



Chairman: Mr. Bruce RANKIN (Canada).

GENERAL DEBATE (continued)

1. Mr. SINGER (Uruguay) said that Uruguay's feelings of solidarity with the other countries of Latin America did not debar it from identifying fully with the cause of peoples of other continents, and indeed with that of mankind as a whole, since man, whatever his origin, had a common destiny.

2. It might be argued that in recent years progress had been made towards the construction of a world-wide society, and within it a world-wide economy, but closer scrutiny revealed that impression to be a superficial one. The gap between rich and poor continued to widen. The *World Economic Survey, 1971*¹ indicated that the rate of economic growth of the developing countries as a group in the first year of the Second United Nations Development Decade had been 5.4 per cent and commented that, although somewhat below the target rate of 6 per cent, that figure was at least as good as the average performance in the First United Nations Development Decade. In his delegation's view, the target rate had been set as an absolute minimum and failure to achieve it could not be termed progress. In any case, the results of the First Decade had hardly been satisfactory. During it the *per capita* gross national product of the developed market-economy countries had been almost 4 per cent and that of the socialist countries over 5 per cent, whereas that of the developing countries had been only 2 per cent. There was a difference not only of degree, but of kind, between a 4 per cent increase in a *per capita* income of \$3,000 a year and a 2 per cent increase in an income of \$300 a year.

3. Moreover, the share of the poor countries in world exports continued to decrease: from 31 per cent in 1950, it had fallen to 21 per cent in 1960 and a mere 18 per cent in 1968, with every indication that later figures would be lower. The average annual rate of increase in the exports of developing countries, which had been 6.5 per cent during the First Decade and 8.2 per cent in 1970, had since fallen to some 5 per cent, while the volume of imports had risen by 7 per cent. In value terms, exports had grown by about 10 per cent and imports by 12 per cent. The result was that the deficit of the poorer countries was on the increase. The trade balance of those countries taken as a group had shown a deficit of \$1,288 million in

1969, \$1,370 million in 1970 and \$2,635 million in 1971. The Latin American trade deficit in 1971 had been \$4,200 million, according to data from ECLA, and the total external debt of the countries which were euphemistically termed "developing" now exceeded \$60,000 million.

4. Servicing that debt was an unsupportable burden on the poorer countries. Many of them had an external debt totalling more than one third of the value of their exports, which exhausted almost all their efforts to combat poverty. The developed countries, on the other hand, were continuing to improve production, trade and the levels of living for their peoples. The world was in fact characterized by two clearly distinct types of economy: the economies of the poorer countries accumulated deficits and those of the wealthy surpluses. The gap between industrialized and developing countries was the major problem facing mankind, and also the principal threat to peace. Its solution would involve the adoption by all of urgent measures to arrest current trends in the world economy whereby the poor became poorer and the rich richer, and constituted the greatest challenge mankind had ever faced. The real frontiers in the modern world were no longer political, ideological, racial or religious, but economic. The ideologies which had in the past served as a framework for the solution of economic problems were now obsolescent and served only to mask aims of domination or protection. Many examples could be cited in support of that thesis. In some countries, national interests were in open contradiction with their proclaimed beliefs. Interventionism had been practised by those proclaiming the ideal of free enterprise, while economic liberalism was being practised by some advocates of the planned economy. Those who had in the past championed free trade were now supporters of protectionism. Future prospects gave even more grounds for concern in that the poor countries of Africa, Asia and Latin America did not yet appear convinced that the only logical criteria to apply, in seeking to solve their problems, were those of the economic and social sciences rationally applied.

5. The General Assembly, in resolution 2880 (XXVI) of 21 December 1971, had declared that the United Nations should evolve a concept of collective economic security, and the Secretary-General had subsequently commented that such security was a necessary correlative to collective political security. The United Nations thus recognized that the gap between rich and poor was a problem of crucial importance to all States. That was as it should be for, while it could not be denied that victory over poverty depended primarily on the

¹ United Nations publication, Sales No. E.72.II.C.2.

efforts of developing countries, the situation in which they found themselves was far from being a result of their own negligence. The economic disparities apparent in the world derived from a complex historical pattern of relations among States based on inequality, force and exploitation. The unfair distribution of international income placed some countries in a dependent position and, in other cases, was largely responsible for the high levels achieved by wealthier nations. Its effects were clearly apparent in the mounting share of world trade acquired by countries which were in a position to buy cheap and sell dear.

6. Among the practical means of achieving collective economic security, priority should be given to world-wide disarmament. There was a close connexion between international security, disarmament and development. Even more serious than the vast sums spent on armaments by the developed countries was the high proportion of their limited income which the developing countries devoted to military purposes. Over the past decade, military expenditure throughout the world had expanded at an annual rate of 3.5 per cent, while the comparable rate for developing countries had been 7 per cent. Even more regrettable was the fact that the latter enjoyed generous credit terms for arms expenditure, since the wealthier nations could, by exporting arms, produce them in greater quantities at lower unit cost. Total expenditure on military purposes over the past decade had been \$1,900,000 million, and it was estimated that, in 1971, it had accounted for 6 per cent of the world's gross national product. That situation was totally irrational. The argument had been advanced that many developed countries would incur serious unemployment problems by ceasing to participate in the arms race. That argument was unfounded, since modern heavy industry was sufficiently versatile to be capable of conversion almost overnight from weapons to the production of useful machinery which would help to eliminate hunger and poverty in the world, thereby ensuring peace and enhancing the prestige of the countries concerned. His delegation would accordingly support any measure which contributed to general and complete disarmament.

7. Another means of achieving collective economic security was to regulate world markets by means of commodity agreements. All developing countries whose exports depended on one or a few primary products were very seriously affected by the periodic fluctuations in the price of those products on world markets and, even when prices rose again, it was not easy for them to make good the damage sustained at the low point of the cycle. The developing countries were not responsible for such fluctuations, which were dependent on market conditions and on those who controlled demand. They did, however, share the responsibility in that they had been unable to reach world-wide agreements which would ensure fair and stable prices; partial agreements and the advantages derived from them by some were in the long run detrimental to the interests of all. There was no reason why existing agreements should, in the light of experience, not be extended to other commodities such as cocoa, tea, wool and

meat. If the developing countries could present a united front, their efforts would certainly meet with a response from the developed countries.

