



SUMMARY RECORD OF THE 6th MEETING

Chairman: Mr. MURGESCU (Romania)

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GENERAL DEBATE (continued)

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

GENERAL DEBATE (continued)

1. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that, in the search for solutions to the serious economic and social problems confronting mankind, the economic organs of the United Nations had done valuable work in deciding on policy approaches and methods for reordering international economic relations on a basis of equality and democracy. That work had resulted in documents of such importance as the Declaration on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and others which constituted the political platform for the establishment of the new international economic order. His delegation was convinced that real progress in the economic development of countries, particularly developing countries, could be achieved only if all States Members of the United Nations, especially those which bore the greatest responsibility in the matter, undertook, as the socialist countries had done, to implement the recommendations in those documents.
2. During the past year, there had been discussions within the United Nations on major issues relating to the restructuring of international economic relations, but unfortunately the results achieved were not commensurate to the needs or to the magnitude of the problems involved. His delegation agreed with the conclusion of the Group of 77 that there was a manifest lack of political will on the part of some countries, which were refusing to relinquish their privileged position and commit themselves to the establishment of a just system for the reordering of international economic relations.
3. Current economic upheavals had their origin in the crises of the capitalist world, which was transferring the effects of those crises to the rest of the world. The crises involved not only increased inflation but also a trade war between the major economic centres of the capitalist system. Those centres were causing serious fluctuations in economic equilibrium, were subordinating the demand for third world raw materials to their own needs, were increasing chronic trade and balance-of-payments deficits, especially of developing countries, and were fighting among themselves for markets and sources of raw materials. It was the working class that suffered most from the crisis. In many Western countries there had been an increase in unemployment, a rise in the cost of living and in the cost of medical services, education and housing and a reduction in funds for social programmes under national budgets.
4. However, as stated in the Havana Declaration of the Sixth Conference of Heads of State or Government of Non-Aligned Countries, the brunt of the crisis was borne by the workers in developing countries, and especially in the least developed countries. There had been a further decline in the exports of developing countries in many traditional sectors. Additional restrictions had been imposed on the access of exports of developing countries to western markets, while the cost of those countries' essential imports had constantly increased. According to UNCTAD figures, the external debt of the developed countries amounted to \$280 billion,

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which meant that one fourth of their export earnings went to pay that debt. All those factors increase the difficulties which those countries had to overcome in their development efforts.

5. Because of the great influence which private bank credits had on the economies of developing countries and the obligations they entailed, national development was dependent on such credits. The developing countries were increasingly subordinate to the very centres of decision-making that had created their state of dependence, a situation which negated their objective of creating independent national economies. Emphasis must be placed on the negative role played by transnational corporations in developing countries, where they largely controlled production and marketing and had a destabilizing effect. Their intervention in internal affairs undermined national sovereignty. They engaged in monopolistic price-fixing and restrictive commercial practices, and their enormous technical and financial resources were used against the interests of developing countries. According to UNCTAD figures, profits remitted abroad by transnational corporations were 1.8 times greater than those reinvested in countries where they operated.

6. Some countries were trying to evade their responsibility for the present situation of the developing countries and, by talking about interdependence, were trying to force the latter to sacrifice themselves in order to stabilize Western economies. They wanted the developing countries to accept a subordinate role to the capitalist economy as suppliers of raw materials.

7. The upheavals in the world economy also affected the socialist countries, especially those which obtained a large part of their income from international trade and, like the developing countries, suffered from the effects of discriminatory protectionist measures taken by the major Western centres. The socialist countries were affected by fluctuations in demand, increases in prices of imports and difficulty in obtaining credits. All those factors hindered the participation of the socialist countries in the international division of labour, reduced their export earnings and limited their capacity to provide development assistance.

8. The planned nature of the socialist economy, based on State ownership of the means of production and a State monopoly of international trade, resulted in broad co-operation among the socialist countries and enabled them to protect themselves against the upheavals caused by the crises of the Western world. Because of that, the growth rates of the countries of the Council for Mutual Economic Assistance (CMEA) remained stable even in times of crisis in the capitalist economy. When capitalist countries were going through the structural crises which resulted from the cyclical nature of their economies, the socialist countries could generate their own growth and also operate to a great extent as a stabilizing factor in international economic relations.

9. Under the leadership of their communist parties, the member countries of CMEA which in 1979 was celebrating the thirtieth anniversary of its creation, had

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achieved radical changes; the socialist way of life had been established and the exploitation and social insecurity of the workers had been eliminated, full employment and a constant increase in real per capita income had been achieved, and such amenities as free medical and education services, retirement pensions and paid holidays had been provided. The developing countries could benefit from that experience in solving their economic and social problems.

10. A major contribution to the success of the socialist community came from the achievements of the Soviet Union in its national economy, which were due to the efforts of its people under the leadership of the Communist Party and were based on full utilization of domestic resources and improved methods of planning and economic management. In the first three years of the Tenth Five-Year Plan, from 1976 to 1978, national income had increased by 16 per cent and real per capita income by 10 per cent. Between 1975 and 1978, the value of external trade had increased by 20 billion roubles, to a total of more than 70 billion roubles.

11. That progress had been and was being accompanied by the promotion of mutually advantageous economic co-operation with other States, including developing countries. With the assistance of the Soviet Union and other countries, over 1,000 projects for the production of steel, aluminium, coal, electric power, and so on had already been executed and 900 more were in course of execution. In addition, training had been given to 800,000 workers in developing countries. All installations resulting from that type of assistance became the property of the developing countries, as did the income derived from factories built with such aid, contrary to what happened in the case of assistance from Western countries and in the case of transnational corporations.

