

# 1862nd meeting

Friday, 6 July 1973, at 10.40 a.m.

President: Mr. S. A. FRAZÃO (Brazil)

E/SR.1862

## AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral planning (continued) E/5310, E/5311, E/5312, E/5313, E/5314, E/5315)

1. Mr. GARDINER (Executive Secretary, Economic Commission for Africa) said that the first two years of the United Nations Second Development Decade had not seen significant improvements in Africa. In terms of the output of goods and services, the performance of the independent developing African countries during that period had sunk below the average achieved in the preceding decade. In 1971, only 11 of the 41 countries had attained the *per capita* and gross output targets.

2. Participants in the first review and appraisal of progress in the application of the International Development Strategy in Africa had laid particular emphasis on the need to remedy unemployment, under-employment and low productivity, the very factors which explained why the results achieved so far had been unsatisfactory. It was especially necessary to implement the World Plan of Action for the Application of Science and Technology to Development, since the African Governments particularly needed skilled managerial and administrative personnel to conduct the joint ventures that were increasingly being launched in association with foreign companies. Moreover, the African Governments had shown that they were aware of the acuteness of the problems still outstanding: they had done so at the ECA Conference of Ministers, at the OAU/AfDB/ECA-sponsored meeting on trade, development and monetary problems and at the OAU meeting of African Heads of State and Government which had adopted an important Declaration on Co-operation, Development and Economic Independence.

3. In particular, the African States were increasingly determined to step up food production and were no longer seeking merely to expand export crops. That shift in approach was still a long way from producing its effects, however, and in many African countries food shortages had resulted in sharp increases in food prices and had raised the cost of living appreciably. Furthermore, monetary problems and transport shortages were imposing serious limitations on intra-African trade in food. The drought in the Sudano-Sahelian zone had reached catastrophic proportions in terms of food supplies. To meet such situations, long-term solutions had to be found and they would necessarily flow only from a co-ordinate strategy of agricultural development. There was a particular need for the creation of depots for grain storage, which had long been under consideration. A comprehensive study had been

undertaken by bilateral aid donors for the whole of West Africa, including the drought-affected area, and a similar project would probably be implemented in East Africa under the auspices of FAO, OAU and ECA.

4. As wheat and wheat products constituted the major food imports into Africa, the new grain policy of the United States of America was a challenge to African countries to expand their own production of grain and wheat substitutes. Under a joint programme with FAO, supported by UNDP, ECA was seeking to identify the structural and policy obstacles which impeded the expansion of production and an increase in intra-African trade in food products. In that respect, two new developments had taken place: the creation of the International Institute for Tropical Africa, which concentrated research on tropical food products, and the decision of the IBRD Consultative Group to establish a centre for the improvement of livestock.

5. ECA expected UNEP to concern itself with the problems peculiar to the Sahelian area. Already WHO and various rural development agencies were preparing against the tsetse fly and bilharzia.

6. Industry had also been growing at a slow rate: 3.3 per cent in 1971, compared with 8.4 per cent in 1970 and 8.6 per cent during the 1960s. Although no final conclusions could be drawn in that connexion, UNCTAD had already noted that only a few of the developing countries had been able to benefit under the generalized system of preferences and that not one of them was African. At their next meeting in November 1973, the Ministers of Industry of the African countries would study the creation of inter-country industries, the acquisition of technology essential to the development of export industries, and measures to ensure the price competitiveness of African manufactures and semi-manufactures. In response to a request by the Conference of Ministers of Industry, ECA and UNIDO had drawn up a series of projects to be carried out jointly in the course of 1973 and had agreed to establish a joint division for industry.

7. Hitherto, direct foreign investment in Africa had been concentrated on petroleum and mining, but it was now turning to manufacturing industries. Consequently the African States - which had been content merely to offer incentives to foreign investors - were viewing their trade relations with the outside world on a new basis, for they wanted to have a say in the determination of types and terms of investments and in the ownership of the capital invested.

8. With regard to international trade, African Governments had been endeavouring since the end of the third

session of UNCTAD to improve the competitiveness of their products and to develop intra-African trade. After a number of meetings, they had decided to adopt a common approach to the GATT multilateral trade negotiations, the UNCTAD intergovernmental consultations on specific commodities, the IMF-sponsored negotiations for a new world monetary system, and in respect of implications for African countries of the enlargement of EEC. Action in the trade sector at the intra-African level was also gathering momentum. An Association of African Trade Promotion Organizations was being formed under the auspices of ECA and OAU, while trade agreements between African countries were multiplying: Nigeria, for instance, had just concluded seven such agreements with its West African neighbours.