8. Improved transport facilities could also contribute to collective economic security. Without international regulation of the international combined transport of goods, commercial practices would develop without control, with the consequence that the side which was economically stronger would impose its terms on the weaker. Most of the ships plying to and from developing countries were owned by developed countries. The former were therefore unable to participate on an equitable basis in shipping the goods they imported and exported and were, in addition, obliged to pay rates over which they had no control. That situation could not continue. The poorer countries must make an effort to build their own merchant marines and, on the international level, a convention on international combined transport of goods must be concluded. His delegation had serious doubts with regard to Economic and Social Council resolution 1725 (LIII), adopted on 28 July 1972, in which it had been decided not to include such a draft convention in the agenda for the forthcoming United Nations/IMCO Conference on International Container Traffic, and would at the proper time welcome an explanation. International transport was a source of resources for the economic and social development of the poorer nations to which they had a legitimate right of access.

9. In resolution 1721 (LIII) of 28 July 1972 the Council requested the Secretary-General to appoint a group of eminent persons to study the impact of multinational corporations on development, especially that of the developing countries, to formulate conclusions which might possibly be used by Governments in making decisions regarding national policies and to submit recommendations for appropriate international action. The subject had important repercussions for the world economy and must be treated with complete objectivity, so that any decisions taken by Governments and the international community would meet the economic and social interests of the developing world and avoid dogmatic positions and political speculations.

10. The developing countries must also adopt a united position for the forthcoming GATT negotiations. His delegation welcomed Council resolution 1722 (LIII), which affirmed the need for a full participation of developing countries in all negotiations concerning international economic relations and having a bearing on their trade and economic interests. It would be desirable in that context to draft an international code and establish a supervisory machinery to protect the international community from the imbalances and restrictions resulting from unilateral economic nationalism. Moreover, while adoption of the principle of generalized preferences in favour of developing countries was a notable advance, the progressive reduction of tariffs had given rise to an increasingly comprehensive system of non-tariff barriers. His delegation fully endorsed the view, expressed by the Centre for Development Planning, Projections and

Policies, that the international scrutiny and in some cases orderly elimination of non-tariff restrictions must be high on the agenda of future trade negotiations.

11. The developing countries must also play their full part in the solution of monetary and financial problems. It was obvious that the system set up by the Bretton Woods arrangements was obsolete and that a new and really just system must be established on a firmer and broader basis; the Smithsonian Agreement of 18 December 1971 was only a temporary measure. The questions involved were too important and complex to be solved by the adoption of rigid positions or hasty decisions. Such questions as the role of gold in the future monetary system, the operation of the special drawing rights scheme, the convertibility of major currencies and the regulation of short-term capital movements would require a constructive and positive approach, as well as a willingness to submit to the rulings of a representative monetary authority. Uruguay would bear those considerations in mind in its participation in the Committee of Twenty and would defend the interests of the developing world.

12. With very few exceptions international financial and technical co-operation, apart from the assistance provided on a small scale because of the limited resources available by United Nations specialized agencies, was not really co-operation at all, but trade. Indeed, situated within a world economic system which in essence consisted of trade for the benefit of industrialized countries, it could hardly be anything else. Credit was tied to the purchase of exportable surpluses from the lending country, while the technicians sent and the permitted transfers of scientific and technological knowledge most often served the commercial interests of the industrialized countries. Moreover, financial assistance was almost always granted at high interest rates. If the gap between rich and poor was not to continue to widen, that system must be converted into one of true co-operation which would in its end result be beneficial to all. Credit should be used primarily for the industrialization of developing countries in a manner compatible with their economic and social characteristics. If the targets set for the Second Decade were to be achieved, industrial exports of developing countries must be quadrupled between 1970 and 1980; that would require an average annual growth rate of almost 14 per cent, a level which could hardly be achieved without radical changes in the procedures for credit allocation, investment and technical assistance.

13. His delegation regarded the measures outlined in paragraphs 41 to 52 of the International Development Strategy (General Assembly resolution 2626 (XXV)) as the minimum necessary if the targets were to be achieved. Where United Nations activities were concerned, greater importance should be attached to the operational activities of UNIDO on the basis of country programming and with particular reference to industrial potential, power sources and natural resources, and the funds available to UNIDO should be considerably increased. His delegation also appreciated the efforts made in the context of the World Plan of Action for

the Application of Science and Technology to Development. Nevertheless, it believed that current practice with regard to the training and activities of experts must be changed. The results of studies made by experts trained in the educational institutions of developed countries were often somewhat divorced from reality. Although under-development was a world-wide problem, it was also a national phenomenon requiring specific training and an individual approach and solution for each case. An understanding of that situation was fundamental to the activities of international experts.

14. The technical assistance provided to developing countries must be guided by their true needs. Nevertheless, the role to be played by technological advance in the process of economic development must be recognized. The two traditional growth factors, capital accumulation and an increase in the economically active population, had been supplemented by a third, progress in production technology. Expressed as higher productivity, that factor was one of the keys to accelerating development, since it guaranteed simultaneous social progress, which was important in that social development was not merely a necessary accompaniment to economic development but an essential condition for it to be continuous and self-sustaining.

15. While the external financing of development must continue to be on an interest-paying basis, that could not, as he had already pointed out, be termed co-operation. It was difficult for developing countries to maintain an all-round development programme when much of their effort was diverted into debt-servicing. Rescheduling was not an adequate solution, since interest still continued to increase. Of course the whole international financial system, both public and private, could not be dismantled overnight and replaced by a system in which interest was no longer paid. That was all the more impossible in that a good proportion of the resources made available for development derived from bond issues and other means of mobilizing private savings. However, it would be possible to establish a special fund financed from a small tax on industrial exports or on a part of them, which would serve to pay the interest owed by developing countries on their external debts and on the credits they received from abroad, on condition that both the debts and credits related to economic and social development projects falling within the scope of the Strategy. His delegation had discussed that possibility extensively with other delegations, and submitted it for further consideration which might lead to a suitable formula meeting with general support. It appeared to be a direct and effective means of enabling the world to advance steadily towards the targets of economic and social progress and equality and justice for all, which the United Nations had set in response to the greatest challenge in the history of mankind.

