

49. Some of the suggestions made in the report of the ninth session of CDP or in the report of the Secretary-General entitled *International Development Strategy - First over-all review and appraisal of issues and policies* (E/5268 and Corr.1), were especially interesting, in particular a more specific classification of countries according to their degree of development, the calculation of indicators other than the GNP to measure over-all growth, the relative progress of the least-developed population groups in each country and the

possibility of establishing social indicators in order to combat unemployment and mass poverty more effectively. Those suggestions should make it possible to give the Strategy the dynamism and efficacy needed for the achievement of its highest objective, namely, the just and equitable development of the entire economic community.

The meeting rose at 1.15 p.m.

1867th meeting

Tuesday, 10 July 1973, at 3.25 p.m.

President: Mr. S. A. FRAZÃO (Brazil)

E/SR.1867

Organization of work

1. The PRESIDENT said that he wished, in accordance with a decision of the Bureau, to ask the secretariat to inform the Economic and Social Council about the distribution of documents issued or to be issued for the session.

2. Mr. CORDOVEZ (Secretary of the Council) said that the following day the secretariat would be issuing a document (E/5355/Add.1), giving the dates on which all the documents had been or would be issued. It would be seen that only three papers had not yet been circulated: the report of the Governing Council of UNDP on its sixteenth session, held from 6 to 29 June (E/5365), which would be issued on 16 July 1973; the report of the Governing Council of UNEP on its first session held from 12 to 22 June (E/5373), which would be issued on 18 July; and the report on the Joint Meetings of CPC and ACC, held on 2 and 3 July (E/5371), which would be issued on 16 July.

3. The whole question of measures to improve the Council's documentation would be discussed in the Co-ordination Committee. For that purpose, the Secretary-General had issued a report on measures to improve the documentation of the Council (E/5355) explaining the system that had been introduced for that purpose and indicating the way in which the documents prepared for the fifty-fourth session had been issued.

4. There were three categories of document: those prepared by the secretariat for consideration by the Council; those issued by associated or subsidiary bodies which were merely processed and circulated by the secretariat; and reports submitted to the Council by subsidiary bodies and other organs. The secretariat, of course, had full control over the first category only.

5. At the present session the Council had before it 67 documents, 20 of which had been circulated before the cut-off date under the six-week rule. Fifteen documents had been circulated within 10 days of that date, 12 documents had been circulated late because of the dates of

the meetings to which they referred, 16 documents had not been submitted before the cut-off date, and 4 documents had been requested at the fifty-fourth session. It should be pointed out, however, that of the substantive documents prepared by the United Nations Secretariat, besides the annotations to the agenda (E/5357) - which in order to serve their purpose must provide information not available until shortly before the session - only one, the *World Economic Survey, 1972* (E/5310), had been issued late, for reasons that he could explain fully when the question of documentation was discussed in the Co-ordination Committee.

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)

6. Mr. JENKS (Director-General, International Labour Office) said that the ILO particularly welcomed the present session of the Council, which had on its agenda questions clearly related to the ILO's own preoccupations: collective economic security, mass poverty and unemployment in developing countries, and the impact of multinational corporations.

7. The immense majority of mankind still lived stunted by poor food, wretched housing and little education, at a time when science and technology had created new possibilities for human welfare. The grave inequalities between men were becoming graver, at a time when the world was better equipped to cope with them than ever before. That explosive paradox was the fundamental problem of world society today and the work of the ILO was an attempt to defuse it.

8. There were three salient aspects of that work, all going to the heart of the social approach to economic development outlined in the *International Development Strategy for the Second United Nations Development Decade*:

employment and training, elimination of unemployment, and greater equality of income distribution.

9. Those tasks far exceeded what Governments could achieve alone: they called for an effort by the whole community, in which employers and workers had a decisive part to play. To enlist their full participation was therefore a task of the utmost importance, involving the viability of economic growth and the whole pattern of social development. It was particularly necessary that the ILO should plan and evaluate its work with the utmost care, with the aid of modern management skills. It had been among the pioneers of programme budgeting in the United Nations system and was operating within a long-term plan subject to regular review and revision. All major programmes were being examined by in-depth surveys conducted by the Governing Body. Moreover, regional reviews of the impact of the programmes in the different regions were being made by regional advisory committees. The ILO would co-operate fully in the appraisal of the progress of the Second Development Decade being undertaken by the Council.

10. With regard to the results achieved, he drew attention to two special reports before the Council, the first by the ACC (E/5289 (Part II)) and the second by the ILO. The two reports had been issued together under the title *Employment policy in the Second Development Decade: United Nations Family approach*.¹

11. The work of the ILO reflected in the two reports was based on the conviction that its contribution as a tripartite organization in which workers' and employers' representatives had equal status with those of Governments could be most effective within a fully integrated inter-agency approach going well beyond any so far undertaken by the international community. The ACC report gave some examples of the areas of activity where the work of the different agencies concerned should be made fully complementary. The ILO report gave the results of a critical examination and evaluation, in which all the organizations concerned had taken part, of the comprehensive employment strategy missions undertaken within the framework of the World Employment Programme. It was proposed to follow up that report with further examinations of other elements in the Programme.

12. The work achieved thus far by the integration of the ILO's action in a comprehensive inter-agency approach had been made possible by three factors: the clear policy indication contained in the Strategy; the co-operation of the United Nations family of organizations as a whole in common action guided by the Strategy; and staunch support from the highest levels of government in many countries in coming to grips with the implications of the Strategy in highly complex and controversial matters. Nevertheless, the work done so far was only the starting point for an intensified and long-term effort.

13. The ILO had continued to make progress in its contribution to that concerted approach. Further comprehensive employment strategy missions had been completed or were in progress in the Dominican Republic and the

Philippines; exploratory missions had done useful work in Ethiopia and the Sudan; regional employment teams in Latin America and Asia had continued their fact-finding and operational work, and similar work was starting in Africa. Research had continued into the inter-action of employment policies and policies in various key economic and social fields.

