationship between policy options in respect of which the choice of each country must be decisive and those in which the whole world must claim a voice.

11. The United Nations system had no more exacting task than that of developing a responsible approach to those grave problems. To allow new inequalities to superimpose themselves on old ones by giving the rich new opportunities to become richer while the poor remained poor or became poorer, in relative and sometimes in absolute terms, was no more defensible as national policy than as the basis for international economic relations. A much greater gross world product with a much wider incidence of unemployment, underemployment and misemployment and a much more uneven distribution of income among and within nations would not fulfil but would destroy human freedom. That was the largest issue at the beginning of the Second Development Decade. The United Nations system must have the vision and courage to survive the threat of disintegration of mankind's common heritage by lawlessness and violence, by loss of momentum, by loss of humanity and by loss of faith in man and his future. If the United Nations abdicated the moral leadership of mankind, mankind was lost. If free man renounced the moral leadership of the United Nations, freedom was lost. The basic values of civilized society — human dignity, personal freedom, social justice, tolerance and good-neighbourliness — were not expendable, nor were the rules of civilized government, good faith, fair play, equal justice or due process of law.

12. The forms of governmental and institutional arrangements in which values and rules were expressed were more debatable, but did not thereby become readily expendable. Only by turning to good account the fleeting opportunities of the revulsion against the First and Second World Wars had it been possible to create the League of Nations and the United Nations. It had taken a century to create the ILO and another half-century to build it to its present strength. The other major units of the United Nations system were the outcome of comparable determination and devotion. Much could be improved in those organizations, but a more effective world order would not be created by destroying the only conceivable growing point for it. The United Nations system would change with the years, but no part of it was expendable without grave damage to the whole. The world-wide tripartite co-operation of government, management and labour was not expendable without substituting violent disruption for orderly social progress. The United Nations could not be united from disrupted nations. What was at stake was the determination expressed in the Charter "to save succeeding generations from the scourge of war" on the basis of "faith in fundamental human rights" and "better standards of life in larger freedom" for all mankind.

13. Mr FRAZÃO (Brazil) said that, in his delegation's opinion, the Council had not discharged its responsibilities under the Charter in a way which would have made it an effective instrument for raising living standards and promoting full employment on a world-wide scale through the reform of existing patterns of the division of labour and of trade, which were unfavourable to developing countries. It had not been prominent among United Nations organs in ensuring international economic co-operation or in laying the foundations of international economic stability. The Council must take account of the realities of the 1970s before taking decisions which, if not cautiously and objectively conceived, might hinder instead of promoting the implementation of policies designed to foster the economic development of developing countries and might even destroy the effectiveness of the institutional arrangements for their implementation. The Council's shortcomings should be recognized and concerted efforts made to enable it to re-enter the international scene with a new spirit and a new attitude towards the problems which, if not solved, would lead to conflicts bred by the dissatisfaction of the developing world.

14. Every successful step towards international co-operation and every innovation in trade and development beneficial to the developing countries had been achieved outside the Council. It had proved necessary to establish UNCTAD, UNIDO and other bodies before progress could be made in such fields as preferences, the transfer of technology, commodity agreements and equitable maritime freight arrangements. Instead of sponsoring such measures, the Council had viewed with resentment and suspicion the other bodies established to fill the vacuum it had itself created by diverting its attention to marginal issues not of fundamental interest to developing countries. Now, in accordance with the institutional system of the United Nations, much of what had been accomplished outside the Council was submitted for its consideration. In his opinion, any move at that stage to assume responsibility for the future development of those new features of international economic co-operation would be ill-advised. The Council was nevertheless entitled to consider them and their purpose and to advise the General Assembly on how to improve them.

15. The new bodies had made considerable progress, were efficient, had opened up new approaches leading to the adoption of the International Development Strategy and had generally lived up to the expectations of the developing countries. In that new system of technical, sectoral bodies the Council had a guiding, but not a jurisdictional, role. It could analyse and comment on the work reported through it but could not encroach on the constitutional rights of the General Assembly. A clear distinction must be made between the levels at which technical and political decisions could be taken. In the General Assembly there had been many examples of the common good prevailing over selfish minority interests.