16. Mr. RATSIMBAZAFY (Madagascar) said that the international community had not yet succeeded in attaining the objectives of an equitable and harmonious development of the world economy and the building of an economic and social order to meet the needs of all nations, to which it was committed.

17. The record of economic development and trade growth in the interval between the second and third sessions of UNCTAD showed evidence of progress towards the attainment of some of the goals for which UNCTAD had been created. But that progress had proved to be too slow and inadequate in relation to the magnitude of the development problem. Moreover, it had been accompanied by the aggravation of some basic problems and by the re-emergence in more acute form of others, such as mounting inflation, monetary instability and indebtedness. Average income *per capita* of the developing countries was still less than a tenth of that of the developed market-economy countries. Disparities in growth rates among developing countries had become more accentuated, and those at the earliest stages of development had not even reached an annual increment in income per head of one dollar. Demand for the bulk of the products of the developing countries had continued to grow more slowly than demand for the products of the developed countries; in consequence, the share of the developing countries in world trade had continued to contract—from 19 per cent in 1967 to 17 per cent in 1971—while trade within and between most groupings of developed market-economy countries had intensified. The net flow of official aid had declined while the burden of indebtedness of the developing countries had risen to over \$65,000 million, the crisis in the international monetary system, aggravated by cross-currents of inflation and recessionary tendencies in some developed market-economy countries, had led to widespread pressure for the reform of the system and had had a disturbing effect on international trade and adverse consequences for developing countries. Commodities were in many cases subject to downward price pressures and restrictions on market access. Progress had been slow in the diversification of the export structure of developing countries and it had been hampered, *inter alia*, by the protective measures applied by developed market-economy countries. The terms of trade of the main commodities exported by the developing countries had improved moderately from 1968 to 1970, only to be subjected to an abrupt deterioration associated with strong inflationary pressures in the developed market-economy countries of perhaps 5 per cent in 1971.

18. His delegation also noted that between the second and third sessions of UNCTAD world economic growth had slowed down slightly to an annual rate of some 5 per cent. The developing countries had achieved a faster rate of economic growth than in the preceding four years and their comparative success was undoubtedly due to their own development efforts, as well as to improved efficiency in their utilization of resources. Therefore, those countries could not be blamed for their unfavourable economic situation. The reasons should be sought elsewhere, possibly in the United Nations and in the reluctance of some of its Members to implement its decisions and resolutions for the improvement of world trade. Moreover, their situation might be a consequence of the unco-ordinated monetary system or of inadequate rationalization or integration of effort. It might also be caused by the unwillingness of certain Member States to subordinate their individual interests to the common good.

19. At the third session of UNCTAD attention had been drawn to the need for participation by developing countries in consultations preceding the taking of important decisions, including decisions regarding the international monetary situation, and the need for increasingly liberal policies relating to financial assistance for developing countries and for the access of their primary and manufactured products to the markets of developed countries. Stress was laid on the difficulties experienced by developing countries which relied heavily for their foreign exchange earnings on exports of commodities vulnerable to competition from synthetics or to protectionist policies applied by the developed countries, and the inadequate aid granted by the international community to accelerate the industrialization and modernization of the developing countries.

20. His delegation believed that all countries should work towards the attainment of the objectives of the Strategy; it shared the view of other delegations on the negative effects of the expenditures on armament; it firmly believed that the participation of developing countries was indispensable in the 1973 negotiations in GATT; it stressed the need for international monetary reform which would take account of the legitimate interests of all States, and of the developing countries in particular; it considered the participation of developing countries to be essential at all stages of trade or financial negotiations; it stressed the need for aid to enhance the competitiveness of natural products competing with synthetic or substitute products. It also drew attention to the importance of lowering or removing non-tariff barriers by the implementation of generalized preferences, the elimination of all restrictive trade practices harmful to the development of the developing countries, the readjustment of debt servicing to prevent the disorganization of development plans, the granting of promotional freight rates for non-traditional exports from developing countries and technical and financial assistance to the merchant marines of developing countries, and the use of foreign capital in accordance with national development needs.

21. Furthermore, his delegation favoured the establishment of a United Nations revolving fund for natural resources exploration and attached special importance to technical advisory services for the exploitation of natural resources and the negotiation of appropriate agreements. He reiterated his country's interest in census-taking, which it considered vital for the formulation of national plans. Finally, he hoped that the forthcoming Conference on the Law of the Sea would take into account the special interests of island and riparian States.

22. Mrs. THORSSON (Sweden) said that the aggregate figures available clearly indicated that the relative position of the developing countries had continued to deteriorate as the time approached for the first review and appraisal of the Second United Nations Development Decade. Although there had been an encouraging increase in exports of manufactures and semi-manufactures from a few developing countries, their share of total world trade was decreasing.

Although the gross national product for developing countries as a group had increased, the situation varied enormously from country to country, and the simultaneous rapid rise in population in many countries made the *per capita* calculation rather less encouraging. Increases in official development assistance over the past few years had been marginal only and, if expressed as a percentage of the gross national product of donor countries, had actually decreased. Moreover, if account was taken of rapidly mounting interest payments and debt services generally in developing countries, increases in prices in the developed countries, accompanied by a hardening of the terms of assistance and lack of progress in the untying of aid, it would be seen that the value of assistance in real terms was diminishing rapidly from the point of view of the recipient countries. If the expression "partners in development" was to have a real meaning, the rich industrialized countries should have a clear understanding of the frustration and bitterness of their partners faced with an undoubtedly grim situation.

23. There appeared to be a trend among developing countries towards a search for greater self-reliance in determining and carrying out their development policies. The trend derived from a growing awareness that a solid basis for true political independence could be created only by internal social balance and external economic independence. The increasing debt burden and related demands for debt service payments placed severe restrictions on the economic policies that could be pursued. Economic relationships with industrialized countries forced far too many developing countries to build their societies in accordance with the values and interests of the industrial world rather than with their own national wishes and preferences. Recent measures taken by developing countries to reinforce the control and planning elements of economic policy, to increase their influence over the use of domestic resources and to widen control over the foreign-owned sector should be viewed against that background.