9. African countries were devoting large sums to the development of transport, and in particular to the building, improvement and maintenance of roads. Nevertheless the road network was still inadequate, a fact which was preventing the African countries from keeping up with the rapid evolution of trade and industrial developments. In order to remedy that situation the ECA secretariat was seeking to encourage countries to co-ordinate their plans on a subregional basis, taking into account both the immediate and the long-term needs of trade and industry in each subregion and, where appropriate, inter-regionally. A Union of African Railways had been formed to promote the standardization of equipment and to co-ordinate and improve services. Co-operation between airlines was also being encouraged with particular reference to the carriage of freight.

10. On the whole, therefore, the African States had taken a fair number of concrete decisions in 1972-1973 to overcome the difficulties and shortages of which they were now becoming increasingly aware and to counteract disappointments which had emphasized their need for self-reliance. The situation in Central Africa, however, was still seriously and dangerously unsettled. ECA had expressed concern and the OAU Heads of State and Government were endeavouring to help Burundi in re-establishing order and in settling differences among neighbouring States.

11. Mr. KARHILO (Finland) said that owing to the increasingly dynamic *détente* between nations it seemed that the world was at last approaching an era of international trust instead of suspicion, co-operation instead of irrational competition, true interdependence instead of self-centered isolationism. *Détente* had become the means for achieving security, not in a narrow national sense, but in a global one.

12. The Conference on Security and Co-operation in Europe was a regional event, but it would no doubt be of great importance also to world-wide co-operation provided that the European nations did not close their eyes to the rest of the world. He recalled that the President of Finland, Dr. Urho Kekkonen, speaking in the General Assembly on the occasion of the twenty-fifth anniversary of the United Nations,<sup>1</sup> had warned that it would be short-sighted of Europe to believe that it could afford to withdraw into a

citadel of peace and plenty while the greater part of mankind sank even deeper into the miseries of underdevelopment and overpopulation. The apprehensions of non-European nations should not be ignored, but he believed that in approaching solutions to its internal problems, Europe was at the same time increasingly aware of its responsibility towards the developing countries.

13. Economic security among nations was still, to a large extent, reserved for those who could afford it. But the international declarations adopted and the commitments entered into clearly indicated that the international community was well on the way towards accepting common responsibility for the well-being of all the nations. Against this background he welcomed the Brazilian initiative to bring into focus the concept of collective economic security.

14. There were already some encouraging developments that could be referred to in this context, and he welcomed the prompt and intensive action taken by the FAO Council in June with a view to the realization of a detailed operational plan for a minimum world food security policy. His country was prepared to participate fully in international action aimed at the collective attainment of a minimum of world food security.

15. At present, new collective measures were needed to deal with the disaster which had struck six African countries in the Sudano-Sahelian zone. He associated himself with the appeal launched on behalf of the Council to all States Members of the United Nations; his Government was at present studying possible additional measures in favour of the countries affected. Nevertheless, the basic problem of that area could not be solved by short-term measures alone. The long-term solution was a challenge to the effective utilization of available technological know-how and resources.

16. The spirit of co-operation and collective responsibility which was gradually emerging in international life was also affirming itself in the field of environment. The results of the first session of the Governing Council of UNEP could be regarded as satisfactory as they would enable substantive work to be started immediately, thus furthering the necessary international co-ordination of those activities.

17. He referred to the widespread inflation that for several years had caused disturbances in the world economy, and he noted with disquiet the current tendency towards renewed acceleration of the already unacceptably fast rise in prices and costs. He agreed with the analysis in the *World Economic Survey 1972* (E/5310) that those developments were associated with the malfunctioning of the international monetary system, which was therefore in urgent need of reform.

18. Nevertheless, an encouraging feature in the present economic picture was the continuing growth in the volume of world trade as a whole, and he welcomed the fact that the preparations for a new round of trade negotiations within GATT were approaching their final stage. The short-comings in the Kennedy Round as regards meaningful action in favour of the developing countries should be a

<sup>1</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Plenary Meetings*, 1881st meeting.

reminder throughout the negotiations of the challenge now facing Member States in implementing the International Development Strategy.

