

revision of the list of the 25 least developed of the developing countries.² It had been on the basis of obsolete data that Democratic Yemen had been excluded from that list and he earnestly hoped that the list would soon be revised.

53. His delegation strongly supported Economic and Social Council resolution 1818 (LV) establishing an Economic Commission for Western Asia which would replace the United Nations Economic and Social Office in Beirut. That Office had shown that it was not adequate to cope with its enormous task of stimulating economic and social development in the region.

54. With regard to the International Development Strategy, other delegations had adequately described the disappointing results achieved so far. He wished

² See *Official Records of the Economic and Social Council, Fifty-first Session, Supplement No. 7*, para. 66.

only to emphasize the responsibilities incumbent on the majority of the market-economy industrialized countries, whose contributions lagged far behind the anticipated target. He supported the suggestion that a specified percentage of the military expenditure of the industrialized countries should be allocated to economic and social development in the developing countries. Finally, he said that his delegation was likewise concerned at the activities of multinational corporations which were retarding the progress and development of the countries where they operated; moreover, to protect their interest those companies even went so far as to usurp the political authority of the Governments of the countries in question and threaten the liberties and the lives of ordinary citizens. That was strikingly illustrated by the events which were taking place in Chile.

The meeting rose at 6.25 p.m.

1525th meeting

Friday, 5 October 1973, at 12.05 p.m.

Chairman: Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1525

GENERAL DEBATE (*continued*)

1. Mr. FONSECA MARTINEZ (Colombia) said that his delegation endorsed many of the observations made by the Under-Secretary-General for Economic and Social Affairs in his introductory statement at the 1516th meeting. In view of the increasingly important work of the Economic and Social Council, his delegation had welcomed the ratification of the amendment to Article 61 of the Charter of the United Nations, which had strengthened the Council and would enable it to discharge its work more effectively in the future. However, improvements in the internal machinery of the United Nations could by no means make up for the lack of political will on the part of the industrialized countries to eliminate the problems of under-development. Accordingly, his delegation was pessimistic with regard to the international economic outlook.

2. Under-development and marginality affecting populations would persist unless far-reaching industrial development plans were implemented and economic and social infrastructures were improved. To that end, the developing countries had to increase their export capacity and develop potential wealth which could be distributed among the poorer segments of society in the form of wages and assistance to education, health and housing. The revolution of rising expectations in the third world countries necessitated a redistribution of international trade which would give the exports from those countries greater access to world markets. The right of the developing countries to retrieve the riches which they had relinquished in colonial contracts, thereby exercising their own sovereignty, must be acknowledged. Political peace and international security were meaningless without economic and social peace.

3. Despite the failure of the First United Nations Development Decade, Colombia had optimistically taken

part in the preparation of the International Development Strategy for the Second Decade (General Assembly resolution 2626 (XXV)). Although the goals and objectives did not correspond to the desires of the developing countries and were in part conservative, his country had supported the Strategy on the understanding that developing and industrialized countries alike were aware of the threat of world crisis posed by the immense gap between poor and rich nations and that the new Strategy offered some hope. However, the results attained during the three years since the launching of the Strategy were disappointing. The situation of the developing countries had deteriorated, and their efforts had been overwhelmed by the financial crisis affecting the industrialized countries. The arms race continued to consume vast resources which should have been used for development, and despite the *détente*, new dangers loomed ahead for the poorer countries.

4. The average annual rate of growth of the gross domestic product of the developing countries, as well as the rate of growth of *per capita* gross domestic product, had decreased during the past three years, and the situation had deteriorated with respect to agriculture, the conditions of world trade, prices, exports from developing countries and the volume of government and multilateral international assistance. Furthermore, the deficit in the external debt of the developing countries had increased, and those countries were bearing a major share of the burden of the international monetary crisis caused by the industrialized countries or their agents. Once more, the poorer countries sat by as witnesses to the major decisions which affected their very existence. Economic and social progress was the common and shared responsibility of all mankind, as stated in the preamble to the Strategy. The forthcoming trade and monetary negotiations would be decisive for peace.

Colombia called upon the industrialized countries to break the circle of the privileged nations and to bridge the technological gap.

5. The activities of multinational corporations were harmful when such corporations operated outside the bounds of national legislation and the international juridical order and sought to impose on developing—and even developed—countries production policies and consumption patterns which were frequently incompatible with the needs of those countries. Accordingly, his delegation attached considerable importance to the study being prepared by the Group of Eminent Persons appointed in accordance with Economic and Social Council resolution 1721 (LIII), which would lead to the adoption of international measures regulating the activities of such firms and guaranteeing that they would be subject to the legislation of the country or countries in which they carried on their operations.