24. The stronger trend towards a policy of self-reliance was reflected in the concept of country programming in both multilateral and bilateral co-operation. Considerable progress had been achieved in that respect in multilateral relations, and a corresponding change had taken place in Sweden's bilateral relations with its main partners in development. In principle, the transfer of resources was carried out under long-range plans formulated in close co-operation with the Government of the developing country concerned and based on that country's needs and priorities. The increased tendency for developing countries to choose their own road to economic and social development was also reflected in the concept of collective economic security, and her delegation would continue to follow with great interest the evolution of that concept.

25. If the goals of the International Development Strategy were to be achieved, the closest possible co-operation between developed and developing countries was essential. However, the latter needed new and different forms of co-operation and wished to take part in the decision-making process. Her delegation welcomed the establishment by IMF of the Committee

of Twenty which was related more closely to present-day political and economic realities. Similarly, it felt that the declaration at the third session of UNCTAD on the participation of developing countries in the forthcoming trade negotiations within GATT should be considered as a step in the right direction. The Economic and Social Council had also unanimously confirmed the right of developing countries to meaningful and increased participation in global monetary and trade negotiations.

26. There was a need for a positive response by the developed countries to the demands of the developing countries in their efforts to change the present distribution of influence and power within the international community. That response was all the more urgent since the debates on development problems were producing a clear understanding of the real meaning of the development process.

27. When the developing countries had started to accelerate their development, they seemed to have decided to achieve the highest possible growth in gross national product in order to attain higher *per capita* levels, which were taken to be the best possible indicator of individual levels of living. That concept, together with the hope of generous assistance, had formed the basis of the development Strategy during the 1960s, which was based on the implicit assumption that poverty could be taken care of through high growth rates, the benefits of which would eventually filter down to the masses. The formulation of the Strategy for the Second Development Decade demonstrated the international community's awareness that the premise of the 1960s did not reflect a clear understanding of the full implications of the concept of development. Obviously, a high rate of economic growth was a desirable and even necessary condition for further progress and development, but that single objective was now coupled with other equally important social and economic objectives. There was increasing awareness of the need to promote social development as a prerequisite for economic growth. Most important of all, it was stressed that the main goal to be achieved by development was the well-being of the individual.

28. One of the important lessons to be drawn from the Strategy was that different levels of growth could not be judged independently of the income distribution implicit in them. Experience had shown that the argument that the more goods and services a society produced, the easier it was subsequently to distribute national income in order to create reasonable social conditions for all, was open to doubt. First, the means at the disposal of the developing countries for achieving a different distribution of income were in general very limited. The tax system, which was the main instrument used by developed countries to achieve transfers between the sectors of the economy, was less effective in developing countries mainly because a large proportion of the population was living outside the monetary sector. Secondly, it was necessary to look behind the figures shown in national accounts. A gross national product figure did, of course, show total production of real goods and services; but it told nothing about

the composition of the gross national product or about the negative effects of production processes. If a high gross national product figure represented a high military expenditure and the production or importation of luxury items, the term "redistribution of income" tended to lose its meaning. Finally, the institutions capable of creating growth were not politically neutral. If growth was accompanied by wide disparities in land holding, concentrated industrial wealth and power and, for that matter, a strong military establishment, the privileged groups would in all probability resist attempts to achieve a fairer distribution of goods and services.

29. The analysis of mass poverty presented by the Committee for Development Planning² must be viewed against that background. The recent discussions in the Council had shown that further careful study was needed. The essence of the problem was that mass poverty continued to be the dominating feature in developing countries. Even where such countries had attained impressive gross national product growth rates, large segments of the population continued to live in utter poverty characterized by higher unemployment, malnutrition, disease and miserable housing. One further problem was that of the least developed among the developing countries, which depended to a very large extent on external resources for development, and the special responsibility of the international community in that regard had been recognized. A further aspect was the disparity in income between regions within a developing country, not to mention the poorest strata of the population within each developing country.

30. Mass poverty in its various forms could not be attacked by letting the benefits of growth filter down to the masses. The requisite policies must be formulated in such a way that mass poverty was attacked directly. The shift of emphasis in development planning meant that new basic minimum standards must be set for the least privileged in society. In many cases a concerted attack on mass poverty involved a redefinition of development priorities and a reformulation of development problems, with sometimes extremely difficult political choices for the countries involved. Furthermore, the developing countries could not draw on the experience of the rich countries because the latter had often been unable to eradicate mass poverty concurrently with economic expansion.

31. The Committee for Development Planning also concluded that unemployment and underemployment should receive priority attention in any attack on mass poverty. Fuller utilization of human resources would in itself tend to stimulate growth, at least over the longer term; and the gainful employment of larger segments of the population would facilitate a more even distribution of income and wealth. In view of the ineffectiveness of the tax system in most cases, higher rates of employment would probably become the main method of achieving that end. Finally, higher employment and the involvement of all in the development

process would make other goals, such as better housing, health and education, easier to reach. If employment became a primary objective in development planning, industrialization, rural production, public administration and services and other sectoral objectives would have to be seen as functions of the employment objective, and the debates on the report of the Committee for Development Planning which had taken place at the fifty-third session of the Council indicated a growing awareness among a number of developing countries that the recipes of the 1950s and 1960s were not enough and that a concerted attack on mass poverty, involving internal structural reforms and a redefinition of development priorities, was long overdue.

32. It had recently been suggested that the best course for the developing countries would be to consider foreign investment as, at best, an undependable residual and to concentrate on internal efforts. It was self-evident that the major political and economic effort would be that of the developing countries themselves. It was also true that external assistance was often combined with so many conditions, country tying, the services of foreign consultants and technology, as well as irritating debt problems which sapped the initiative of the developing world. There was indeed room for self-criticism and reform on the part of the developed countries with regard to their performances so far. The richer industrialized countries must honour their commitments and reach the targets for official development assistance as soon as possible. They must also intensify their efforts to facilitate the export trade of developing countries.