19. The Strategy was an expression of the necessity to guarantee for everyone a living standard compatible with the dignity of man. The world's appreciation of development processes had become more discerning since the First United Nations Development Decade. It was now realized that economic and social evolution was the result of numerous interrelationships, many of which could not be defined with any reasonable precision in quantitative terms. The first review and appraisal exercise had, however, revealed that not all the implications of that unified approach to development had been sufficiently foreseen. Such phenomena as mass poverty, mass unemployment and uncontrolled urbanization in the developing countries had not received adequate emphasis. It had also been revealed that the GNP as indicator of development needed to be complemented by more disaggregated indicators like the proposed poverty datum line, which deserved careful consideration.

20. Council resolution 1768 (LIV) was of the greatest importance not only because it provided methodology and machinery for a continuous and comprehensive review and appraisal of the success attained in implementing the Strategy, but also because it unequivocally reaffirmed the central role of the Council in the process of review and appraisal. But in this process the Council needed to have the full support and co-operation of all components of its machinery in the economic and social field. He therefore welcomed the invitation which the Secretary-General had addressed to the Council, to its subsidiary organs and to the specialized agencies as well as to Governments of Member States to reassert the constitutional authority of the Council within the system. If they failed in that task the role assigned to the Economic and Social Council would not be fulfilled but they would continue to hide one of the true potentials of the United Nations, namely, its work in the economic and social field.

*The meeting was suspended at 11.30 a.m. and resumed at 11.45 a.m.*

21. Mr. KOTAITE (Secretary-General, International Civil Aviation Organization) said that after an unusually low rate of increase in 1971, air traffic had resumed its high upward trend in 1972, increasing by more than 17 per cent on international lines and by approximately 10 per cent on domestic lines. Those over-all figures were well above the targets set for the Second Development Decade and it was interesting to note that the highest rates of increase had been achieved by the airlines of some developing regions, in particular the Middle East and South America. ICAO had introduced a new programme for the collection of statistics for non-scheduled commercial air transport, as a result of which traffic of that type in 1971 had been estimated at 32 per cent of total international passenger traffic. The financial situation of the scheduled airlines had improved slightly in relation to 1971, mainly as a result of the increase in average load factors, and their operating profits for 1972 were estimated at \$865 million, the highest figure recorded for three years.

22. The safety record of civil aviation in 1972 had deteriorated slightly in comparison with the three previous years, although the number of accidents had been relatively small. In spite of the efforts of States, airport management and airlines, acts of unlawful interference with civil aviation had taken place in 1972, although their number had greatly diminished since the beginning of 1973 and their outcome had increasingly proved unsuccessful. In order to prevent acts of unlawful interference, ICAO had published a security manual for the benefit of States, while standards and recommended practices relating to the different annexes to the Convention on International Civil Aviation were in the course of preparation. ICAO was also studying the legal aspects of unlawful interference: three conventions were already in force, and an extraordinary session of the ICAO Assembly and a diplomatic conference were to be held in Rome in August and September 1973 in order to consider further measures for the protection of air transport.

23. As to the environment, annex No. 16 to the Convention on International Civil Aviation had been amended in 1972 in order to extend the applicability of noise certification standards to some older types of aircraft and an ICAO committee had been established in order to consider the various problems associated with the sonic boom produced by supersonic aircraft. Work had also been initiated on land use in the vicinity of aerodromes and on aircraft engine emission control.

24. In view of the importance of civil aviation for developing countries, the participation of ICAO in UNDP was essential if well-balanced development was to be achieved. Technical co-operation of country programming procedures, the reinforcement of the ICAO regional offices and an increase in relation of country programming procedures, the reinforcement of the ICAO regional offices and an increase in relation to 1971 of 7 per cent in the number of fellowships and scholarships awarded.

25. Mr. MACKENZIE (United Kingdom) said that the central purpose of the current session was to conduct the first biennial review of the International Development Strategy which, as had very rightly been pointed out by the Secretary-General (1859th meeting), should be considered in the context of present trends in international economic relations.

26. Those trends were characterized by a condition of general ferment: the whole pattern of post-war political and economic relations was undergoing radical change, and during the past two years there had been a disintegration of the mechanisms used in those relations. For purposes of discussing and regulating international transactions there existed a multiplicity of institutions which must be capable of adaptation if they were to survive. The Economic and Social Council, in its central position, had a special responsibility for co-ordinating the work of the whole system and, as a result of the enlargement of its membership, it would soon acquire a truly representative character.