6. The economic future of the developing world depended on a realistic and harmonious policy of integration which called for the establishment of zones of economic, political and social co-operation in which the developing countries would move beyond the stage of co-operation in customs matters. It was through regional and subregional integration that the shortcomings created at the international level could be overcome. The Andean Subregional Group represented the first serious integration effort in Latin America. The objective of the six countries which had signed the Cartagena Agreement on 26 May 1969 was to develop a joint policy of industrial planning and employment promotion in order to encourage considerable progress in foreign trade, overcome infrastructural short-comings and reduce development differences. Those States were striving for genuine economic and social integration while respecting the principle of ideological pluralism. Another goal was to establish a healthy nationalism by ensuring the primacy of national capital in mixed or foreign enterprises.

7. In the few years since the Group's establishment, its members had learned, in particular, that no unification effort would produce results unless it was guided by the principle of balanced development. They had also discovered that traditional integration machinery must ensure that the interests of the different categories of countries were adequately protected. Integration combined with other forms of economic co-operation, which themselves became instruments of integration, along with a unified approach to foreign investments and a method of association peculiar to Latin American companies, would prove highly effective in strengthening the negotiating capacity of the contracting parties with powerful economic blocs or major multinational corporations. The response to the Andean Group's experience from the rest of the world had been dynamic. It was in the interests of the Andean Group to make a decisive contribution to the objective of unity for the benefit of its member countries and all developing countries. His delegation hoped that the experience of the Andean Group would provide an example and stimulus to other regions of the third world.

8. Mr. OSORIO (Mexico) said that the absence of true democratic procedures in the world monetary system had led to a monetary crisis which placed a very heavy burden on the poorer nations and cancelled out the benefits of international economic co-operation. The

monetary crisis and inflationary pressures had not only caused friction in international economic relations, they had also given rise to social inequalities on a national scale as a result of reduced purchasing power among certain wage-earning sectors. However, the wealthy nations appeared to ignore requests for action to remedy the injustice of the current monetary system and continued to limit the power to make decisions to those countries with substantial monetary reserves. The only positive factor was that the views of the developing countries on the matter had been heard in the IMF Committee of 20, but the traditional control over world monetary decisions had remained unchanged. Thus the developing countries, which suffered most from the detrimental effects of the present international monetary system, had no substantial control over the decision-making process. As the Secretary of the Treasury of Mexico had stated at the joint annual meeting of IBRD and IMF at Nairobi (24-28 September 1973), the big Powers must be made to understand that they belonged to mankind and mankind did not belong to them.

9. The third world had already taken steps to participate actively in the current discussions on monetary reforms. The developing countries intended to ensure that the new world monetary system would be such as to promote economic and social development throughout the world, primarily through machinery to channel an increasing and steady flow of resources to the developing countries, thereby ensuring a continued and balanced economic growth. Although it must be admitted that the just aspirations of the developing countries with regard to the process of monetary reform had been minimized in the face of the interests of the developed countries, at least a beginning had been made, for the industrialized countries had recognized that exchange rates and the balance of payments affected the entire international community and that the international monetary system should therefore serve a collective purpose.

10. His country had fully endorsed the proposal to establish a link between special drawing right (SDRs) and development financing. However, although such a link would provide additional resources, it could not of itself be expected to cover the entire external financing of development. It must be supplemented by a considerable increase in financing on terms and at interest rates adapted to the special needs of economic development. In that connexion, it was particularly important that the target of 0.7 per cent of gross national product (GNP) for official development assistance during the Second United Nations Development Decade should be met, particularly as it was estimated that the industrialized countries would not even reach half of that target during the current five-year period.

11. Mexico also supported the view that a study of the origin of the international monetary crisis with a view to determining the machinery that might avoid similar situations in the future should not be based on partial indicators such as international reserves or the balance of trade. Other indicators must be used, such as the behaviour of the balance of capital and of each component of the balance of payments, the level of economic activity, the level of employment, and price movements, and all factors must be taken into account to determine the origin of the imbalance and responsibilities for correcting it. One principle which should

be basic to the building of a new international monetary order was that those countries which had hitherto been currency reserve centres should no longer be allowed to finance the deficits in their balance of payments by issuing additional currency. It appeared there was growing acceptance of the idea that the best basis for monetary reform was a code of conduct for the international monetary system. Such a code should be drawn up gradually and in such a way that it would ensure appropriate adjustments in the balance of payments, eliminate the exportation of problems such as inflation and unemployment, and provide machinery for the transfer of resources to the poorer countries in such amounts and on such terms as would have a significant impact of their development. Despite the meagre results obtained to date, the struggle must continue so that in future an effective and democratic decision-making process could be set up in the international monetary field.