16. Brazil shared the view that, with its present membership, the Council no longer reflected the composition of the United Nations. In order to deal with world-wide social and

economic problems it had proved necessary to increase the representation in the Council to involve more Member States in preparatory work that would subsequently be decided upon by the General Assembly. An example was the establishment of the Preparatory Committee for the Second United Nations Development Decade. Member States which were not members of the Council increasingly felt the need to submit, either alone or with others, proposals in that body on matters of the utmost interest to them. In his delegation's opinion, the question of the enlargement of the Council was in no way connected with the new functions that should be performed by the United Nations system as a whole. The enlargement of the Council must be considered on its own merits. He was sure that an overwhelming majority of Member States would be in favour of it, but since the decision was to be by consensus a change in the attitude of the Great Powers was needed. It was difficult to understand why a decision taken in 1963 could not be improved upon. Only political reasons, which had not yet been clearly stated, could explain the refusal to take appropriate action or the attempt to link such action with a change of jurisdiction over the new functions to be assigned to the United Nations system by restricting the freedom of action of other organizations in that system which were already exercising those functions satisfactorily.

17. In approving the adoption of the International Development Strategy at the twenty-fifth session of the General Assembly, his delegation had not accepted the Strategy as an end in itself but regarded it as a continuous process of negotiation designed to remove constraints on development and to devise new forms of co-operation. Provision should be made for continuous review and reappraisal of the measures and objectives adopted and the machinery for world-wide review and negotiation should reflect the changes desired by all in the international situation. Only political determination could prevent the present stagnation in power politics from pervading the field of international economic relations. Since the General Assembly's adoption of the International Development Strategy, which presupposed the abandonment of protectionist policies and of the old patterns of international division of labour and world production, there had in fact been a recrudescence of protectionist policies. The developing countries could expect little from the transfer of technology if the markets of developed countries were closed to the goods whose manufacture they were seeking to increase by using the new technology.

18. The restrictive commercial policies of the developed countries hindered the developing countries from making the options that would help to absorb an increased labour force, thus endangering the success of the ILO's World Employment Programme. Such policies could not be reconciled with the concept of the dynamic co-operation for development that required a self-sustained progress in the fields of trade, finance and technology.

19. The increasing disparity between developed and developing countries was largely the result of the widening of the technological gap. No methods had yet been devised to facilitate the access of developing economies, at low cost, to new technologies which would be appropriate to their

needs. Although the basic theories of a development strategy had been formulated more than ten years earlier, the international community had so far taken only tentative steps towards putting that strategy into effect. It was essential that UNCTAD and UNIDO should now be transformed into fully-fledged autonomous agencies which could provide the appropriate forum for negotiation and implementation of those policies.

20. Developing countries members of the Economic and Social Council had been attempting for the past year to make the Council more effective as an active policy-making body for the promotion of development and international co-operation. He feared, however, that the so-called "strengthening" of the Council might encourage the trend towards a policy of containment. His delegation viewed with concern recent developments which might result, directly or indirectly, in restriction of the freedom of action of the more representative forums of the Organization. In the field of international economic relations, the concept of a dynamic development strategy had put increasing emphasis on the need for negotiation and political decision, for which more representative forums were indispensable.

21. The concept of the Council as a preparatory body for the General Assembly had been superseded by the concept of the Council as a governing body for the activities of the United Nations in the economic, social and human rights fields and as an organ in which the sectoral programmes of the specialized agencies and of IAEA should be scrutinized from a global point of view. While the Council was well fitted to play the role of a technical orienting body, its small size made it inadequate as a policy-making body to supply the Assembly with ready-made recommendations.

22. The adoption of the International Development Strategy laid new responsibilities upon the General Assembly and upon UNCTAD. It was in the fields of trade, finance, shipping and transfer of technology that improvements were most urgently needed, and each of those fields came within the competence of UNCTAD under the direct political guidance of the General Assembly.

