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SECOND COMMITTEE  
5th meeting  
held on  
Wednesday, 3 October 1979  
at 10.30 a.m.  
New York

SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. MURGESCU (Romania)

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The meeting was called to order at 10.45 a.m.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (A/34/528)

1. The CHAIRMAN drew attention to document A/34/528, which reproduced a letter dated 19 September 1979 from the President of the Economic and Social Council to the President of the General Assembly concerning the measures adopted by the Council to correct the increasingly serious problems that the Organization was facing in connexion with the volume, quality and timely submission of documentation, and the steps taken by the Council to rationalize the calendar of meetings of the Council and its subsidiary bodies.

GENERAL DEBATE (continued)

2. Mr. CHORNY (Council for Mutual Economic Assistance) noted that 1979 was the thirtieth anniversary of CMEA and also the thirtieth anniversary of the German Democratic Republic, to which he expressed heartfelt congratulations on behalf of CMEA.

3. CMEA, whose objectives were to promote the co-ordination of efforts by the member States to achieve socialist economic integration, raise levels of industrialization, foster the growth of productive forces and equalize and improve economic standards and living conditions, had helped to bring about a radical economic and social transformation which demonstrated the superiority of the socialist economic system. In the 30 years of CMEA's existence, the national income of the member countries as a whole had increased 7.8 times and now represented one fourth of the total national income of the countries of the world. In addition, their industrial output represented one third of the world total, with a per capita value three times higher than the world average.

4. CMEA had promoted a new type of relationship between countries, based on socialist internationalism, equality, understanding, mutual benefit, respect for the sovereignty of States and non-interference in their internal affairs. The members of CMEA were actively striving for the establishment of a more just economic order and were exploring new avenues for international co-operation.

5. Of particular importance in CMEA was the programme of socialist economic integration, which contained guidelines, strategies and concrete measures for the integration of member countries and covered various questions of co-operation with respect to the production, distribution and use of goods. It should be noted that one of the main aspects of integration was the co-ordination of national economic plans, which ensured an appropriate international division of labour. The joint plan for multilateral integration arrangements for the period 1976-1980 was a good example of the implementation of jointly planned co-operation projects. The plan had resulted, inter alia, in the construction of oil and gas pipelines, the interconnexion of national electric power systems, the establishment of a uniform computing system, the construction of a cellulose plant and the creation of an institute for nuclear studies.

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(Mr. Chorny)

6. CMEA attached particular importance to scientific and technical co-operation activities, in which more than 3,000 organizations, institutions and universities participated and through which more than 14,000 projects were being executed. Special mention should be made of co-operation in the exploration of outer space, whereby international teams of cosmonauts had participated in the Intercosmos Programme for 1978-1979.

7. Where co-operation activities designed to increase the production of member States were concerned, attention should be drawn to the decisive importance of supplies of Soviet raw materials and fuel, which the socialist countries, of course, obtained on more favourable terms than prevailed in the capitalist world.

8. In its 30 years of existence, CMEA had striven to eliminate differences in economic level among its member countries. Accordingly, it had contributed to the progress of industry in countries with a basically agrarian structure. For example, in Bulgaria, where in 1950 industry had accounted for 37 per cent of national income, the figure was now more than 50 per cent; during the same period, the share of industry in national income had increased from 26 per cent to 53 per cent in Poland and from 43 per cent to more than 60 per cent in Romania. Less developed countries like Cuba and Mongolia received assistance and support of all kinds from the other member States with a view to accelerating their economic growth.

9. CMEA attached particular importance to long-term programmes of co-operation among member countries, the final goal being to promote the construction of socialism and communism. During the coming decade the member countries intended, inter alia, to promote scientific and technical progress in all fields, to meet the needs of the people for food and manufactured goods and to improve transport systems. With those ends in view, national plans were co-ordinated in CMEA and the new joint plan for multilateral integration arrangements for 1981-1985 was being formulated, in accordance with the targets and objectives of the communist parties of member countries. Some 50 agreements on long-term co-operation had been approved, including agreements for the construction of nuclear power plants with Soviet assistance and the rebuilding of international railway lines. The long-term programmes included measures in support of Cuba and Mongolia, and it was also intended to extend that type of co-operation to Viet Nam.