14. At its present session the Council would be giving special consideration to the question of mass poverty and unemployment in developing countries. One useful step which it might take would be to recommend that the General Assembly should put the full weight of its authority behind the concerted United Nations family approach to employment policy in the Second Development Decade, as set forth in the special report of ACC.

15. The International Development Strategy rightly linked employment policy with more equal distribution of income. Many aspects of the problem of inequality were intimately related to the employment problem. The ILO comprehensive employment strategy missions had devoted considerable attention to policy measures to reduce severe inequalities in income distribution and raise the income levels of the poorest sections of the population. Much of the ILO research programme for the World Employment Programme was devoted to an examination of the inter-relationship between income distribution and employment. The evils associated with maldistribution of income, however, needed to be tackled by a comprehensive approach to the promotion of human rights and freedoms through a broad range of measures for the improvement of working and living conditions, protection against hazards and misfortunes, and the elimination of all forms of man's inhumanity to man.

16. At its fifty-eighth session, the International Labour Conference had debated the place of the work of the ILO in world economic policy. He had promised the Conference to submit to the Governing Body proposals for a comprehensive study of income distribution in the world, to be undertaken in co-operation with other appropriate international organizations. He would keep the Council informed of developments in the matter, in respect of which he had in mind an initiative which might develop into something comparable in importance to the World Employment Programme.

17. Other matters upon which he had promised the Conference intensified action or proposals for action included intensified studies of the social, income distribution, employment and economic effects of advanced technology in developing countries, taking into account the need for rapid and balanced growth of the industrial and rural sectors; intensified co-operation with UNIDO with a view to ensuring that the social component of industrialization policies received proper weight and that there was the fullest co-operation in implementing such policies with trade unions and employers' organizations; intensified co-operation with FAO with a view to enlisting the full participation of the rural population in the revitalization of rural life; intensified co-operation with UNESCO in the work already in progress on the relationship between education and employment; intensified co-operation with

¹ Geneva, International Labour Office, 1973.

the whole United Nations family with a view to ensuring that dynamic social and full employment policies became an integral part of international economic, trade investment, monetary and development co-operation policies; proposals on the relationship of fair labour standards to equitable and socially just international trade and investment policies and the adoption of adjustment measures for the social protection of workers adversely affected by changes in international trade; and proposals for an ILO contribution to the examination of the relationships between inflation and social policy.

18. Preoccupation with the future had not distracted the attention of the ILO from its immediate responsibilities. The International Labour Conference had just adopted, in the form of the Convention and Recommendation concerning Minimum Age for Admission to Employment, new child labour standards, the culmination of over 50 years' work on a problem still persistent in many parts of the world. It had also adopted the Convention and Recommendation concerning the Social Repercussions of New Methods of Cargo Handling in Docks, and it had laid the basis for the adoption the following year of further instruments relating to the control and prevention of occupational cancer, and to paid educational leave.

19. At the same session, the International Labour Conference had had before it the *Ninth Special Report of the Director-General on the Application of the Declaration concerning the Policy of Apartheid of the Republic of South Africa*,² which devoted special attention to the trade union situation in South Africa and Namibia. The International Conference of Trade Unions against *Apartheid*, held at Geneva from 15-16 June 1973, had unanimously adopted a resolution mapping out a far-reaching programme for trade-union action in the struggle against *apartheid*. The International Organisation of Employers had also informed the Conference of the adoption of a resolution condemning any form of racial discrimination whatever practised and, in particular, discrimination based on *apartheid*.

20. In 1974, the Conference would resume its work on migrant workers and the role of rural workers' organizations in economic and social development. It would also begin a comprehensive revision of the ILO instruments relating to vocational guidance and vocational training. The discussion on migrant labour would be of special interest to the Council in view of the adoption in 1972 of resolution 1706 (LIII) on exploitation of labour through illicit and clandestine trafficking. The preliminary report³ to be submitted to the Conference was already available to members of the Council. It dealt with migration in abusive conditions, which had been condemned by the Council and the General Assembly, and it envisaged the possibility of a new convention requiring each member State to determine systematically whether migrants departing from, passing through or arriving in its territory were subjected to unacceptable conditions. Such a convention might require each member to adopt all the necessary measures, both within its jurisdiction and in collaboration with other

members, to prevent such abuses and to provide for exchange of information on the subject of suitable penalties. The proposed convention would be only one element in a broad approach including a policy of employment promotion in regions lacking employment opportunities, through the transfer of capital into industry, rather than of labour. That might be of special interest to the Council in view of its discussions at the fifty-third session.

21. The Conference at its fifty-ninth session would consider more vigorous action for the promotion, on a voluntary basis, of strong and independent organizations of rural workers in order to ensure the participation of such workers in economic and social development. That was a major development in ILO policy, of which the Council would be kept fully informed.

22. In its regional work the ILO was guided by the same emphasis on human dignity, economic growth and social justice. The fourth African Regional Conference, to be held later in 1973, would deal, within that general framework, with the promotion of balanced rural and urban development and the employment, status and conditions of non-national workers; the Inter-American Advisory Committee would be reviewing the improvement of conditions of life and work of peasants, agricultural workers and other marginal groups. The Second European Regional Conference to be held in January 1974 would deal with the impact of technological change on employment problems, income security, inflation and income distribution, measures to combat dissatisfaction at work, protection of the working environment, and the bearing of all those problems on labour management relations.

23. The ILO was also examining the new problems which the development of multinational enterprises had posed or might pose for social policy. Its approach was to provide a meeting-place where common-sense solutions could be found to specific international problems within the competence of the ILO. In 1972 it had held a tripartite meeting of experts on the relationship between multinational corporations and social policy, the report of which⁴ was being communicated to the Council's study group on the role of multinational corporations. On the basis of that report the Governing Body had approved a programme of studies covering the employment implications of the activities of multinational enterprises, the contribution of such enterprises to skill, development in developing countries their relationship with national training services, and the effects of their policies on the personal development of employees of subsidiary companies in the developing world, problems of collective bargaining in multinational enterprises and their subsidiaries, working conditions in specific industries and the usefulness of international principles and guidelines concerning social policy for multinational enterprises.