23. It was clear that the appraisal of the progress of the International Development Strategy and the revision of its targets should be confined to those intergovernmental bodies which could provide an adequate forum for negotiations. To confine responsibility for such appraisal to bodies of limited representation or merely to secretariats or experts would make it an exercise devoid of political impact and incapable of opening up new avenues of progress.

24. His Government attached the greatest importance to those considerations, since it was convinced that the success or failure of the Second Development Decade would largely determine the long-term prospects for peace and security. The strategy for the 1970s was a matter not of choice but of necessity.

25. Brazil had already made considerable progress in economic development thanks to its immense natural resources, the energy of its people and the vast potential of its internal market. The application of technology to



production methods, the large role played by private enterprise, private foreign investments duly controlled, combined with fiscal and other reforms, had initiated a process of social development in which labour had already begun to play a major role in the expansion and capitalization of the economy. The foundations of a democratic capitalism controlled by government planning which stimulated rather than restricted private initiative were being laid. The Brazilian experience might well serve as a guide for development planning in many areas of the developing world with similar social and political conditions.

26. He hoped that the Council would understand that his remarks were no more than an attempt to contribute to a timely self-examination that would enable the Council better to meet the fundamental needs of the developing countries and to carry out its real responsibilities within the United Nations system. The problems before the Council demanded both criticism and action if the Council was not to be left behind by the rush of events.

27. Mr. BUSH (United States of America) said that it was his delegation's belief that the Economic and Social Council was at a turning point in its history. He hoped that it would move towards greater effectiveness among the councils of the world.

28. Outlining current economic problems in the United States, he recalled that as a result of deflationary measures taken in 1970 to counteract excess demand pressures, interest rates and unemployment had risen and real output had declined. Fortunately, the rise in prices had now levelled off to an annual rate of 3.6 per cent for the six months ending in April 1971. In mid-1970 the Administration had taken steps to stimulate the economy through expansive monetary and fiscal policies, leading to a decline in interest rates and an increase in spending. At the same time the economies of many other nations had been tightening as a result of an inflationary cycle, and an unfortunate imbalance had arisen which had led to a major shift of short-term capital from the United States to other financial centres. Thus, although inflation was being controlled and the economy was expanding, a major balance-of-payments deficit had been experienced in 1970-1971.

29. If the United States were to try to restore its external balance unilaterally, it would harm its trading partners. It therefore looked to international co-operation to help it in its task. It was concerned at the restrictions which some industrialized countries maintained on trade and capital flow, and at discriminatory agricultural policies, which adversely affected the exports and the balance of payments not only of the United States but also of other producing countries. All countries should work together towards a liberal world trading system which would provide equitable market opportunities for all.

30. One of the key issues at the present session was the need to strengthen the Economic and Social Council. The Council had a vital part to play in improving the capacity of multilateral institutions to channel development assistance in the Second Development Decade. At the present time the Council was undergoing a crisis of confidence and

urgently required reorganization if it was to perform its task effectively.

31. He hoped that the Council would take early action to bring into being a workable system for review and appraisal of progress in the Second Development Decade so that the United Nations would be enabled to keep track of its successes and failures. Secondly, better institutional arrangements were needed for applying science and technology to the world's needs, and his Government thought that the best course was to strengthen the Council's capabilities by creating a standing expert committee on science and technology. A third important need was to enlarge the membership of the Council, while ensuring that it assumed the role of leadership and co-ordination assigned to it under the Charter and that such enlargement was not designed to encourage the enlargement of other bodies of the United Nations system. He was not suggesting that the Council should agree forthwith on all the detailed steps necessary to assert its authority and leadership, but was merely urging that at the present session it should give a convincing demonstration of its determination to make the Council into a strong arm of the General Assembly.

32. Among the important questions before the Council was that of disaster relief. There was no doubt that existing arrangements within the United Nations system for the provision of relief should be strengthened. His delegation proposed the creation of a new senior post in the United Nations Secretariat for an officer to be called the United Nations Disaster Relief Co-ordinator. That officer would be authorized to mobilize, direct and co-ordinate relief activities of the various organizations of the United Nations system and would receive, on behalf of the Secretary-General, all contributions made to the United Nations for disaster relief.