12. The strangulation of the developing countries was most clearly seen in the field of international trade relations. After years of arduous negotiations, the generalized system of preferences was the greatest achievement to date of the new philosophy of development. The world Powers had formally accepted their obligation to give preferential treatment to the developing world. If they fulfilled that commitment, the trade negotiations being carried out within the framework of GATT should result in preferential treatment for the developing countries. That would not imply discrimination, in the sense of inequity, because it would be unfair to consider that the developing countries were on an equal footing with the developed countries. In the GATT negotiations to be held in 1974, the developing countries hoped that the industrialized countries would co-operate in granting substantial non-reciprocal concessions and in widening the scope of the system of preferences. The results of previous international trade negotiations, which had not proved favourable for the developing countries, encouraged countries like his own to insist on greater benefits to their economy in the current negotiations. The developing countries were fighting for non-reciprocity, non-discrimination and preferential treatment. In the preparatory meetings for the negotiations, those principles had not been fully accepted by the industrialized countries. However, Mexico and the majority of the developing countries had decided to participate in the trade negotiations in the realization that they could eventually lead to the universal application of the principles they sought. The developing countries were striving for a reduction in import duties charges and on their manufactured and semi-manufactured goods in the markets of the developed countries. That was even more important in the case of agricultural products, since agriculture was the most vital sector in the external trade of the third world. Consequently, they were insisting on a consolidation and extension of the generalized system of preferences, particularly through the elimination of non-tariff barriers.

13. The close relationship between external trade and monetary problems must be stressed. An international monetary reform which did not take into account the problems arising from restrictive trade measures could not hope to promote development of the world economy. That was why the developing countries were particularly interested in the liberalization of long-term

financing offered by world capital markets and the immediate channelling of the current surplus liquidity to the developing countries, with a view to eliminating and redistributing that liquidity.

14. The developing countries were aware that their political independence was not sufficient to ensure genuine autonomy in the face of external decision-making centres. The developing countries, such as Mexico, were currently considering the significance of multinational corporations. In principle, it was recognized that the political and economic independence of States could be affected by the action of such corporations and that care should therefore be taken to ensure that the investments and activities of those corporations promoted economic development and were consonant with the goals of the host countries. Multinational corporations tended to embody a new kind of domination. All too frequently, their objectives were contrary to the policies of the host countries. The fact that the action of multinational corporations could become detrimental justified the establishment of rules of conduct at the national and international levels to protect the interests and rights of the developing nations. Rules should also be established governing the transfer of technology which generally accompanied the private direct investments of such corporations, so that the transfer of technological know-how would benefit both the corporation and the host country. There should be a multilateral forum for the study and discussion of the problems arising from the activities of multinational corporations. An international documentation centre on such activities should also be set up, and technical assistance should be provided by the United Nations to strengthen the bargaining power of the developing countries in their dealings with such corporations and to explore the possibilities of co-ordinating any national policies applied in that field by the developing countries. National tribunals should deal with legal disputes arising with multinational corporations. The submission of such disputes to foreign tribunals would constitute an unacceptable restriction on national sovereignty. In short, a code of conduct for multinational corporations and the technology transferred by them must be established without detriment to the sovereignty of the receiving countries.

15. One of the most important tasks of the Committee would be to study the progress achieved in the preparation of a charter of the economic rights and duties of States. His delegation would speak on that subject in greater detail when the Committee considered the report of the Trade and Development Board under agenda item 51. Such a charter was intended to establish a world economic order based on social justice at the international level. In a world in which the gap between rich and poor was constantly widening, the traditional meaning of equity in relations between countries no longer had the same value as formerly. If countries at different stages of development were considered equal in international relations, the gap between rich and poor would merely be perpetuated; economic relations could only be fair if preferential treatment was accorded to the least developed countries. The charter of the economic rights and duties of States constituted a culminating point in the struggle to introduce a new and humanitarian development philosophy. It was intended to raise international economic co-operation from a matter of mere goodwill to the status of a right. In the

immediate future, efforts to draft the charter should be given top priority in major international forums. As the Minister for Foreign Affairs of Mexico had said on 3 October in the General Assembly (2139th plenary meeting), the charter of the economic rights and duties of States should be adopted as soon as possible.