24. The ILO was also endeavouring to build up throughout the world the foundations of popular participation through tripartite co-operation as the only viable means by

² Geneva, International Labour Office, 1973.

³ *Migrant Workers* (Geneva, International Labour Office, 1973), International Labour Conference, fifty-ninth session, report VII (1).

⁴ *Multinational Enterprises and Social Policy* (Geneva, International Labour Office, Studies and Reports, New Series, No. 79).

which development could mobilize the resources of the whole community. One aspect of the tripartite approach which might be of special interest to the Council was the increasingly wide recognition that workers' and employers' participation in the planning and evaluation of technical and co-operation programmes was essential to the balance and effectiveness of country programming. The ILO was keeping employers' and workers' organizations fully informed of technical co-operation activities in their countries and did everything possible to promote periodic tripartite discussions at the national level to review current and future projects and the results achieved. Governments had been urged to arrange meetings to discuss the ILO technical co-operation activities in the country concerned in co-operation with the resident representative of UNDP and ILO staff. Employers' and workers' organizations had been urged to submit proposals to the ILO and to the Government, in consultation with the UNDP resident representative, concerning possible future projects in fields of ILO competence. Those measures were designed to ensure that national and international efforts for development enjoyed the support and constructive criticism of the productive forces in society. He trusted, therefore, that the Council would encourage that effort.

25. In his opening address (1859th meeting) the President had described the Council as a forum for negotiation and as a builder of confidence in an invigorated exchange of ideas. The Council could count on the full co-operation of the ILO in that approach, which might be greatly preferable to any attempt to re-negotiate the agreements between the United Nations and the specialized agencies, that provided a framework for far more effective common action if they were fully applied.

26. The Secretary-General, in his address at the opening of the session (*ibid.*), had spoken of the need for over-all coherence and direction of the United Nations system and had said that the usefulness of the system as a whole could be greater than the sum total of its parts. The ILO assured the Secretary-General and the Council of its full co-operation in approaching the larger problems in that spirit. By the nature of its responsibilities, the ILO could not think in sectoral terms: it thought instinctively in terms of the effectiveness of its contribution to the whole. Its aim was the attainment of fuller lives in wider freedom for all people.

27. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that the present session was being held at a significant time of transition from policies of confrontation to the establishment of peaceful co-operation and recognition of the principle of peaceful co-existence as a norm of relations between States with different social systems. That improvement in the international situation was now evident in almost all areas. In Viet-Nam, the war had been ended and peace restored, although much remained to be done to implement fully the Paris agreements; the first stage of the Conference on Security and Co-operation in Europe had been successfully completed; progress had been made in solving problems related to the prevention of nuclear war, the prohibition of nuclear weapons and renunciation of the arms race; artificial obstacles in the way of a World Disarmament Conference had been eliminated

and the convening of the Conference was now to be discussed; there had been a further normalization of relations between a number of countries, the German Democratic Republic was no longer being boycotted and both German States were about to be admitted to membership of the United Nations.

28. A decisive factor in the improvement of the political climate had been the normalization of bilateral relations between countries which only recently had differed radically in their approach to all major international problems. The tone for those relations had largely been set by Franco-Soviet co-operation, which had been expanding for several years. Relations between the Soviet Union and the Federal Republic of Germany had improved and the two countries were endeavouring to establish peaceful and mutually advantageous relations.

29. A number of agreements signed over the past two years had strengthened relations between the Soviet Union and the United States of America. The important Soviet-United States agreement on the prevention of nuclear war was a major victory for all peace-loving forces. The full range of problems covered by the agreements between the United States and the Soviet Union not only constituted evidence of the intensity of the process of normalization but promised substantial benefits for all mankind, including the developing countries. The results of the negotiations between Mr. Brezhnev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, and Mr. Nixon, President of the United States of America had been widely welcomed. As Mr. Brezhnev had stated in his televised address, the general atmosphere in the world depended to a great extent on the climate prevailing in relations between the Soviet Union and the application of the principle of co-existence and contributed to the active participation of an increasing number of States in the process of *détente*. For its part, the Soviet Union was developing equitable and mutually advantageous relations with many countries on the basis of progressive principles of co-operation. A recent example was the conclusion of a long-term programme for the development of economic, scientific, technological and industrial co-operation between the USSR and Austria.

30. The problem now was to ensure that those changes should become irreversible. That task was made more difficult by the fact that the cold war had its supporters and its own inertia which must be overcome. For example, an immediate peaceful political settlement was required in the Middle East, where the Arab peoples were fighting for their legitimate rights. The progress so far achieved in inter-State relations should not be an end in itself but the beginning of a completely new chapter in international relations, a chapter of durable peace and equitable co-operation and safeguarding of political and economic security. In order to ensure political security, the economic interests of States must be protected and the benefits of international co-operation must promote the social and economic progress of all countries, irrespective of their social and political systems and their levels of development. That concept of collective economic security was intended to establish a situation in which all countries could develop in peace and security, without any political or economic outside interference.

31. A new and promising approach to the solution of world problems was being taken at the Conference on Security and Co-operation in Europe whose agenda included questions relating to the security of peoples and problems of co-operation in a number of spheres of mutual interest. His delegation was convinced that the principles of mutual relations between European States which the Soviet delegation had proposed at the Conference could become a basis for relations between peoples throughout the world. Their recognition and consistent application would safeguard the interests of all countries, including the developing countries which were still the object of neo-colonialist aspirations. The draft joint declaration on the development of co-operation in the economic trade, scientific, technological and environmental fields, submitted to the Conference by the delegations of the German Democratic Republic and Hungary, set forth guidelines and recommendations whose implementations could have a beneficial effect not only on co-operation between European States but on world economic relations as a whole. Their aim was the establishment of increasingly favourable conditions for the economic and social progress of European and other countries, including developing countries.