33. The increasing tendency among the developing countries to choose their own path to development had some important lessons for the developed countries. First, it meant that in the international context the developing countries must have an opportunity of participating effectively in the decision-making process. Secondly, a concerted attack on mass poverty by developing countries almost always involved structural reforms. That, in turn, meant that a number of difficult decisions had to be taken on political matters and the developing countries might wish to receive expert advice on the options open to them. However, the political decisions were the responsibility of the country involved and once a political course had been charted, it should be accepted as a fact by the countries providing assistance. Those countries should recognize that, if a developing country was to achieve the objectives of the Strategy, policies of reform and quite often radical change, including a break in earlier established international relationships, might be involved. For example, a number of developing countries had adopted a much more cautious attitude in recent years towards foreign private investment, at least to the point of accepting the view that certain types of investment might not be beneficial to the development of the country as a whole. The rich countries should understand that trend and consequently accept the fact that a developing country might attach conditions to private investment or refuse it altogether. Such policies should not influence the relations between the developing

² *Official Records of the Economic and Social Council, Fifty-third Session, Supplement No. 7, chap. I.*

country and multilateral aid organizations. Thirdly, in order to achieve the goals of the Strategy, the terms of assistance must, on the whole, become more lenient. Equally, progress had to be made in the untying of aid and more emphasis placed on official development assistance.

34. Finally, the special problems of the least developed countries had long been recognized in a general sense, but an important step forward had been taken at the twenty-sixth session of the General Assembly. Further progress had been achieved at the third session of UNCTAD and the fourteenth session of the UNDP Governing Council in connexion with the discussion of criteria for calculating Indicative Planning Figures. Her delegation was particularly interested in the proposed basic and supplementary criteria; while recognizing that a very low level of development was one of the significant criteria, it felt that an important step forward had been taken and hoped that the continued discussions in UNDP and the review and appraisal procedure within the context of the Strategy would produce and define similar criteria.

35. The Swedish Government was aware of the great responsibility of the international organizations and their secretariats in the implementation of the Strategy and had decided to make available to the Secretary-General for the current Swedish fiscal year a further contribution of \$1 million for activities connected with the implementation of the Strategy.

36. Mr. GROZEV (Bulgaria) said that no one could question the fact that the improvement in the international situation was having a beneficial influence on economic and trade relations and international co-operation in science and technology. The well-known events of the past year were helping greatly to improve the international climate and strengthen world peace and security. The convening of the European security conference would give new impetus to co-operation between East and West, which would undoubtedly have a favourable effect on international economic co-operation as a whole. The role of East-West trade was particularly important. The world was one and the economic problems it faced were indivisible; but it was not uniform from the political, economic and social points of view. The different political, social and economic systems evolved in accordance with their own internal laws. Hence the situation and responsibilities of different countries with regard to development problems were very different. His delegation could not support the recent attempts to group or divide States on the basis of arbitrary and unscientific criteria and to determine their place and responsibility in international economic relations. The primary responsibility for the under-development of a large number of countries, and even entire continents, lay with certain capitalist countries which had plundered, and continued to plunder, the wealth of former colonies and hampered their development; it would therefore be just to compensate them, at least in part, in the form of increased economic, financial, scientific and technical assistance.

37. During the past year the economies of the developed capitalist countries had been strongly influenced by the crisis in the capitalist system and more particularly by its most salient financial and monetary manifestations. The consequences of the crisis were still making themselves acutely felt. During the same period the developing countries had been adversely affected by it. The deterioration in the economic situation of the advanced capitalist countries in 1971 had been intimately linked with the slow-down in international trade. The States affected by the crisis had adopted a policy of solving their economic difficulties by increasing exports and reducing imports. The demand for certain primary commodities had decreased and the result had been a sudden drop in their prices. At the same time, the prices of the industrial exports from the developed capitalist countries had increased by 5 per cent, which had led to an immediate reduction in the export earnings of the developing countries. The preferences announced for products from developing countries had in fact been nullified by protectionist measures. In short, the economy of the developing countries, which was closely linked to that of the advanced capitalist States because of the unjust international division of labour imposed on them, had been disrupted by the crisis.

38. The trends and pace of development of the socialist countries were quite different. Having eliminated the social obstacles to their productive forces, they had achieved a high rate of development in 1971: Their national income had increased by 6.3 per cent and their industrial production by 7.8 per cent. The adoption and implementation of the over-all programme of the Council for Mutual Economic Aid (CMEA) had strengthened and broadened co-operation among the socialist countries. By co-ordination of their national economic plans, co-operation on the basis of the socialist division of labour and the establishment of highly efficient national economic structures, CMEA intended gradually to equalize the levels of economic development in its member countries. The over-all programme strengthened the economy of all those countries and enhanced their opportunities for broader trade relations and economic, scientific and technical co-operation with other countries. Bulgaria welcomed the increased co-operation between the socialist States and the developing countries, based on the principles of equality, respect, mutual advantage and community of interests.

39. It was well known that the economic organization of the socialist countries was not a closed shop. All States so desiring could join in the undertakings planned under the over-all programme of CMEA. The implementation of that programme helped to expand world trade and multilateral co-operation among member countries and other countries alike in the industrial, scientific and technical fields on the basis of mutual advantage. The developing countries, which were faced with many difficult problems, a large number of them the result of colonial domination and imperialist plundering, quite naturally sought the assistance of international organizations, including the United Nations. The problems that confronted those

countries, most of which had small populations and territories which were poor in natural resources, were difficult to solve solely at the national level. For that reason, the strengthening of their economic independence and international trade and scientific, technical and financial assistance were important factors. Bulgaria itself was midway in the development process and fully understood the desire of the developing countries to achieve accelerated economic development and enlist the support of the international Organization. His delegation supported in principle the requests of those countries for assistance under United Nations auspices. It could not, however, associate itself with the approach which certain countries wished to impose on the United Nations and its associated bodies. Its position was based on its own experience in solving problems of accelerated economic development which in many ways scarcely differed from those now being faced by a number of developing countries.