16. Mr. SCHRAM (Iceland) thanked the Under-Secretary-General for Economic and Social Affairs for his thought-provoking introductory statement. The world economic situation must unavoidably give cause for apprehension with regard to future developments and efforts by the United Nations and other global organizations concerned with economic matters. The world monetary crisis persisted, agreement on a new international monetary system had not been reached, inflation was rampant and the traditional methods of coping with it had proved inadequate. Moreover, there was still no agreement on an approach to the multilateral trade negotiations recently initiated by GATT. The Committee for Development Planning, at its ninth session,¹ had rightly pointed out that the cause of development had lost momentum and that the Strategy remained much more a wish than a policy. There had been little progress in the transfer of technology for accelerated development from the economically advanced countries to the developing world. If the Second United Nations Development Decade was not to be a failure, the net flow of financial resources from the developed to the developing countries must increase substantially. The growing energy crisis in the industrialized countries and the world food situation also gave cause for grave concern.

17. Those bleak developments should prompt a widespread revision of contemporary concepts and methodology and should be a spur to vigorous positive action and greater international co-operation. The machinery existed; what was needed was a renewed evaluation of where current trends would lead if only traditional answers were sought to current ills. Archaic concepts and narrow-minded nationalism must give way to closer economic co-operation and a serious commitment to the noble aspirations of the Second Decade.

18. The world food situation was perhaps potentially the most serious economic issue facing the United Nations. World food stocks were at their lowest level in 20 years. Although his delegation fully appreciated the important role of WFP in alleviating shortages, a world food bank was needed to assure current and future national levels of food stocks and thereby effectively avert the threat of famine and disasters created by crop failure and drought. Such a food bank, or a world reserve of grain, should have a target of at least 100 million tons of grain to be maintained in world stockpiles. As a first step towards that undertaking, every Member State should pledge full support to the minimum food security plan advocated by the Director-General of FAO. His delegation also welcomed the proposal by the United States Secretary of State (2124th plenary meeting) that a world food conference should be convened in 1974. The proposal de-

served the full support of the FAO Conference at its seventeenth session in November 1973.

19. It should also be remembered that the oceans constituted a vast and largely under-utilized food reservoir which with wise management might yield three or four times as much food for human consumption as it did at present. Much depended on the development of techniques for harvesting those untapped resources in a sensible and rational way—first of all by preventing the depletion of fish stocks through over-fishing by the rapacious methods used by the fishing industries of some industrialized countries. It was against that background that his delegation had proposed at the first meeting of the Governing Council of UNEP, on 12 June 1973, that special attention should be given to the urgent need to manage the food resources of the oceans in a responsible manner and in the interest of all mankind. One of the most urgent environmental issues was the need for global conservation and rational management of marine resources beyond national jurisdiction. Accordingly, his delegation had asked the Governing Council for a report on those matters to serve as a basis, at its second session, for discussion on the protection of the marine environment. His delegation naturally was fully conscious of the desire of the developing countries to benefit from the expertise of UNEP—as regards both the education of experts and planning for a cleaner environment—in order to avoid the errors committed by the industrialized countries. However, a primary aim of the Programme should concurrently be to safeguard the world's natural resources which were in danger of being depleted by short-sighted exploitation in the race for ever higher standards of living.

20. The work of the Economic and Social Council with respect to permanent sovereignty over natural resources was also highly relevant. By resolution 1737 (LIV), the Council had reaffirmed General Assembly resolution 3016 (XXVII) concerning the right of States to permanent sovereignty over all their natural resources, on land as well as those of the sea-bed and the subsoil thereof within their national jurisdiction and in the superjacent waters. The Council had also declared that any act which one State might apply against another for the purpose of suppressing its inalienable right to the exercise of its full sovereignty over its natural resources, both on land and in coastal waters, or of using coercion to obtain advantages of any other kind, was a flagrant violation of the Charter of the United Nations. The fight against foreign domination and foreign profit-making at the cost of the host country's welfare and prosperity would be won with the support of the United Nations. The assertions by the representatives of some industrialized countries that United Nations resolutions on permanent sovereignty over natural resources had no validity showed an utter lack of respect for the United Nations as an organization of sovereign States and a deplorable lack of understanding of the essence of the struggle of newly independent nations for a better life. It was impossible to ignore the fact that the United Nations had one year earlier unequivocally declared the right of every State to the marine resources over the sea-bed area, which by common consent was deemed to extend at least 200 miles from the coast.