32. The favourable changes in the international situation established the conditions for broad multilateral co-operation in the trade, economic, scientific, technological and social spheres. Such co-operation should supplement and enrich bilateral co-operation, since many modern problems were of a global nature and their solution required collective efforts. An example of fruitful co-operation in which national and international interests were harmoniously combined was the increasingly close ties between the socialist countries members of CMEA. Far from isolating CMEA countries, that co-operation provided new opportunities for the broad development of their relations with both developed and developing countries. In 1972, for example, the trade turnover of CMEA member countries with all countries of the world had increased by 10.4 per cent, while the turnover of mutual trade among those countries had risen by 10.2 per cent. New possibilities for expanding CMEA's contacts with developing countries had recently been opened up by the decision to establish a special fund in the CMEA International Investment Bank for financing economic and technical assistance to those countries, and by the scholarship fund for assistance in training national cadres.

33. For its part, the Soviet Union devoted special attention in its foreign economic policy to the whole range of complex problems encountered by developing countries. In 1972, Soviet trade with those countries had risen to 3,400 million roubles, with increases in Soviet imports as well as exports. The statement in the *World Economic Survey, 1972* (E/5310, p. 58) that the USSR's imports from the developing countries had been slightly below the preceding year's level was incorrect, and the description of the USSR's exports in the *Survey* made it difficult for the reader to perceive the true situation. The USSR's trade relations with developing countries were also undergoing qualitative changes: for example, those countries' manufactures were playing an increasing role in Soviet imports, while machinery and equipment continued to predominate in Soviet exports to them. The Soviet Union firmly

opposed any policy aimed at preserving the position of the developing countries as mere suppliers of agricultural products and raw materials. A further stimulus to the development of its external economic relations had been provided by the decision adopted by the Central Committee of the Communist Party of the Soviet Union in April 1973, in which the need for further co-operation with Asian, African and Latin American States had been emphasized.

34. The increasing participation of the Soviet Union in the international division of labour was based on the growth of its economic potential. In 1972, for example, industrial output had risen by 6.5 per cent, while real *per capita* income had increased by 4 per cent in conditions of full employment and monetary and price stability.

35. As in the past, the Soviet delegation was ready to participate constructively in the solution of the specific problems before the Council. Its approach to those problems was based on the opinion that the Council should support a policy of actively maintaining peace, strengthening security and rejecting the use or threat of force in international relations; it should help to ensure that the positive changes which had been achieved in the international situation should become a lasting basis for the development of comprehensive co-operation; and it should be guided by the fact that the strengthening of world security contributed most effectively to the economic and social progress of developing countries, the mobilization of their development resources, the implementation by them of the necessary social and other changes and the attainment of the targets and objectives of the Second United Nations Development Decade.

36. Those obligations gave the Council a serious responsibility to solve the problems before it, which resulted from the continuing exploitation of the developing countries' natural and human resources, the adverse effects on their economies of monetary crises and high rates of inflation in the developed market-economy countries and the shortcomings of the present international division of labour. The Soviet delegation would firmly support the demands of the developing countries aimed at the protection of their legitimate interests. In that connexion, it drew the Council's attention to the draft Statement by the United Nations on promoting the development of economic, trade, scientific and technological matters on the basis of equality submitted by nine socialist countries to the General Assembly at its twenty-seventh session.⁵

37. With respect to the appraisal of progress in the Second Development Decade, the Soviet delegation did not dispute the fact that there were at present more difficulties than achievements. It was essential above all to agree on the correct approach to determining ways and means of ensuring real progress in the developing countries. So far, the Council had been too timid and inconsistent in its approach to those countries' radical problems. Attempts to camouflage the true situation had been made in the Council. The Managing Director of IMF (1861st meeting)

⁵ See *Official Records of the General Assembly, Twenty-seventh Session, Annexes*, agenda item 12, document A/8963, para. 38.

had referred to the unfavourable position of the developing countries but had failed to mention the fact that foreign monopolies not only did not pay compensation for damages but also pumped national wealth out of the developing countries, depriving them of substantial resources needed to attain their development objectives.

38. The activities of multinational corporations, which were not at present subject to control, endangered the national sovereignty and independence of developing countries, undermined plans and programmes for the development of national economies and caused disorder on commodity and currency markets. In considering that question, the Council should take into account the concern expressed by the world trade union movement at the increasing exploitation of the working class by those corporations.

39. The extent to which the Council would take advantage of the new opportunities provided by the improvement in the international situation would depend on its effectiveness, its ability to adapt to changes in the situation and to abandon outdated methods of work, and its capacity to concentrate on the solution of the major problems of social and economic progress. So far, the situation could not be considered satisfactory: the Council's structure remained complex and its subsidiary bodies often duplicated the work of others or operated in a vacuum, merely creating the illusion of activity. The present general debate was hardly an example of the dynamism for which many delegations advocating changes in the Council's work had called.

40. There must be a genuine revitalization of the Council so that it could assume the leading and co-ordinating role in the social and economic spheres and halt the dangerous trends resulting from unrestrained proliferation of United Nations bodies. The Soviet Union would strongly support any changes in the Council's structure and activities which would enable it to make a substantial contribution to the transformation of economic relations on the basis of equality and mutual advantage for all countries and peoples.

41. Mr. NAKAGAWA (Japan) endorsed the Secretary-General's appeal (1859th meeting) for Member States to arrive at an equitable balance between their national interests and the welfare of mankind as a whole. The responsibility of all countries to tackle the economic and social problems facing the world continued to be the basis of the Japanese Government's policy in doing its share towards the achievement of the goals and objectives of the Second United Nations Development Decade.