40. Firstly, Bulgaria could not associate itself with the discrimination practised against a number of countries, including the German Democratic Republic. On the basis of political decisions adopted during the cold war, certain circles and States continued to oppose the participation in multilateral international co-operation of the German Democratic Republic, which was one of the world's 10 most industrialized States. Attempts were even made to exclude a whole group of States from participation in the consideration and solution of certain international problems. On the other hand, there was another trend, supported by the socialist countries and the developing countries, aimed at achieving truly universal participation both in international economic life and in the consideration and solution of the problems of international co-operation in all fields. His delegation therefore welcomed Council resolution 1722 (LIII) which was concerned with the need for a full participation of developing countries in all the negotiations to take place in 1972 within the framework of GATT, and in the decision-making process in the reform of the monetary system of the capitalist world.

41. His delegation also welcomed the adoption of a unified approach to development problems, namely, the economic and social approach. Economic development could not be considered as an end in itself but in the light of improved social conditions for everyone and that goal could be attained only through far-reaching democratic transformations in the economic and social structure.

42. His delegation was also gratified to note that the developing countries were becoming increasingly aware of the need to end foreign exploitation of their natural wealth. United Nations aid should back up the efforts of those countries to strengthen their permanent sovereignty over their natural resources. In that regard the work of the Committee on Natural Resources was encouraging. Permanent sovereignty implied the right of States to deal with questions of exploration, exploitation and ownership in respect of their own natural resources, including the right to nationalize them. His delegation could not therefore support the formulation,

under United Nations auspices, of a programme for the systematic exploration of the natural resources of different countries. The United Nations should extend the necessary assistance to those States which, as a result of measures they had adopted to exercise sovereignty over their own resources, were subject to economic sanctions on the part of foreign monopolies. Bulgaria supported Council resolution 1673 (LII) of 2 June 1972 requesting the Secretary-General to undertake a study of the fiscal, commercial, financial, industrial, technological, social, economic and legal aspects of the principle of permanent sovereignty over natural resources of developing countries.

43. His delegation appreciated the reasons underlying the desire of the developing countries to find the capital they needed for their development. Having been plundered for centuries, they did not have sufficient capital for accelerated economic development. Lacking other resources, they were forced to seek and accept foreign private capital, although aware of all the detrimental consequences of incursions by foreign monopolies. The United Nations should assist them in defending their economic independence against the plundering of their natural resources and the outflow of their national income. His delegation therefore supported Council resolution 1721 (LIII) of 28 July 1972 requesting the Secretary-General to appoint a study group to study the role of multinational corporations and their impact on the development process, especially that of developing countries, and also their implications for international relations. Such a study would cast light on the real role of those foreign monopolies and on the value of their "assistance".

44. It was difficult to be optimistic about the results of the Second Development Decade. The hopes of the developing countries for equal and effective co-operation with the capitalist countries probably had as little chance of fulfilment now as hitherto. The best way to solve the problems of under-development was through far-reaching democratic changes and progressive transformation of the social structures. Bulgaria had reached that conclusion not only through academic discussion but also on the basis of its experience over 28 years of socialist construction. At the same time, the battle against under-development could be won if international economic co-operation was genuinely and mutually advantageous. It would therefore be useful to prepare and adopt a document defining the principal tasks and objectives of international economic, trade, scientific and technical co-operation. The document should stress that such co-operation was designed to promote accelerated development and create conditions for economic and social progress in all countries. It was also particularly important to confirm the right of all States to choose the means of their economic and social development. The basic principles governing regional and subregional co-operation should be stated clearly. It would also be useful to include in the document all the principal aspects of commercial, economic, scientific and technical co-operation among all States, irrespective of their social and economic system or level of development.

45. The problems of economic development could not be solved in isolation from the problems of peace and security. The unprecedented waste of resources for military purposes had been the subject of numerous debates in the Committee. All were convinced that genuine progress could be achieved only if a halt was put to the arms race and if the material and human resources expended on arms were used for peaceful purposes, including accelerated economic development. It was easy to imagine how the development plans of all countries would benefit if the proposal of the Soviet Union concerning non-use of force in international relations and permanent prohibition of nuclear weapons was put into effect.

46. Mr. AL-TAJIR (United Arab Emirates) said that the aim of United Nations economic and social programmes was to bring about more equal living conditions in all countries. To that end, the economy of most countries had to be improved dramatically if even a start was to be made on bridging the widening gap between the economically advanced countries and the rest of the world. His delegation intended to do its best to help achieve that aim. Unlike most other developing countries, the United Arab Emirates did not seriously lack funds for meeting its most urgent development needs. Nevertheless, its daily experience showed that there were other problems for developing countries besides financial ones. His country relied on co-operation with the United Nations and its associated bodies in order to overcome such problems as the shortage of skilled manpower and the need for expert evaluation of present and future planning requirements. It intended to co-ordinate its administration, communication systems and many aspects of public and private life with those of other countries. Like all developing countries, it needed technical assistance and expert advice in the economic and social fields. Such advice would help the developing countries to help themselves more effectively in future. Although such expertise was expensive, all developing countries urgently needed assistance from international organizations and the cost should not therefore be an obstacle. The proposed contribution of 1 per cent of the gross national income of developed countries, though not sufficient, could at least finance speedier and more effective aid by the specialized agencies in carrying out desperately needed surveys and socio-economic contingency plans for developing areas.

47. Like many developing States, his country was wholly dependent on one export commodity, namely, oil and intended in future to have more say in the use of that only source of income. He hoped that the work done by such bodies as the Organization of the Petroleum Exporting Countries (OPEC) would be continued. The countries which were wholly dependent on oil needed a fair return on their exports if they were to be able to finance their mounting development needs. One way of ensuring that was participation in the ownership of the companies operating in those countries. Since participation had different implications for each of the oil-producing countries, they depended on the assistance of international organizations such as OPEC to assess them fairly so that any

agreement would safeguard their interests. They also did not want to leave the decision as to what part oil should play in the future energy policy of the world exclusively to oil companies and individual foreign Governments. Likewise, they should not be left in the dark as to how long reserves in individual countries were likely to last, and in future the companies should not by themselves decide which resources in their world-wide networks were to be developed and at what rate. For the sake of the steady economic development of the producing countries and in the interest of the world's use of energy, international organizations such as OPEC should initiate over-all co-ordination. Those matters could not be left much longer to the oil concerns. In that context, his country attached great importance to the principle of permanent sovereignty over natural resources of developing countries.