10. In its efforts to promote co-operation based on equality, mutual benefit and the strongest adherence to the principles of peace, CMEA had gained wide recognition in the international community, which was showing an ever-increasing interest in its activities. Proof of that was its relations with non-member countries, such as Yugoslavia, the Democratic People's Republic of Korea, the Lao People's Democratic Republic, Angola and Ethiopia. Moreover, in accordance with socialist principles, the members of CMEA supported the legitimate aspirations of the developing countries, which wanted to strengthen their economic and political independence. CMEA would contribute to the attainment of the objectives proclaimed in the Declaration and the Programme of Action on the Establishment of a New International Economic Order.

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(Mr. Chorny)

11. The CMEA countries maintained technical co-operation relations in basic areas of the economy with 78 developing countries. Such co-operation had made it possible to initiate more than 4,000 projects in developing countries, of which roughly 3,000 had already been executed; 2,500 students had been given fellowships and more than 40,000 persons from 100 Asian, African and Latin American countries were receiving training in the CMEA countries. In 1975 co-operation agreements had been concluded with Iraq and Mexico, and joint commissions of CMEA and each of those countries had been established to organize the co-operation involved.

12. The prestige which CMEA enjoyed internationally had been evidenced by the participation in its thirty-third session of representatives of Angola, Afghanistan, Democratic Yemen, the Lao People's Democratic Republic, Iraq, Mexico, Ethiopia and Finland. A decision had been adopted at that session concerning Democratic Yemen's participation in the work of CMEA as an observer. The Congo, Guyana and Colombia, among others, had also indicated their desire to co-operate with CMEA.

13. As an example of co-operation with capitalist countries, an agreement had been concluded with Finland in 1973 and was still in force. Twenty-five bilateral and multilateral agreements on cultural, scientific and technical co-operation had been concluded with capitalist countries.

14. The CMEA countries engaged in constructive co-operation with various economic organizations in the United Nations system and with other international organizations. At the thirty-third session of CMEA, willingness had also been expressed to co-operate with the European Economic Community on a basis of equality, mutual benefit and mutual respect.

15. He drew attention to the efforts of CMEA to promote disarmament, particularly nuclear disarmament, and emphasized the notable contribution made by the Union of Soviet Socialist Republics in its efforts to conclude a treaty on strategic arms limitation with the United States, as well as initiatives to strengthen and consolidate international détente and end the arms race.

16. The constant increase in the role of CMEA in international relations paralleled the successes achieved by the countries of the socialist community in the economic and social fields. In seeking to expand international economic co-operation and normalize economic relations, CMEA was giving concrete expression to its commitment to the principles of the United Nations, namely, the peaceful coexistence of all countries, irrespective of their social and economic systems, with a view to accelerating progress and development and strengthening peace.

17. Mr. XIFRA (Spain) said it was too soon to make an appraisal of the practical impact of the multilateral trade negotiations held at Geneva in April, since the tariff concessions offered by all countries were not yet known. The negotiations had profited the developing countries in many respects, and the result had probably been the maximum that could be achieved in a time of economic recession and protectionist trends. It was to be hoped that in the coming years those negotiations would give an impetus to international trade, would make it possible

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(Mr. Xifra, Spain)

to accelerate the integration of the developing countries into the world trading system by providing a permanent legal basis for the granting of preferences and would lead to a more equitable multilateral system of trade. Some of the industrialized countries had shown a lack of political will during the negotiations, and the developing countries had often had to accept as a fait accompli texts which they had not had a hand in drafting. Spain had signed the final act with reservations, but it appreciated the difficulties involved in negotiations which covered three fourths of world trade, in which countries with market economies and with centralized economies participated and the purpose of which was not only to negotiate tariff reductions but also to eliminate non-tariff barriers to trade.