42. The present international economic and social situation required more comprehensive and steady approaches by the United Nations system, and the Council's policy-formulation and co-ordination functions should be translated into more realistic terms for the purpose of implementing the International Development Strategy. In formulating policies, the Council should encompass the broadest possible range of problems and at the same time respond to changes in the world economic situation. His delegation considered that the enlargement of the Council's membership was of vital importance and that it should

include a sufficient number of countries representing divergent views and interests. He was pleased to inform the Council that the Japanese Government had deposited its instrument of ratification to the amendment to Article 61 of the Charter on 15 June 1973. Another important aspect of the policy-formulation function was the Council's decision, in resolution 1768 (LIV) that it would concentrate its work every two years on the review and appraisal of the Strategy. Thus, for the first time, the Council's work had been organically geared to a specific frame of reference.

43. The co-ordination of United Nations economic and social work programmes could be assured only through the establishment of an effective degree of policy co-ordination at the intergovernmental level. Inter-agency co-operation in the decision-making process could be strengthened by enabling the agencies to participate in the work of the Council and its subsidiary organs through the preparation of working documents and the expression of views on specific problems pertaining to their respective fields of activity. His delegation welcomed the Secretary-General's suggestion that the basic relationship with the specialized agencies should be reviewed, so as to reassert the constitutional authority of the Council within the system.

44. The *World Economic Survey, 1972* (E/5310) drew attention to unbalanced and sometimes contradictory features of the current situation: continued economic prosperity and expanded international trade existed side by side with growing unemployment, inflation and energy shortage; increased industrial production was accompanied by erratic agricultural performance; and the growth of material production encroached on the quality of life rather than enhancing it.

45. Comprehensive policy measures were needed to cope with the inflation problems plaguing not only the economies of individual countries but also the world economy as a whole. The effect of domestic policies designed to combat inflation would be greatly limited without serious and concerted action for international price stabilization. The importance of monetary factors such as foreign exchange inflows beyond the scope of domestic measures, the rising level of international liquidity and the inadequacy of the current foreign exchange system, should be noted. Attention should also be directed to the interrelationship between inflation and the balance of payments.

46. A solution to the energy problem, which was assuming increasingly important international implications, could be found only within the context of international co-operation between producer and consumer countries. Ways should be sought of securing an increased oil supply, promoting research into new substitute energies and using existing sources of energy more rationally. In addition, long-term projections of world-wide energy supply and demand were needed.

47. The serious social and welfare problems which had arisen as a result of economic and material development raised the question whether material affluence should be a goal in itself, and whether the aim should not be the welfare of mankind rather than increased production of

material wealth. In Japan, where an exceptionally high rate of growth had been a major feature of the economy for the past two decades, the aspirations of the people had recently shifted towards an improvement in the quality of life. In response to that change, the Japanese Government had, in February 1973, formulated a medium-term economic plan aimed at creating a viable and healthy welfare State and had set up the policy framework for the attainment of certain definite social objectives.

48. The Japanese delegation fully endorsed the view expressed by the Managing Director of IMF (1861st meeting) that a smoothly functioning international monetary system was essential for the progress of the world economy. In its view, the new monetary system should basically serve to maintain and develop a single world economy, in which all countries could take full advantage of their potential for economic development, and the appropriate organ for devising such a new system was the *ad hoc* Committee of the Board of Governors of the International Monetary Fund on the Reform of the International Monetary System and Related Issues (Committee of Twenty). His delegation supported the position of developing countries in favour of increased participation in any future study of international monetary problems.

49. Concerted national and international action was needed to overcome recent monetary crises. The Japanese Government had recently taken far-reaching measures such as large-scale import liberalization, general tariff reductions and liberalization of foreign capital investment, as a result of which, together with the further revaluation of the yen, the surplus in Japan's external trade balance had already been substantially reduced.

50. The expansion of world trade based on the principles of freedom and non-discrimination was essential to the development of the world economy. Japan would strongly oppose any upsurge of protectionism and discriminatory regionalism. Japan supported the forthcoming multilateral trade negotiations to be held within the framework of GATT and was to be the host country to the Ministerial meeting of GATT in September 1973. It hoped that that meeting would reaffirm the determination of the world trading community to uphold the principle of international co-operation based on mutual advantage. During the forthcoming trade negotiations full attention should be paid to the interests of developing countries. Japan had for many years enjoyed extremely close trade relations with those countries, which provided about 40 per cent of its total imports. The Japanese Government had been endeavouring to improve the generalized system of preferences in various respects and had broached the idea of lending market ships to developing countries for the purpose of promoting their exports.

51. Since the adoption of the International Development Strategy by the General Assembly in its resolution 2626 (XXV), efforts had been made to bring about sustained improvements in the well-being of mankind as a whole and in particular that of the developing world. The results of the implementation of its policy measures and their implications on future development efforts had been reviewed by the Chairman of CDP (1861st meeting) who,

while making reservations regarding the completeness of the statistical data available, had given a gloomy picture of the first biennial period. The Director-General of FAO (*ibid.*), too had given a pessimistic picture of agricultural performance. The increase of population over the projected level was another cause of the low over-all growth rate.

52. His delegation wished to draw the Council's attention to certain points which had emerged from the information so far available and from the discussion at the second session of the Committee on Review and Appraisal. In view of the uneven progress towards growth, the attainment of the objectives of the Strategy called not only for general measures but also for special measures suited to the specific economic and social circumstances of a particular country. A study based on supplementary indicators for the identification of development might lead to a new grouping of developing countries and thereby to more effective efforts for international development co-operation. Since the least developed among the developing countries had shown no significant rise in real product growth during the first years of the Decade, special attention should be given to their difficulties.

53. Since CDP had seen no evidence of a change of income distribution in the developing countries, the social and economic problems of those countries called for a new unified approach through the elaboration of social indicators. The difficulties of the countries in which a large segment of the population suffered from extreme poverty was probably the most basic and the most difficult of all the problems pertaining to development. It called for structural reforms of the pattern of distribution of income and wealth and, as it differed in each country, no uniform remedy could be found. It would therefore be advisable for the Council to use the proposed concepts of net beneficial product as well as the poverty datum line as the criteria for defining the nature and type of poverty in each particular case.