48. Although his country was mainly concerned with oil, it recognized that there were many similarities between the situation of the oil-producing countries and that of the many other developing countries which depended largely or solely on one commodity. It would support all efforts leading to closer co-operation between countries with the same economic problems and joined many other representatives in the Committee in calling upon international organizations to establish new world-wide systems to ensure that the producing countries had more say with regard to the prices and availability of their commodities. The United Arab Emirates was endeavouring to free itself progressively from its dependence on one commodity. For it, as for most developing countries, diversification was a vital issue and technical assistance from international organizations was required for the purpose. Another problem was dependence on international banking and financing institutions. Last but not least, the establishment of new industries in a developing country inevitably increased its imports of specialized goods and services. If the price of those imports continued to rise because of inflation in the developed producing countries, the developing countries would, even with the strongest international banking, fail to create a sound economy and better society.

49. In its attempt to improve economic and social conditions, his Government also sought closer regional co-operation. The example of EEC should demonstrate to all that, although regional economic co-operation was not easy to establish, it was eventually worth the effort. More often than not, regional economic co-operation and unity led to political unity, which remained an extremely important goal in his country's national policy. Attempts to achieve regional economic co-operation should be pursued more vigorously in all parts of the world. That would help to eliminate regional political tensions and strengthen areas with common geographical and historical ties. The establishment in his country of a development fund with an initial capital of over \$100 million to assist the countries of the area in their development plans testified to his Government's serious desire to promote regional co-operation and to contribute to the best of its abilities to narrowing the gap between the developed countries and the rest of humanity. As the Minister

for Foreign Affairs of his country had stated on 27 September 1972 in the 2043rd plenary meeting of the General Assembly, his Government was ready to contribute within the limits of its means to the various international and regional development activities undertaken by the United Nations and its specialized agencies.

50. Mr. MAPANGO (Burundi) said that Burundi was basically an agricultural country. Since its accession to independence in 1962 it had made every effort to overcome under-development, waging a successful battle against hunger and diversifying its agriculture. Nevertheless, malnutrition remained the scourge of the indigenous population. Each year, Burundi sent a delegation to the headquarters of the International Coffee Organization to negotiate an increase in the exportable quota of coffee, its main cash crop. Coffee growing had expanded owing to forceful action by the Government. The diversification of export products had also affected tea, which occupied an important place in the rural development programme. Cotton, too, was a major crop.

51. There was one flaw in that bright picture: migration to the towns, a phenomenon also found in other developing countries. However, the problem was not severe and the presence of a number of unemployed in urban centres resulted primarily from the low rate of employment in the secondary and tertiary sectors. The Government had already worked out a set of measures for the establishment of certain industries by giving priority to the creation of agricultural-industrial complexes. A special effort was being made to provide an infrastructure of roads and tourist facilities, which was indispensable for Burundi's harmonious development. There were encouraging prospects for tourism and a national tourist office had recently been established. In addition, the Government was taking action to bring the educational system into line with the country's requirements.

52. During the past few years, his Government had spared no effort in reforming public finance. Several years earlier, the budgetary deficit had understandably impeded the normal execution of important projects. Sound financial management necessitated strict auditing of corporate taxes; however, the tax burden was not excessive, and Burundi offered investors a liberal tax code. It would be advisable to take steps to halt the outflow of capital. At the start of its second five-year economic and social development plan, his country had already taken specific action which would enable it to make further progress in development during the early years of the Second Development Decade.

53. Burundi did not, of course, intend to solve its development problems alone, for co-operation was essential. On taking power in 1966, the Head of State, Colonel Michel Micombero, had entered into co-operation with the neighbouring countries. The joint efforts of the leaders of Zaire, Rwanda and Burundi had led to the establishment of an intergovernmental organization, the Tripartite. Burundi was a candidate for associate membership in the East African Commun-

ity and maintained trade relations with the United Republic of Tanzania, two of whose ports were open to its exports and imports. Such co-operation was not limited to neighbouring countries, for Burundi had participated in the summit conference of East and Central African States and had welcomed the economic recommendations adopted on that occasion, which gave priority to the expansion of intra-African trade. It was his Government's conviction that intra-African trade must be encouraged, and the All-African Trade Fair at Nairobi had provided opportunities for co-operation in that regard.

54. His Government's efforts in both the domestic and intra-African spheres bore witness to a real political will to overcome under-development, and recent events in Burundi had neither weakened that determination nor caused any economic upheaval. Nevertheless, co-operation between developing countries was not enough. The developing world required the co-operation of the developed countries. In that connexion, bilateral co-operation held an important place in his country's policy of co-operation with all States irrespective of their political and economic systems.

55. The results of the third session of UNCTAD had not met the wishes of the developing countries. Since trade was an important factor in the development process, the disappointment of the economically less advanced was easy to understand. His delegation attached great importance to the stability of commodity prices. The developing countries, which were dependent on commodities, wished to be sheltered from price instability so that they could work out long-term development financing programmes. They had not succeeded in persuading the developed countries to remove tariff barriers and quotas on their imports from the developing world, which had to compete with synthetic products. His delegation had welcomed the introduction of the generalized system of preferences by EEC, of which his country was an associate member. The financial assistance provided by EEC and its economic and trade policies benefiting associated African States were evidence of its desire to hasten the development of those countries.

56. In regard to external financing, his delegation noted that official aid from the developed countries, amounting to 0.7 per cent of their gross national product, was below the 1 per cent target for the current year. That discrepancy would have a particular impact on the least developed countries. The third session of UNCTAD had fortunately recognized the right of the developing countries to participate in the GATT negotiations scheduled for 1973 and in the reform of the international monetary system.