33. A second urgent problem confronting the Council was the population explosion. He hoped that more and more Member States would support the United Nations Fund for Population Activities, which assisted countries working to slow down population growth.

34. A third problem was the human environment. He assured the Council that his country would participate in the United Nations Conference on the Human Environment to be held at Stockholm in 1972 in a spirit of active co-operation with all who shared a concern for the protection and conservation of natural resources. The problems of urbanization, which would also be dealt with at that Conference, should be given more attention in the United Nations.

35. Lastly, he urged all members to support the recently established United Nations Fund for Drug Abuse Control and the movement to amend and strengthen the 1961 Single Convention on Narcotic Drugs. It was vital for all countries, even those which had not been affected by the drug problem, to work together to combat it.

36. He called on members of the Council to tackle courageously the issues before it, above all the issue of its own organization and work, which affected the whole future of the United Nations as an effective instrument of economic and social progress.

37. Mr. VRATUŠA (Yugoslavia) said that the Council had reached a stage at which fresh concepts and far-reaching action were needed. In face of the manifold changes and uncertainties in the world, the international community should mobilize all its forces in seeking ways of controlling the potentials it had created and placing them at the service of mankind.

38. The International Development Strategy was one of the most far-sighted documents in United Nations history. The international community would be able to fulfil the task expected of it in that world-wide undertaking provided it had the necessary political will. The General Assembly, the Council and all other United Nations organs would make their contributions. His delegation attached particular importance to the third session of the United Nations Conference on Trade and Development and to the second Ministerial Meeting of the Group of 77 which was to prepare for it.

39. New challenges could not be met by relying on old methods and outdated relationships. There was a decided trend at the national level towards the reaffirmation of man's integrity and recognition of the increasing role of all men in all sectors of society. In international relations, too, it was difficult to imagine genuine progress without increasing democratization, strict respect for the sovereignty and independence of States and non-interference in the internal affairs of others.

40. Crises in one part of the world were rapidly transmitted to other parts and problems were becoming increasingly internationalized, so that universal solutions were required. The United Nations should forestall crises and difficulties and not wait for them to generate new and greater disturbances. His delegation was deeply concerned about the massive flow of refugees to India from East Pakistan and considered that the entire international community should take urgent action to assist them.

41. Social problems, and particularly those of developing countries, were a reflection of the general world economic situation, the substantial improvement of which was indispensable to progress. His delegation recognized at the same time that harmonious economic advancement was possible only if supported by measures to satisfy requirements in such sectors as education, social welfare and health.

42. The instability of the world monetary system and growing inflationary pressures introduced uncertainty into international economic and trade relations, distorted the picture of international trade trends and diminished the developing countries' trade prospects for the Second Development Decade. The resultant burden might have to be shouldered by the developing countries because of the higher prices of the industrial products they were obliged to import in order to accelerate economic growth and because of protectionist tendencies in the developed countries. The steps being taken by the advanced countries towards greater economic integration might substantially alter present world trade relationships and have a further adverse effect on the trade of developing countries if they were taken without regard for the needs of the world market. The

developed countries should make every effort to take the interests of the developing countries into account.

43. A further element that deserved attention was the increasing tendency of developed countries, while lowering tariff barriers to international trade, to set up more non-tariff barriers, which largely affected imports from the developing countries.

44. Contemporary practices in world trade hindered the internationalization of production and production techniques. It was of the utmost importance for such trade to become truly a world process. The share of developing countries in world trade was declining and urgent measures were needed to reverse that trend. The trade lag would lead to lags in such sectors as production, technological advance and communications, would result in the increasing economic dependence of the developing countries on the more developed countries and give rise to serious social conflict.

45. In the light of the foregoing trends, problems of financing in the developing countries had become even more acute and the target for financial transfers of 1 per cent of the GNP of each economically advanced country would remain a major concern for them until it had been achieved. The problem was not only quantitative but qualitative. If official assistance to developing countries continued to decline, the burden of their external indebtedness might not only hamper development but also represent a serious setback to world economic relations and to prospects of world peace.