54. The pattern of private foreign investment, which constituted an important part of development efforts, should harmonize the interest of both the investors and the country in which the investment was made. The guidelines for investment activities in developing countries adopted by the Japanese federations of economic and industrial organizations and approved by the Government included the following points: harmonization of investment with the economic and social requirements of the recipient country; the basic principle of mutual trust; the employment and promotion of local employees; the transfer of technology and skill to the host country through the training of local employees; the utilization of machinery, equipment and spare parts made in the host country; lastly, the reinvestment of profits in the expansion of the host country's economy.

55. The strategic importance of rural development for developing countries should be emphasized. Agriculture must be developed through technological advancement, without overlooking the need for labour-intensive production. As the Director-General of FAO had pointed out (1861st meeting), the agricultural setback was deeply rooted in the past. In many developing countries, agri-

culture accounted for a large proportion of national and export income and constituted the livelihood of most of the population. The review and appraisal process must therefore devote attention to the development of agricultural production and to the stabilization of prices of agricultural products. He welcomed the entry into force of the International Cocoa Agreement 1972, which would ensure stable export earnings for the producing countries. His Government would shortly ratify that Agreement.

56. His delegation agreed with other speakers that the Council's first biennial review of the Strategy should be objective. Candid statements of progress or failure were more conducive to real progress than mere rhetoric. The Council's report to the General Assembly should recommend how future review and appraisal work should be carried out and should include arrangements for the work programme leading to the mid-term review. The Committee on Review and Appraisal should continue to meet in 1974 to prepare an appropriate methodology which could be used in that review. The study on net beneficial product, poverty datum line and classification of developing countries to be undertaken by the Working Group of the Committee for Development Planning later in 1973 (see E/5293 and Corr.1, para. 115) should be thoroughly examined by the Committee on Review and Appraisal, meetings of which should be included in the conference calendar for 1974.

57. With regard to the Japanese Government's own development assistance activities, the total flow of financial resources from Japan to the developing countries in 1972 had increased by 27.3 per cent over the figure for 1971. The ratio of the total flow to the GNP had been 0.93 per cent. Official development assistance of a net disbursement basis had shown an increase of 20 per cent over the previous year's figure. The net disbursement of official grants and contributions to multilateral agencies had increased by 51 per cent over the previous year. Assistance to multilateral agencies on a disbursement basis had increased by 69 per cent over the previous year and its ratio to total official development assistance had increased from 15 per cent in 1971 to 22 per cent in 1972, thus exceeding the 20 per cent recommended by the Commission on International Development (Pearson Commission)⁶. Contributions to UNDP had increased by \$3.5 million and continued contributions had been made to the special funds of the AsDB and for the third replenishment of IDA. Japan had also decided to subscribe 15 million units of account in the newly established African Development Fund. Japanese official development assistance was continuing to expand to non-Asian as well as Asian countries. Since May 1972, Japan had extended untied project loans totalling \$500 million and its technical assistance had increased by 29 per cent over the previous year.

58. Although, as stated in paragraph 84 of the International Development Strategy, the mobilization of public opinion had to be mainly the responsibility of national bodies, the United Nations had an important role to play as the source of information to stimulate and inspire national

media. At the moment when public interest in the activities of the United Nations was very low, the need for inspiring leadership by the information services could not be over-emphasized. His delegation hoped that the Council would take appropriate steps to encourage and strengthen the information and public relations activities of the United Nations.

59. Mr. MARKOVIĆ (Yugoslavia) said that his delegation attached particular importance to the consideration of the world economic and social situation by the Council, in which adequate attention could be given to the problems of the accelerated development of developing countries.

60. It was important that the process of general relaxation of tension had started in Europe, as demonstrated by the Conference on Security and Co-operation in Europe. The Fourth Conference of Heads of State or Government of Non-aligned Countries to be held at Algiers in September 1973 would also make a significant contribution to the development of more equitable and democratic international relations. *Détente* and positive developments in world affairs could take place only in a climate of general confidence and of co-operation on an equal footing among all countries and peoples.

61. At the same time, an over-all reappraisal and in-depth examination of international economic relations had been under way in various international organs and gatherings. There was at present a deep structural crisis in international economic relations, particularly in the monetary, financial and trade areas. Economic problems were at the forefront of the concern of all Governments.

62. The complexity of the problems and the difficulty of finding lasting solutions had often led to one-sided, short-term measures which merely sidestepped, postponed or even aggravated the international economic crisis and adversely affected the position of the developing countries. The negative effects of various temporary and partial measures which, though of broad significance, were usually taken within a narrow circle of rich countries and without due regard to the vital interests of developing countries, had added to the difficulties of the last-named countries.

63. The review and appraisal of the results achieved in the implementation of the International Development Strategy during the first two years was therefore of major importance not merely from the economic but also, primarily, from the political standpoint. Despite the unfavourable international economic climate and the lack of the support expected from the developed countries, the developing countries had made important progress through their own efforts, without adequate supporting measures on the part of the international community. The progress achieved was far from sufficient to improve the position of the developing countries in international economic relations. Their share in international trade had constantly decreased; agricultural production was not keeping pace with its objectives and hunger threatened to spread to more parts of the world; the transfer of financial resources to developing countries was lagging behind in relation to the increase in the GNP of developed countries; the heavy debt-service burden of developing countries jeopardized their further

⁶ *Partners in Development: Report of the Commission on International Development* (New York, Praeger, 1969), p. 229.

development; the conditions of international financing were deteriorating; no significant action had been undertaken to encourage the transfer of technology to developing countries; protectionist and similar measures by developed countries and their groupings were hampering the access of the products of developing countries to markets; the generalized system of preferences had not been introduced by all developed countries and therefore had not yielded the results expected. The situation in the least developed among the developing countries was highly unsatisfactory. Those were facts which must be acknowledged in any review and appraisal exercise. The International Development Strategy, with some exceptions, had not yet become a component part of governmental policies in the developed countries to the extent anticipated at the time of its adoption.