18. The fifth session of the United Nations Conference on Trade and Development had not been a brilliant success. It had been unable to reach agreement on the code of conduct for the transfer of technology, on the evaluation of the world economic and trade situation or on structural changes in it. It was to be hoped that the study of that subject by the Trade and Development Board would yield more positive results; the most important thing was that the dialogue should continue. However, in Manila UNCTAD had achieved certain successes regarding the programme of action for assistance to the least developed countries, economic co-operation between developing countries, and other more specific items, such as measures to favour island developing countries, international trade in food-stuffs, the code of conduct for liner conferences, and so on.

19. With regard to the last meeting of the Committee of the Whole Established under General Assembly resolution 32/174, the Government of Spain was studying the proposal of the Group of 77 for the holding of global negotiations and particularly welcomed the fact that the question of energy was to be included. Even considering the difficulties that would probably arise in the study of the various basic items, and even admitting that the producers would certainly be unwilling to discuss questions of oil prices and the security of supply, apart from their purely commercial significance, the proposal must be considered seriously and in a constructive spirit and also in the light of its political impact. He wished to express his admiration for the statement made in the General Assembly by the President of Mexico in which the subject had been dealt with clearly and imaginatively.

20. With regard to the new International Development Strategy, he could not feel very optimistic after the three sessions of the Preparatory Committee held in 1979. The elements to be included in the preamble of the Strategy had been identified and were being logically presented, but for 1980 the Committee still had to discuss the whole operative part, including the goals and objectives and review and evaluation. However, the atmosphere in which the negotiations were taking place did not appear best designed to ensure progress in the decisive decade of the 1980s.

21. Undoubtedly, the institutional framework established since the Second World War to govern international economic relations was not suited either to the objectives of the New International Economic Order nor to the efficient working of the world economy. The present situation was characterized by inflation and

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irregularity of growth. The most seriously affected by that situation were the least developed countries, the developing countries with deficits in their balance of payments and the countries which had reached an intermediate level of development but were suffering from similar deficits. The present international economic system prevented many of those countries from participating effectively in the adoption of decisions concerning the management of the world economy. Hence the object of the North-South dialogue must not merely be an adjustment of the situation but a reform of structures.

22. Poverty, the shortage of public aid for development protectionist pressures, the inadequacy of growth rates in many developing countries, the growing difficulties being faced by countries lacking their own energy resources, the fluctuations in the prices of, and income from primary commodity exports, and the fact that the benefits of economic growth were not distributed equitably among all countries were factors making for uncertainty and instability, which constituted a problem for the world economy and a serious obstacle to any increase in confidence for the future.

23. With reference to items 124 and 125, his delegation drew the Committee's attention to the recent meeting of the Committee of the Whole of ECLA which had unanimously adopted a draft resolution on the rehabilitation, reconstruction and development of Nicaragua. Spain's bilateral assistance to that country amounted already, in the month and a half which had elapsed since it had begun, to more than \$11.5 million. Immediate and massive bilateral assistance had also been given to the Dominican Republic, following the hurricane that had struck that country. He drew the particular attention of the Committee to the assistance that had been given to those two countries and to Dominica.

24. He recalled that, as a Spaniard was now presiding over the Economic Commission for Europe, Spain had participated in the task entrusted to ECE in the Final Act of Helsinki of the Conference on Security and Co-operation in Europe. While Spain was negotiating its entry into the European Economic Community, it had become in 1979 a full member of ECLA, was an observer in the Andean Pact and was a signatory of an important co-operation agreement with the Latin American Economic System. Spain understood the approach, the proposals and the legitimate ambitions of the Group of 77 and reiterated its desire, as a country which formed part both of the North and of the South, to help in the restructuring which would lead to the New International Economic Order.