27. The first feature of the Council's role was an annual stocktaking of the progress achieved by the world community as a whole, although one year was rather too short a

period in which to identify changes. The Council was not called upon to repeat the discussions or negotiations which had taken place elsewhere and the essential rule which it must follow was never to forget that Governments were sovereign and that changes required not only acceptance of theoretical propositions but also a willingness to co-operate in the adoption of legislative, administrative and technical measures which would make such changes possible; in other words, international economic relations must be modified in the light of the capacity of the various countries to make and absorb change. If the Council was to offer useful guidance on policy, it should do so on the basis of what could command acceptance by the greatest number.

28. A similar will should also be displayed in the candid appraisal of the extent to which the objectives of the Strategy had been achieved. The CDP report (E/5293) could serve as a model in that respect. If it proved necessary to make changes in the Strategy, the Council should be guided by the principle that any change must be acceptable with the same degree of consensus as the Strategy itself. It was necessary to work out a similar set of guidelines for trade relations, which had also reached an important stage. The United Kingdom Government fully recognized the importance of the multilateral negotiations to be held under the auspices of GATT, in which collective interests should outweigh the individual interests of the various parties. Referring to the initiative taken by the Brazilian delegation at the fifty-fourth session of the Council, concerning the concept of collective economic security,<sup>2</sup> he stressed the need for the Council to seek to achieve a consensus both in the activities which it undertook directly and in the guidance which it gave to other organs endeavouring to solve the world's economic and social problems.

29. The United Kingdom was playing a constructive part in the work of drawing up a charter of economic rights and duties of States, in the hope that that document, which had originated in an initiative taken by the Mexican Government,<sup>3</sup> would help to establish the climate of confidence on which depended increased prosperity for the world as a whole.

30. Such a climate of confidence was very important from the standpoint of, for example, investment. In the United Kingdom, a mixed economy had enabled natural and human resources to be put to the best possible use; similarly in the developing countries, private capital had played a positive and important role in the exploitation of resources. There was, of course, room for discussion and negotiation in order to ensure that all parties – those supplying the capital and know-how, the consumers, and the countries in which the resources were situated – derived equitable benefit from those investments; the Council would, in fact, be considering that problem at future sessions. One fact must nevertheless be recognized: capital, which was in short supply, could not be attracted to, and

would not remain in, countries where it was obviously not welcome. Where investors stood in fear at the prospect of arbitrary measures of expropriation, without hope of prompt and adequate compensation, they were naturally discouraged. One could refer to the case of Uganda, where the Government's actions must have been of concern to many besides the Government of the United Kingdom; not only had businesses which had contributed greatly to national development been closed or expropriated in deplorable circumstances, but even the activities of UNDP had been disrupted. While welcoming the positive aspect of the economic negotiations being held in various instances, the United Kingdom Government considered that an important element in securing greater economic well-being was the maintenance of fair conditions which would enable private as well as official capital to be used securely and for the benefit of both investing and receiving countries.

31. Although the Council did not have direct authority in that field, it could help to set the tone for helpful discussion. In pursuing its efforts to achieve rationalization and to seek a consensus, the Council would be making a useful contribution to the quest for means of relieving the suffering and raising the standard and quality of life of peoples throughout the world.

32. Mr. EKLUND (Director-General, International Atomic Energy Agency) drew attention to the difficulties currently being experienced by IAEA as a result of the economic situation and monetary instability. Rigorous austerity and economy measures had enabled IAEA to reduce its deficit, but not to eliminate it completely; and for the first time since its establishment, it had been obliged to curtail its programme. Moreover, the situation with regard to staff salaries had become critical; it should not be forgotten, when speaking of the rational deployment of resources within the United Nations system, that one of the most valuable assets of any organization was a well-qualified staff.

33. Turning to new developments during the past year, he reported that the Board of Governors of IAEA had been expanded and that there would now be a larger representation of developing countries.