64. The Strategy had been formulated on the assumption of a relative stability in world economic relations which, however, no longer existed. The foundations of the monetary, financial and trade system were in complete disorder. New concepts and principles were being sought. In those endeavours the full participation of developing countries was of paramount importance, not only to secure the necessary conditions for their accelerated development but also to ensure that future economic relations in general were placed on a stable and lasting basis. The preparations for trade and monetary negotiations carried out so far had not been satisfactory; in that connexion, he fully shared the views expressed by the Netherland representative in his statement to the Council (1861st meeting). It was indispensable that the goals and measures of the International Development Strategy should be integrated to the fullest extent possible, firstly in the negotiating mechanism for the new world monetary and trade system and later in the system itself. The need to adjust the Strategy to the dynamic development of international relations characterized by an ever-growing interdependence arose from the Strategy itself. In its search for solutions to world economic problems, the international community was called upon to formulate principles and to establish a monetary and trade system conducive to the specific, long-term interests of the developing countries. The principles of non-reciprocity, non-discrimination and preferential treatment for developing countries should therefore be incorporated in the future system of economic relations. That system should reflect the concept of collective economic security in order to ensure the basic norms for better and more equitable economic relations in the world. Only through such an approach, and not by abstract declarations, could the interests of the developing countries be fully safeguarded.

65. There were, however, some promising signs. The establishment of the special working group on the link within the Committee of Twenty opened up prospects for a free creation of international liquidity through SDRs for additional transfer of resources to developing countries. He hoped that some developed countries would withdraw their reservations in that respect. Secondly, at the recent first session of the Governing Council of UNEP, the specific problems and interests of the developing countries had not been ignored. The consensus reached by the Governing Council of UNDP regarding the distribution of UNDP resources in the next development cycle (General Assembly

resolution 2688 (XXV), annex) had also taken account of the needs of the least developed among the developing countries. Since there had been no rise in the *per capita* real product in those countries during the first two years of the current decade, the international community must continue to focus its attention on their problems. His own Government intended to pay special attention to relations with those countries within the limits of its possibilities and within the over-all relations among the developing countries. It had also taken an active stand in the Governing Council of UNDP in favour of channelling the resources of the United Nations Capital Development Fund, to which it was a major contributor, primarily to the needs of the least developed countries. It welcomed the intention of the Netherlands Government to contribute a substantial annual amount to that Fund.

66. The growing increase in affluence and welfare in the developed countries could not continue alongside the growing increase in mass poverty and unemployment in many parts of the world. A pre-condition for the implementation of the International Development Strategy was the full participation of developing countries in the international decision-making process and the fulfilment of commitments assumed by developed countries to support the national development efforts of developing countries. His delegation therefore attached great importance to the first review and appraisal exercise. The basic concept of the Strategy, which was not a mere recommendation but embodied specific moral and political commitments, could not be altered. Any change in the established priorities could disturb its main orientation. His delegation agreed with the President and the Secretary-General that the review and appraisal exercise offered an exceptional opportunity to the Council to prove its vitality and to affirm its ability to tackle such crucial issues as the further development and adjustment of the Strategy, an opportunity which his delegation was confident that the Council would not miss.

67. Mr. DRISS (Tunisia) drew attention to the special nature of the current session of the Council, which was to carry out the first review and appraisal of the International Development Strategy. The President had rightly said that the Council's future was to some extent linked to its success in influencing the correct implementation of that Strategy. That would call for perseverance, imagination and a firm determination to achieve positive results.

68. Many of the items on the lengthy agenda had been considered for many years without any lasting solution to the problems being found. He hoped that such solutions might be found at the current session, so that the Council might start along the new path laid down in its resolution 1768 (LIV) in the best possible circumstances. The solutions must not consist merely of resolutions which would be ignored, for such results had always impaired the prestige of the Council.

69. The millions of inhabitants of the developing countries saw their position deteriorating in the face of a developed world which was more powerful than ever. The Managing Director of IMF (1861st meeting) had said that inflation was one of the factors which had made it difficult

to maintain the stability of exchange markets. It was common knowledge that the effect of inflation was felt even more strongly in the developing than in the developed countries.

70. Chapter IV of the *World Economic Survey, 1972* (E/5310), on recent trends in the developing countries was more optimistic than might have been expected, although it recognized that even the developing countries which had achieved a relatively high growth rate were more liable than ever to suffer a sudden deterioration due to natural or world conditions over which they had no control. The developing countries must therefore be given the chance to consolidate their economy over a sufficiently long period. Any change in that principle based on the results of two or three years would merely penalize the countries which had made the greatest efforts to emerge from poverty.

71. The Managing Director of IMF had said that great efforts would have to be made to improve the external environment of development. The political aspects of that environment had become more encouraging since the end of the cold war. Apart from certain areas of tension such as the Middle East, where the situation was more explosive than ever and where the Palestinian people were still deprived of their rights and their territory, and southern Africa, where colonization and *apartheid* still prevailed, the world was making slow but steady progress towards general agreement. Europe was trying to consolidate its security and co-operation pending the time when all its member countries would recognize the close links between that security and security in the Mediterranean region. Tunisia and its neighbouring countries wished to be partners and not merely customers in a Mediterranean region in which economic and cultural co-operation would replace military rivalry.

72. The economic environment, however, was still characterized by monetary chaos and trade relations which were not in harmony with the needs of the developing countries. The last report of OECD was not encouraging. It reported that official development aid had increased in real terms by only 1 per cent from 1971 to 1972 and that the total contribution by the rich to the poor countries had in real terms decreased by 3 per cent over the same period, representing 0.77 per cent of the GNP as compared to 0.82 per cent in 1971.