25. Mr. WHYTE (United Kingdom of Great Britain and Northern Ireland) said that success or failure in grappling with the problems being considered in the North-South dialogue would determine whether countless millions of human beings had the opportunity to live in decency and dignity or whether they were doomed to misery and starvation. In the last 15 years the world had indeed changed. Perspectives and priorities had shifted; there was now greater acceptance of the fact that population growth could be planned in the interests of economic development. Industrialization was no longer seen as the sole key to economic take-off. There had been a general shift of attention to agriculture. The development process and all its complexities was certainly better understood: the mix of economic and

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(Mr. Whyte, United Kingdom)

social factors, how to industrialize without the worst horrors of urban slum, how to be competitive without environmental disaster, how to match better education with better jobs, how to provide women with more equal opportunities, and so on. Meanwhile, the pattern of development had become increasingly diverse. While many countries remained mired in poverty, some had achieved steady growth and the advance of a few had been spectacular.

26. And yet the predominant impression was of how slowly the world had progressed. Fifteen years ago when UNCTAD had been established, there was still a basic optimism that the world economy could generate the necessary resources and that, with greater political concern and better management, those resources could be distributed more equitably and the more flagrant economic and social injustices could be eliminated. Now, there were action calls for the establishment of the New International Economic Order and for a strategy for the third Development Decade. But at the same time there had been higher and rising levels of unemployment and inflation, markedly since 1973-74.

27. World War II had united the British people in a determination to eliminate the worst features of poverty, unemployment and social injustice. In 30 years the British had built up a fabric of social security which would have rejoiced the hearts of nineteenth century reformers. But economic depression and two world wars had eroded the United Kingdom's industrial base and accumulated capital. So now it found itself failing to generate the productive resources needed to maintain the system of social security it had created. That was why the present United Kingdom Government was engaged in a drastic programme to regenerate the productive process by restoring incentives and reducing bureaucracy and wasteful government spending. Those measures would succeed only if the various elements of British society, through a perception of mutual benefit, were willing to co-operate. And until production was increased, talk of increased transfer of resources through aid, trade and investment, was in danger of proving empty rhetoric.

28. At the same time, the United Kingdom Government was not blind to the massive disparities between nations still of relatively great wealth and others which existed in appalling poverty. It was urgent to eliminate, not on a national but on a global scale, the more crying inequalities and injustices. A better system of increasing, managing and distributing the resources of the world must be constructed. That must be done by containing inflation, reducing unemployment, developing new sources of energy, expanding productive capacity and avoiding protectionist measures. Only by pursuing collective self-interest would it be possible to ease the frustration and divisiveness of the present world and increase the chances of moving towards a more stable and peaceful planet.

29. In the present period of recession, the challenge was enormous but the achievements should not be underrated. A doubling of the capital of the World Bank had been agreed in principle. The quotas of the International Monetary Fund were being increased and the Supplementary Financing Facility had been established. The sixth replenishment of the International Development Association was being negotiated. There had been a considerable increase in lending under the

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the Compensatory Financing Facility and it had recently been further liberalized, increasing the amount available for borrowing by 6.6 billion SDRs. More flexible guidelines on conditionality had been adopted to facilitate access to those new resources.

30. It was hard to deny that those measures represented a considerable expansion of the activities and resources of the international financial institutions. Elsewhere, agreement had been reached on the fundamental elements of the Common Fund, the GATT multilateral trade negotiations had been brought to a conclusion which would benefit the developing countries, and the United Nations Conference on Science and Technology had just reached a successful conclusion.

31. The United Kingdom was determined to continue to participate constructively in the North-South dialogue and to work towards the establishment of a new and better economic order that would release new energies and create more resources for the collective benefit of all. In doing so, the United Kingdom was mindful that the creation of wealth must not be done at the expense of others. But it was shy of new institutions, new committees, new bureaucracies, although eager to get more rapid action where the prospects were realistic.

The meeting rose at 11.55 a.m.