34. The Agency's programme to promote nuclear safety and environmental protection had been given further impetus by the United Nations Conference on the Human Environment and the Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matters. In the context of the current energy crisis, a keen interest in the use of nuclear power as an alternative for traditional thermal stations had emerged, and an increasing number of developing countries were becoming interested in launching nuclear power programmes. The Agency had therefore pursued the survey of the power requirements of those countries and had encouraged them to prospect for, identify and exploit uranium deposits. It had also continued to implement a joint programme with FAO for the application of nuclear science techniques in food and agriculture and to provide technical assistance to various countries in the use of such techniques in hydrology and industry. In fact, the number of large-scale projects which IAEA was executing for UNDP had continued to increase,

<sup>2</sup> See E/L.1531.

<sup>3</sup> *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IA, part one, Summaries of statements by heads of delegation* (United Nations publication, Sales No. E.73.II.D.Mim.1, part one).

even though the real value of the Agency's technical assistance programme had been eroded by inflation and currency instability. The nuclear information programme had also been greatly expanded.

35. The Council had frequently demonstrated the importance which it attached to its responsibilities for co-ordination within the United Nations system. The fact that IAEA worked closely with other organizations showed that it was strongly in favour of co-ordination when co-ordination led to positive results. But co-ordination should not become an end in itself, and he repeated his view that no new co-ordinating bodies should be established. Co-ordination should be improved through the reinforcement of working relations, including the exchange of information.

36. During the year, the United Nations had again raised the question of the division of responsibilities between the two organizations in regard to prospecting for nuclear

materials, but that had been satisfactorily resolved by the Committee on Natural Resources, which had reaffirmed the provisions of Council resolution 1550 (XLIX) on that subject.

37. Finally, he expressed regret that at a time when there was much talk of rationalization, the current session of the Council was scheduled to continue for six weeks. IAEA would find it difficult to ensure its representation over such a long period.

38. The PRESIDENT pointed out that the Council proposed to conclude its consideration of various items on the agenda in order that it might subsequently hold shorter sessions. It was for the various bodies and organizations concerned to take the measures necessary to conform to the programme of work established by the Council for its sessions.

*The meeting rose at 12.30 p.m.*

## 1863rd meeting

Friday, 6 July 1973, at 3.25 p.m.

*President:* Mr. S. A. FRAZÃO (Brazil)

E/SR.1863

### AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5310, E/5311, E/5312, E/5313, E/5314, E/5315)

1. Mr. SANTA CRUZ (Chile) said that, in the rich countries, the *per capita* GNP and international trade as a whole were increasing rapidly and would continue to do so since the cold war was ending and East-West trade was already a reality. He welcomed the Conference on Security and Co-operation in Europe being held at Helsinki and agreed with the Finnish representative (1862nd meeting) that it was closely connected with the problems under consideration by the Economic and Social Council. The agreements between the United States of America and the Soviet Union, and between the two Germanies were a positive sign of the new political and economic situation. That prosperity, however, which unfortunately was not always shared by the population as a whole, was accompanied by monetary chaos – whose consequences for innocent victims had recently been brought to the attention of the Council – growing inflation and a struggle to obtain advantages from the forthcoming multilateral trade negotiations within GATT. The Managing Director of IMF (1860th meeting) had emphasized the importance of combating inflation and had advocated a return to an agreed international monetary system, which might be based on SDRs, but which should favour all countries.

2. In the developing world, however, the situation was steadily deteriorating, a fact which had been repeatedly pointed out by the representatives of Chile in the General Assembly and at the fifth special session of the Trade and Development Board, when they had said that the International Development Strategy for the Second United Nations Development Decade, which had been hailed as a triumph of international co-operation, had been reduced, through selfishness and the evasion of historic responsibilities, to a mere piece of paper.

3. The Director-General of FAO (1861st meeting) had expressed his pessimism concerning the agricultural sector, the present difficulties of which had its roots deep in the past. In at least 42 of the developing countries, the growth of agricultural production was less than that of the population. It could hardly be otherwise in view of their backward rural structures and the deplorable living conditions of workers. Any crisis, such as the drought in the Sahelian region, became a real catastrophe and it was difficult for even external aid to reach the people. The Director-General of FAO had repeatedly drawn attention to that situation, but the only response had been a reduction in the real value of FAO's budget, which was particularly affected by the financial crisis in the UNDP. His call for the creation of buffer stocks had met only with approval in principle and there had been no response at all to the proposals made by some developing countries for the creation of international machinery to stimulate the establishment of such stocks and participate in their distribution.