57. He strongly reaffirmed that the mobilization of domestic resources was the chief factor in raising the level of living of the impoverished masses. It remained convinced that the conditions for international co-operation would take a favourable turn and that the rich countries would decide to assign 1 per cent of their gross national product to the development of the

developing countries. His delegation was pleased that the developing countries were beginning to take part in historic decisions. In that connexion, he noted that IMF had set up the Committee of Twenty to work out a new international monetary system. Burundi had welcomed the entry of the People's Republic of China into the international community and had no doubt that it would contribute to the work of the United Nations.

58. In conclusion, he appealed for greater solidarity to improve the lot of those living in ignorance, disease and hunger.

59. Mr. ENE (Romania) observed that, once again, the general debate attested to the importance for States and, by implication, the United Nations of the problems of economic growth and international co-operation for development. One feature of the present age was the new dimension which economic relations between States had acquired as a motive force for the over-all progress of nations. Rapid and unprecedented change in all fields of human endeavour, together with the existing disparities between nations, necessitated resolute action by the international community more than ever. Accordingly, the prime aim at the twenty-seventh session of the General Assembly should be to seek better organization of the world system of economic relations to strengthen the developing countries. He was referring to the organization of economic relations between States based on the fundamental principles of international law, with the participation of all countries, on an equal footing, in the formulation and implementation of measures to promote economic progress, international co-operation, the removal of barriers to trade and broad access to the benefits of modern science and technology.

60. The charter of the economic rights and responsibilities of States, prepared at the third session of UNCTAD, pointed the way to an equitable system for increasing the capacity for international economic co-operation, as a factor which could accelerate over-all progress. Support for the developing countries had become a fundamental requirement of international economic life and, indeed, a principle of contemporary economic relations. It reflected an awareness of the fact that perpetuation of the current situation, and the continued existence and growth of disparities between countries, acted as a brake on the over-all evolution of civilization. Recent statistics showed a disturbing widening over the past decade of the gap in the growth of *per capita* income as between the developing and the developed nations.

61. It was therefore essential at the current session to give favourable consideration to the conclusions drawn at the third session of UNCTAD. The aim of the action programme submitted at the session by the Group of 77 was to establish an international division of labour capable of offering all countries, regardless of their social system, the opportunity to exploit their natural resources to the full, conclude more commodity agreements, broaden the system of generalized preferences, secure its implementation by all developed

countries, remove non-tariff barriers and improve the terms of financial aid.

62. As his delegation had pointed out in the 2058th plenary meeting on 9 October 1972, the United Nations and the specialized agencies were called upon to take co-ordinated action and implement a specific programme to extend economic co-operation between nations and make a more effective contribution to the efforts of the developing countries. It was imperative that the United Nations, whose prime purpose was to secure peace throughout the world, should lay the foundations on which the security of nations could be built; yet many of its decisions and programmes had, at best, been only partly implemented.

63. The time had come for practical and effective action. In the final analysis, the Organization's responsibility depended on the political attitude of its Member States and on the will to co-operate within the United Nations and strengthen its role as a spur to inter-State collaboration. It was for that reason that Romania had requested inclusion in the agenda of the present session of item 24: "Strengthening of the role of the United Nations with regard to the maintenance and consolidation of international peace and security, the development of co-operation among all nations and the promotion of the rules of international law in relations between States". His Government felt that it was essential, without delay, to take vigorous steps to increase the Organization's capacity for effective action. Such action should also serve to broaden economic, scientific and technological exchanges, remove all barriers to international co-operation, ensure the economic and social advancement of the developing countries, eliminate the disparities between them and the industrialized nations, and provide adequate aid programmes—a task to which the developed States would have to make a substantial contribution.

64. Romania had made substantial headway in building a new society. However, in view of the backwardness in which it had been plunged at the start, it was still a developing country. The level of *per capita* income, the proportion of the population engaged in agriculture and the structure of its exports meant that Romania was beset by the problems and concerns of the developing nations. It was therefore natural that it should sympathize with peoples who aspired to a free and independent life and struggled against colonialism and neo-colonialism, the use or threat of force, and pressure politics. It endorsed the International Development Strategy and consistently supported the implementation of multilateral aid programmes for the developing countries. As the President of the Council of State of Romania had stated recently, intensified trade and international co-operation with all countries, regardless of their social system, was an integral part of Romania's foreign policy for a rapprochement between peoples, collaboration among nations, the establishment of peace on earth and the advancement of all peoples. Romania maintained close economic co-operation with all countries on the basis of respect for the fundamental principles of international law and

it was endeavouring to develop links with various international economic and financial bodies. It now had trade relations with more than 70 developing countries, in many instances through economic and technical co-operation agreements. It had drawn up an action programme for collaboration with the African countries and similar programmes were contemplated for greater co-operation with the countries of Asia and Latin America. Long-term trade agreements had also been concluded with developed countries but, unfortunately, more balanced trade in that regard had been hampered by the existence of tariff and non-tariff barriers imposed by certain countries or closed economic groupings. In concert with the other developing countries, Romania therefore intended to take action, in the forthcoming multilateral negotiations, to improve its world trade position.

65. In the view of his delegation, the results of the third session of UNCTAD should first be considered in the context of the course it had set for the future rather than in the light of its immediate effects. Efforts should be concentrated on putting into practice the principal recommendations on the broad participation of all States in the adoption of international measures concerning economic relations, the exercise by States of their sovereign right to dispose freely of their

national wealth, the removal of obstacles to greater trade and co-operation among States with differing socio-political systems, and the implementation of trade and financial measures to assist the developing countries.

66. The importance of the United Nations Conference on the Human Environment lay in the fact that it had opened up new horizons for co-operation in an area which had grave implications for the future of mankind. The value of the Conference's recommendations would increase as the international community realized the need for joint action to implement them. A first but decisive step might be taken at the current session by adopting the specific measures proposed.

67. Sharing the concern expressed by other speakers, his delegation intended to help to identify practical ways and means of enhancing the effectiveness of the activities of the Economic and Social Council and strengthening its role as the central body for detailed study of major economic and social problems and the adoption of recommendations for the expansion and diversification of international co-operation in fields of general interest.

The meeting rose at 1.25 p.m.