73. In speaking of the prospects for the developing countries for 1973/74, the *World Economic Survey, 1972*, made it clear that, despite some positive aspects, no significant changes were to be expected. He hoped, however, that future international discussions would lead to agreement on practical means of giving international support to the efforts of the developing countries.

74. A true increase in resources, a general recognition of the link between SDRs and additional resources for financing development, and the adoption of effective measures to facilitate the access of products from the developing countries to the markets of the developed countries were among the many practical measures which the poor countries had the right to expect from the coming negotiations. Until the rich countries assumed their re-

sponsibility with regard to development, it lay with the poor countries, individually and in groups, to play a predominant part in the development process. During 1972 and the beginning of 1973 there had been encouraging signs of an increasing awareness of that need. For instance, Africa had recognized the merits of co-operation when it had adopted the African Declaration on co-operation, Development and Economic Independence at the recent meeting to celebrate the tenth anniversary of the Organization of African Unity. That Declaration had proved necessary because the first two years of the Strategy had brought no improvement in the situation of the African countries. It would enable Africa to improve its position in the world before the opening of important international meetings and would strengthen the autonomous development factors, in particular with regard to inter-African harmonization and co-ordination.

75. Tunisia had just completed the first decade of its development, which had brought its economy to an important turning-point. The economic and social objectives of its second decade were in essence very much the same as those of the International Development Strategy. The principal objective was the creation of enough employment to keep pace with the demographic growth which his country was taking steps to curb. The problem of employment and the reduction, and if possible elimination, of inequality in the distribution of income was in the forefront of the matters to be dealt with in Tunisia's fourth plan, upon which it was embarking in 1973.

76. Tunisia was therefore particularly interested in the first review and appraisal of the Strategy. In addition to the bilateral relations it was developing, its association, and its efforts to conclude a co-operation agreement, with EEC it was convinced that the international code of conduct adopted in 1970 represented, despite its many deficiencies, the best compromise that the international community had reached. It had not been fully achieved and would therefore have to be adapted to current needs.

77. Tunisia, which had participated in the second session of the Committee on Review and Appraisal, had been disappointed at the partial failure of that Committee's work. The working paper submitted to the Council (E/5316, para. 25), however, represented an important step forward. The recommendations which the Council was to submit to the General Assembly should maintain the universal nature of the Strategy which, while respecting the prerogatives of national Governments, including those of the developing countries, in the determination of their development aims, also respected the principle that economic and social progress was the common and shared responsibility of the entire international community.

78. The Council had done well to include on the agenda of its present session an item which covered both the review and appraisal of the Strategy and a further discussion on collective economic security. In his statement to the Council (1859th meeting) the Secretary-General had shown optimism on the latter point. Tunisia hoped that that optimism would prove justified.

79. The idea of consensus, which the President had stressed in his opening statement, (*ibid.*) was the responsi-

bility of both developed and developing countries. The former should be ready to make commitments and suggest compromises which did not give the latter the impression that they were asked to renounce their legitimate rights. The latter should resist the temptation to adopt extreme positions and should accept compromises which safeguarded the essential aspects, or at least some of them, if that would guarantee unanimity in the Council's decisions and the possibility of speedy implementation.

80. In his statement at the eighteenth special sitting of the fifty-eighth session of the International Labour Conference, the President of the Tunisian Republic had commended dialogue when it was based on clarity, loyalty and a common wish to succeed, and had said that it should give rise to co-operation between the industrialized and the developing countries devoid of any spirit of hegemony or charity.

81. The delegations of several developed countries had often spoken of the need to take account of public opinion in their countries. So long as that argument was not used by some of them to conceal the facts or to avoid commitments, the developing countries should take it into account. All must do their utmost to see that public opinion in the developed countries was aware of the problems of development, so that it might help the respective Governments to negotiate in the best possible spirit. Public opinion in the developing countries, too, should be mobilized, for its understanding and help were necessary for the successful solution of such problems as mass poverty, unemployment and demographic growth when the latter was deemed to be excessive and incompatible with development aims.

82. He hoped that World Development Information Day, to be held on 24 October 1973, would help to make people aware of the problems of development and the need to strengthen international co-operation in order to solve them. Development was not merely the responsibility of Governments and international organizations; it was that of every member of the international community and should be carried out within a plan which gave man enough freedom and initiative to dominate matter, which shackled him by luxury, poverty and pollution.

83. Mr. MOLI (Uganda), speaking in exercise of the right of reply said that in his recent statement the United

Kingdom representative (1862nd meeting) had made three specific allegations about Uganda. The first was the question of compensation to be paid by the Ugandan Government to British nationals for businesses it had taken over. Although such compensation had not yet been paid, the Ugandan Government had never refused to pay it. As soon as the special ministerial committee which had been established to examine in detail the question of compensation and the problems arising from the take-over of foreign businesses had completed its work, the United Kingdom and other nationals whose businesses had been taken over would be compensated in accordance with international law.

84. With regard to the second, he hoped that, when referring to the expulsion from Uganda of the foreign business community, the United Kingdom representative had not been meaning to draw attention to the long settled matter of the British Asians. He did not consider the Council a suitable forum in which to discuss that question and, if it was to be re-examined, it would be more appropriate to do so in another international forum.

85. Thirdly, the United Kingdom representative had mentioned the Ugandan Government's interference with the work of UNDP. His Government was greatly interested in the work of the United Nations system, especially that of UNDP, and no reasonable man would interfere with an organization so essential to the development of international harmony. He could therefore assure the Council that no UNDP property had been stolen, nor had any of its officials been harassed in Uganda.

86. Mr. SANTA CRUZ (Chile) suggested that members of the Council might be given the opportunity to comment on the statements made by representatives of delegations and of specialized agencies, in particular with reference to an item which was not on the agenda of any of the sessional committees, namely the Council's role and responsibilities and the means whereby it could improve international co-operation.

87. The PRESIDENT replied that it was his intention to give delegations such an opportunity.

The meeting rose at 6.10 p.m.