46. Yugoslavia, as a developing country with an economy increasingly open to the world market, was keenly interested in finding solutions at the international level. The generalized system of preferences represented an important step forward and might offer a basis for solving the problem of over-all trade relations between developed and developing countries. His delegation considered, however, that the system should be improved in the course of its implementation, particularly with regard to the raw material and food sectors, so as to benefit all developing countries, and particularly the least developed among them.

47. The Second Development Decade should also be a decade of expanding economic co-operation among the developing countries themselves. Those countries had been taking various steps in that direction, but if the objective was to be reached they would have to be offered improved access to markets and various forms of direct assistance, including the untying of aid and financial support for payments arrangements.

48. While measures designed to benefit the developing countries were being taken within the framework of the United Nations, the measures taken by the developed countries to promote their mutual relations were largely decided upon outside the United Nations and frequently had much greater implications for the developing countries than those taken in United Nations bodies. If the Council was to promote a higher standard of living, full employment and conditions of economic and social progress and development, and to solve international economic problems, it would probably be in the interests of all concerned not to sidestep the United Nations completely in trying to

solve the world's major economic problems. The Council must work to create a feeling of community of interests, and that could be achieved only by joint consideration of all the problems that affected the interests of all countries.

49. The Council should adapt itself to new structures, both in respect of the tasks to be performed and of the number of its members. In his delegation's view, there had not been sufficient efforts to render the Council capable of continuing to discharge the role entrusted to it by the Charter. For example, when the Council came to make specific decisions, it would find itself faced with an agenda that failed to include many of the important subjects emphasized in the general discussion. The Council's authority could not be built up on the basis of generalized statements about its role and significance. Furthermore, with so small a number of members, it could hardly be expected to exercise the authority necessary for taking the decisions required of it.

50. In its reply to the Secretary-General on the question of measures to improve the organization of work, his Government had stated that the representation in the Council was no longer commensurate with the existing structure and composition of the United Nations and that it would be advisable to review its present membership structure and take appropriate action (see E/4986/Add.4, para. 9). The Council could not accept a situation in which the majority of States Members of the United Nations had to wait fifteen years for their turn to be elected to it.

51. The Council should play a more effective role, within the existing institutional network of United Nations organs, in reviewing over-all economic and social situations, in identifying the major lags and constraints in development, in recommending ways and means for their removal and in formulating new policy directions to meet the challenges of present world development. It should neither take upon itself the solution of problems within the competence of other organs nor, by attending merely to marginal issues, divest itself of its own rightful importance. It should submit the best possible assessments of the world economic situation, guide and inspire all other organs working in the economic and social sector and ensure that their activities were complementary and could help to solve problems of world-wide priority.

52. The Council should take a bolder look into the future and offer suggestions for various directions of change and for frameworks in which the aspirations of society and the individual might be met. It should draw attention to problems not yet obvious to all concerned, propose courses of action, point out the need for creating new instruments of international co-operation and where necessary ensure the effective utilization of existing instruments.

53. The fruitful work of the regional economic commissions, which were most familiar with the specific requirements of Member States, was particularly important in that respect. Problems of international co-operation in science and technology and problems of the environment were of particularly topical interest. The contribution being made by ECE to the solution of environmental problems deserved attention. There were at least some aspects of

those problems that could not be dealt with successfully except in relation to economic development.

54. One of the Council's important tasks in reviewing the implementation of the recommendations in the International Development Strategy should be to identify shortcomings in the application of recommendations, determine the factors responsible for those shortcomings and propose measures for their removal, including the setting up of new objectives and the submission of new recommendations. The basic review of implementation would be carried out at the national level, in the regional economic commissions, in UNCTAD, UNIDO and the specialized agencies, and it was the responsibility of those bodies, each in its own sector, to develop further the specific activities of the Second Development Decade. The General Assembly, through the Council, would conduct the review at the global level. It might consider setting up a special body to help it in that task.