21. As a major producer of food derived from the oceans, Iceland pledged its full support for all efforts by

¹ See *Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 5*, paras. 29 and 30.

the United Nations to banish the spectre of hunger and malnutrition from the world and declared its solidarity with the developing nations in their struggle for economic independence and security, which were a

prerequisite for a durable peace and for stability in the world.

The meeting rose at 1 p.m.

1526th meeting

Friday, 5 October 1973, at 3.20 p.m.

Chairman: Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1526

GENERAL DEBATE (*continued*)

1. Mr. SELFE (South Africa) said that the word *détente* had cropped up again and again in statements. Equally, many speakers had referred to an increasing sense of solidarity among the countries of the third world, and to an extent in the international community as a whole. It would therefore seem that there was a better climate for co-operation for development than before, as was borne out by the decision taken at the ministerial meeting at Tokyo (12-14 September 1973) concerning future trade negotiations under the auspices of GATT.

2. However, there were still many problems, some apparently insoluble, and a note of disappointment at the slow rate of progress being made was evident throughout the report of the Economic and Social Council on its fifty-fourth and fifty-fifth sessions (A/9003). From the over-all viewpoint, however, there had not been a complete standstill and one should not give way to discouragement, even if the targets still seemed distant. It was to be hoped that the recent improvement in terms of trade for the developing countries resulting from enhanced demand for their major products, temporary though the phenomenon might be, would lead to a betterment of their situation in the longer term. His delegation agreed with others, that efforts must be made to prevent wild fluctuations in world trade. In that regard, a system of commodity agreements was useful, and his Government was considering adherence to another of them, namely the International Cocoa Agreement, 1972.

3. The situation in the Sahelian region showed the interdependence of countries and groups of countries in a world where, more than ever, national action had international implications and repercussions; the recent monetary crisis had also shown that. One could but hope that the currency stability so badly needed would be achieved as a result of the continuing studies by the experts concerned and the measures they recommended.

4. South Africa too had felt the effects of the crises and uncertainties in the world economy. As the major provider of gold to the world's markets, it had been most closely affected by the considerable and often sudden variations in its price. Despite the advantages it had gained from the rise in the price of gold, South Africa, like others, would prefer to see stability in any system of international exchange—based indeed on gold, but at a far higher price than that which had prevailed in previous years, which his country regarded as unrealistic.

5. Increased production of gold in South Africa had made it possible to raise wages throughout the mining industry and generally to give proportionately higher increases to those at the lower end of the wage scale. That policy had helped to reduce the gap between higher and lower wages, which had a general tendency to increase in most countries and which paralleled the gap between rich and poor countries of which so much was heard in international forums.

6. The prices of other South African export goods, such as diamonds, base metals, sugar, fruit, maize and wool, had also risen in the past year. The rise in prices must also have gratified developing countries which produced those commodities. There again, it was to be hoped that prices would attain stability at remunerative levels which would enable those countries to finance without difficulty the imports they needed for their development.

7. In the case of South Africa, the gross national product (GNP) had risen at a rate of 5.5 per cent during the year ended June 1973, compared with 5 per cent the previous year, while the gross domestic product during the same period had increased by between 4 and 4.5 per cent. At the same time, the rate of increase in factory production had risen from 1.8 per cent in 1971-1972 to 5 per cent for the last year. That increase had been caused in part by an improvement in productivity, and it too was contributing to diminishing the gap to which he had referred.

8. It would be ingenuous to believe that that progress, which was to some extent fortuitous, would suffice to solve the whole problem. South Africa recognized the need for making direct contributions to the well-being of the less privileged among its own population by way of programmes of education, health and social welfare services, as well as of giving direct aid to development in the commercial, agricultural and other productive sectors. That too had been on a much increased scale during 1973.

9. Mr. RASOLONDRABE (Madagascar), speaking on a point of order, requested that the quorum should be verified. In his view, the statement of the representative of South Africa should not appear in the record.

10. The CHAIRMAN said that the quorum required under rule 110 of the rules of procedure of the General Assembly had existed when the meeting had opened. There were now only 27 members present but, since the meeting had opened under the required conditions, it did not seem to him that the statement of the representative of South Africa could be struck from the record.