55. Mr. THAJEB (Indonesia) said that there had been a marked slow-down in the world economy in 1970 which had affected the development of both agriculture and industry in most regions. The rate of increase in world production of goods and services had fallen below 4 per cent and, despite the slight improvement in international trade, the downward trend in the developing countries' share of that trade had persisted. In contrast to the increased exports of the developed countries, the rate of growth of the developing countries' exports had declined in 1969-1970 compared with the period 1967-1969, and there had been uncertainty with regard to the export prices of their products. Moreover, signs of slackening in the economies of some industrialized countries had been reflected in the growth rate of the developing countries.

56. Taking into consideration the relevant economic indicators, world economy and trade seemed unlikely to grow at the same rate as hitherto. If those trends continued to become more pronounced, the demand for commodities from the primary producing countries would be more seriously impaired and their balance-of-payments positions adversely affected. Such a situation might further aggravate the unfavourable terms of trade of the developing countries as a result of continuing price increases in the industrial products they had to import.

57. The report of the ECAFE Committee on Trade had shown that the value of the trade of that region with the rest of the world and of trade between the developing and developed countries had increased substantially in 1969 but that trade among the developing countries of the region had deteriorated during the year compared with the period 1960-1968.

58. The International Development Strategy provided a framework for international co-operation to ensure accelerated economic and social development in the developing countries. While progress had been achieved in many areas, agreement had still to be reached in others and a number of steps remained to be taken. His delegation considered that the United Nations Conference on Trade and Development should give priority to those problems at its third session and try to reach agreement on action to be taken.

59. His country had consistently advocated a world policy designed to stabilize the prices of primary commodities at remunerative and equitable levels and to provide greater access to markets in the developed countries. The results so far achieved had been unsatisfactory and agreements or arrangements for a number of primary commodities were still lacking. The deteriorating exchange value of those products compared with manufactures had been further aggravated by the inroads of synthetics.

60. Since primary commodities still formed the major part of the exports of many developing countries, it was essential to concentrate on the search for practical arrangements. Developing countries had attached great importance to consultation and co-operation among themselves with a view to improving their terms of trade through co-ordination of their production and marketing policies. His country's experience in the Association of Natural Rubber Producing Countries, the Asian Coconut Community and the Pepper Community had shown the value of such an approach.

61. For most developing countries, improved access to markets of developed countries was one of the necessary conditions for fast and steady growth. His delegation hoped that at its third session the United Nations Conference on Trade and Development would be able to promote an international programme of action for the further liberalization and expansion of trade in primary commodities from developing countries. The generalized system of preferences should be improved and pursued dynamically in the light of the objectives set forth in resolution 21 (II) on preferential or free entry of exports of manufactures and semi-manufactures of developing countries to the developed countries, adopted by the Conference on 26 March 1968<sup>1</sup>. It should in particular have a wider product coverage in favour of the developing countries whose external resources would come mainly from the export of primary commodities. Indonesia was prepared to co-operate in efforts for the further improvement of the generalized system of preferences, for it was convinced that that would help the developing countries to accelerate their rate of growth and avoid the adverse effects of preferential treatment between certain advanced and developing countries. Some preferences which had been granted for historical reasons had become an anachronism. It was understandable that his country and others should have serious apprehensions concerning such preferences and the application of the system of association to certain developing countries when the membership of EEC was enlarged.

62. Another fundamental requirement for the improvement of world trade and development was development finance. The minimum target of 1 per cent of the developed countries' GNP for aid was still far from being attained. Despite the good will shown by some developed countries, the net flow of international aid for development had remained static and in real terms had fallen because of

inflationary and other adverse trends. The composition and terms of that aid were also unsatisfactory for many developing countries.

63. Among the social aspects of development, population growth, on which the United Nations and specialized agencies had published some alarming figures, was a matter of considerable concern. His country had embarked on a family planning programme, which had been received favourably by all sectors of the population, and it was hoped that about 6 million persons would be involved by the end of 1975.

64. Integrated social planning was important if the ultimate objective of improving the well-being of the individual and bringing benefits to all was to be attained. More stress would be given to those aspects in his country's future development planning.

65. His Government attached great importance to arrangements for reviewing and appraising the progress made in the implementation of the International Development Strategy. In its resolution 118 (XXVII) on periodic performance appraisal at the national and regional levels during the Second Development Decade (see F/5020, part III), ECAFFE had recognized that appraisal of development performance of each country was the sole responsibility of individual countries themselves and had stated that Governments should establish or strengthen their evaluation machinery and, whenever necessary, seek international assistance for the purpose. The basic information for international appraisal would of course come from national sources. With regard to appraisal at the regional level, it had been suggested in the resolution that the Commission should make use of reports on performance appraisal provided by individual countries. His delegation considered that the Council, as the parent body of the regional economic commissions, should discuss their respective regional reports in plenary meeting.

66. His delegation recognized the importance of global sectoral appraisals to be carried out by individual organizations of the United Nations system. UNCTAD's evaluation arrangements were particularly important. His delegation agreed that the global sectoral appraisals should follow a policy-oriented approach designed to assist Governments in adopting measures to achieve the objectives of the Second Development Decade.

67. Over-all appraisal should be the culmination and end-result of the appraisals at different levels. His delegation agreed that its purpose should be, not to pronounce judgement on the performance of individual countries, but to provide a new instrument for consultation and negotiation with a view to achieving the objectives of the Decade and to broadening the areas of agreement on international action for world development.

68. With regard to institutional arrangements, while the ultimate responsibility for over-all review and appraisal should rest with the General Assembly, the Council should play a key role in the process, mainly through the formulation of conclusions, recommendations and specific proposals for consideration and action by the General Assembly.

<sup>1</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No.: F.68.II.D.14), annex I, p. 38.



69. The Committee for Development Planning had an important part to play in the system of over-all appraisal, in accordance with paragraph 83 of the Strategy. His delegation agreed that an expansion in the size of the Committee was desirable to enable it to discharge its new responsibility together with its other tasks. It also agreed with the comments and recommendations made by the Committee at its seventh session concerning over-all review and appraisal (see E/4990, chap. I).

70. To assist the General Assembly and the Council in their task of over-all appraisal, the Secretary-General should submit appropriate documentation and reports that would facilitate decision-making.

71. The Secretary-General had, in his statement to the Council at its 1773rd meeting, rightly reminded the Council that, together with the General Assembly and the Security Council, it was one of the few organs to consider the world as a whole and as a single system. Recent discussions on measures to improve the organization of the Council's work had demonstrated the need for reaffirming its central role in the economic, social and human rights sectors. The proliferation of agencies during the past two decades, coupled with the emergence of centrally financed programmes beyond the Council's control, had threatened to reduce its role to that of a mere co-ordinator of economic and social activities within the system. It was important to emphasize the Council's function as a forum for discussion and formulation of broad economic and social policies and as a governing body for activities of the United Nations in those sectors. The need to balance the policy-making and co-ordinating functions of the Council should always be kept in mind. While action to unify a programme of global economic and social progress through co-ordinated activities should not be neglected, the policies of the programmes and the means to implement them were also a crucial responsibility of the Council. His delegation hoped that the Council would not miss the opportunity of putting into action some of the proposals made at the fiftieth session with regard both to short-term measures of a procedural and organizational nature and to long-term measures of a structural character, in which connexion he had particularly in mind measures to achieve a proper equilibrium and a rational division of labour between the General Assembly and the Council. The question of the size and membership of the Council and its Committees should also be tackled with renewed determination. It was the Council's task to consolidate the constructive suggestions and comments which had been made and to determine the direction of its future work.

72. The over-all performance of the Indonesian economy during the period 1968-1970 had shown a satisfactory rate of growth, despite many difficulties. Emphasis had been laid on consolidation, both in the main thrust of economic policy and in the relatively modest three-year targets of the five-year development plan. Inflation, which had reached a rate of 650 per cent in 1966, had been kept under control, having fallen to 10 per cent in 1969 and to 8.8 per cent in 1970. The outlook for exports was particularly encouraging in key sectors such as mining and forestry. On the other

hand, there had been a deterioration in world prices for certain primary commodities, particularly rubber.

73. Increasing confidence in economic stability had led to measures to establish policy guidelines with a view to stimulating production and expanding economic development activities through the mobilization of domestic social and economic resources. Reform of the foreign exchange system had been completed in December 1970, when a uniform rate for both aid and general foreign exchange had been established.

74. The year 1970 had thus witnessed a successful implementation of the five-year development plan, and general prospects for the economy for the next few years were encouraging.

75. The PRESIDENT said that the Council Committee on Non-Governmental Organizations had agreed the previous day to recommend to the Council that, in accordance with rule 86 of the rules of procedure, non-governmental organizations in category I wishing to make statements to the Council on agenda item 2 should be permitted to do so. He accordingly suggested that the Council should allow the International Confederation of Free Trade Unions, the Women's International Democratic Federation, the World Confederation of Labour and the World Federation of Trade Unions to make statements.

*It was so decided.*

76. Mr. PANIKKAR (World Federation of Trade Unions), speaking at the invitation of the President, said that in April of that year the Bureau of WFTU had adopted a resolution deploring the increasing burdens laid on workers by monopolist exploitation, aggravated by State interference on behalf of the monopolies by such methods as increased taxation, attacks on social security, wage freezes and so forth. WFTU reiterated its request that, in the interests of broader international development and co-operation, the Council should undertake a study of the impact of the operations of multinational undertakings on economic and social development.

77. He welcomed the decision of the Secretariat to review the results of the First United Nations Development Decade and to identify the main directions in which development should proceed. The *World Economic Survey, 1969-1970* (E/4942), showed clearly that during the 1960s there had been almost no appreciable rise in the level of living in most developing countries. That meant that even the limited economic development was not reflected in any improvement of the economic and social conditions of the mass of the people and showed that a firm policy for equitable income distribution was vital. There could be little incentive to popular participation in the implementation of development plans when inequalities of wealth were on the increase and were giving rise to social discontent.

78. While the *Survey* devoted considerable space to the inflow of foreign capital to the developing countries, it paid scant attention to the outflow of resources and skills from those countries, without which the picture of the situation was distorted. Employment was another acute problem: the

under-utilization of the labour force amounted to some 30 per cent of the total. In that connexion the Council should recommend closer inter-agency co-operation in order to achieve speedy implementation of the ILO's World Employment Programme. In addition, the industrial sector in the developing countries should be expanded. Scarce capital and skills should be put to rational use through the rapid expansion of the public sector and nationalization of key foreign enterprises. Special attention should be given to the needs of depressed areas, not only in the developing but also in the developed countries. In that connexion, he drew particular attention to the horrifying events in Bangla Desh, where hundreds of thousands of people were mercilessly massacred and millions forced to flee as refugees for the simple reason that they dared to demand that economic and social development should impart meaning to their distinct socio-cultural entity. He also drew attention to the achievements of the trade unions in the socialist countries in attaining full employment and participation in management. Valuable lessons could be drawn from those achievements.

79. The International Development Strategy had adequately recognized the importance of basic structural changes such as land reforms in the developing countries, changes in the pattern of international trade and a more equitable division of labour. What was needed now was the effective implementation of such measures both nationally and internationally. A periodic review and appraisal of objectives and policies was essential, not merely as a routine

bureaucratic process, but as a broader operation with the full participation of representatives of mass organizations, particularly the trade unions. He endorsed the suggestions in the Secretary-General's report on a system of over-all review and appraisal of progress in implementing the International Development Strategy for the Second United Nations Development Decade that the Council should devote its summer session during the appraisal year solely to review and appraisal (see E/5040, para. 35). During that review, attention should be paid to the need to safeguard trade-union rights and civil liberties, to enable the trade unions to defend effectively the interests of the working people and to make their fullest contribution to economic and social development.

80. He endorsed the statement by the Secretary-General (1773rd meeting) regarding the great contribution that the Council could make towards rectifying the distorted priorities which entailed huge sums, that could improve the prosperity of developing countries, being spent on armaments.

81. In conclusion, he deplored the discriminatory attitude shown by the United Nations towards the People's Republic of China, the German Democratic Republic, the Korean People's Democratic Republic and the Democratic Republic of Viet-Nam, an attitude which could only disrupt the international co-operation so essential for the world's economic and social development.

The meeting rose at 1.20 p.m.