12. The Soviet Union, like other countries, wanted the restructuring of the international economic system on a just basis to be broadly applied, so that it would cover all flows of international trade and economic, scientific, technical, credit and monetary relations, including East-West relations. It would be wrong to try to bring about a restructuring which benefited only one group of countries while discriminating against others by maintaining limitations and restrictions. The vestiges of colonialism, neo-colonialism and the cold war would have to be eliminated.

13. The democratization of international relations must be encouraged and a mutually beneficial participation guaranteed, as the socialist countries had stated at the fifth session of the United Nations Conference on Trade and Development, held at Manila. To that end, it was necessary to eliminate discrimination and artificial barriers in international trade, together with all manifestations of inequality, imposition and exploitation in international economic relations, to undertake the restructuring of the world economy and international trade, to consolidate national sovereignty over natural resources and restrict the activities of transnational corporations, and to do away with existing inequalities in economic relations.

14. The world was currently facing extremely grave problems, the most important of which was the possibility of war. If the peoples of the world could only achieve genuine disarmament, there would arise favourable conditions for the solution of many other problems. Mr. Gromyko, the Minister for Foreign Affairs of the Soviet Union, had stated in the general debate at the current session of the General Assembly that "the signing of the Soviet-American Treaty on the Limitation of Strategic Offensive Weapons is convincing proof that, given goodwill and readiness to take into account each other's legitimate interests, it is possible to achieve agreements on the most difficult questions" (A/34/PV.7).

15. An important way of securing additional resources for the development of all countries, including more international assistance, would be by implementing the USSR proposals whereby the military budgets of the permanent members of the Security Council and other States engaged in large-scale military expenditure would be reduced by 10 per cent. Such reductions might begin immediately, in the next financial year, and could continue for, say, three years. The resources thus released would make it possible to step up aid to developing countries.

16. His delegation considered that the ideas which he had just outlined should form part of the basis of the development strategy for the 1980s, currently in preparation. The Soviet Union, which together with other socialist countries had made an active contribution to the work of the Preparatory Committee, wished to emphasize that the new strategy would have positive consequences only if it embodied, as a minimum, the progressive principles found in the Declaration and the Programme of Action on the Establishment of a New International Economic Order and in the Charter of Economic Rights and Duties of States. If those principles were overlooked, as had happened in the past, not only was the new strategy likely to be a dead letter but it might even be counterproductive, since it would diminish the value of those basic documents on the new international economic order.

17. In view of the meagre results obtained in the Second United Nations Development Decade, the new strategy must focus on methods that would facilitate the attainment of the targets set and the mobilization of the internal resources of each country. The Soviet Union endorsed the notion that the new strategy should fully reflect the social aspects of development and that it was impossible to limit the scope of action to combating poverty, leaving aside all other related factors. Instead, it was necessary to provide for solutions involving structural changes and to reflect, in that regard, the experience of countries which had established progressive structures facilitating independent growth, as had occurred in the member countries of CMEA.

18. Despite the doubts they had entertained regarding the capability of the Committee of the Whole established under General Assembly Resolution 32/174 at the time when its establishment was being discussed, the Soviet Union and other socialist countries had participated actively in that Committee's work and had supported the progressive proposals and the programmes aimed at the establishment

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of the new international economic order. An evaluation of the Committee's progress during the two years of its existence led to the conclusion that the results had confirmed those doubts. Not one of the complex problems before the Committee had been resolved; at most, it had succeeded in shedding light on some ideas that were already known and in finalizing some agreements whose preparation had already been far advanced.

19. Similar doubts must now be expressed regarding the idea of organizing another round of deliberations on a world scale concerning international economic co-operation for development. What was important was not the name to be given to such negotiations but making progress on the substantive question: the political position of the capitalist countries. As had been witnessed in the Committee of the Whole, that position continued to be negative. Experience had demonstrated that the restructuring of world economic relations required not the establishment of new organs, agencies or procedures but the proper utilization of existing institutions, in accordance with their respective terms of reference. For example, the Second Committee and the Economic and Social Council had the necessary powers and experience to solve the problems to which current international economic relations were giving rise.

20. However, in view of the opinions expressed by the developing countries on the value to be derived from a new phase of world negotiations, whose objective would be the restructuring of international economic relations on a democratic and equal basis, the Soviet Union would not raise objections to a proposal on those lines, although it must state that there was no room for illusions and there must be a clear understanding that new organs and new procedures would not in themselves give rise to real progress. Success would depend on the way in which the developing countries combated neocolonialism and economic hegemony, adopted progressive reforms, defended their national sovereignty and resources against imperialistic interests, and devised ways of controlling the activities of monopolies.

21. The special session of the General Assembly that would be held in 1980 could be an important milestone in the struggle against the current international economic imbalance, provided that all countries showed the necessary political will. It was important to bear in mind that imperialism, colonialism, neocolonialism, intervention in the internal affairs of States, apartheid, racism, racial discrimination, and all forms of foreign aggression, hegemonic occupation, expansionism and exploitation continued to be the main obstacles to the economic liberation of developing countries. The work of the Second Committee at the thirty-fourth session of the General Assembly and of other organs and bodies of the United Nations must be directed towards those ends. For its part, his delegation would be guided by the principles embodied in the message sent by Mr. Brezhnev, the Secretary-General of the Central Committee of the Communist Party of the USSR, to the President of the Sixth Conference of Heads of State or Government of Non-Aligned Countries, which, among other things, asserted that the Soviet Union supported the struggle of developing countries to rebuild international economic relations on an equal and just basis, rejecting any type of discrimination. The USSR firmly upheld the right of peoples to dispose of their own resources

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and to carry out social and economic changes that were in their interests and advocated the strengthening of the sovereignty and independence of recently liberated States.

22. Mr. CRNOBRNJA (Yugoslavia) said that the decade now ending had been characterized by great changes in the world, particularly in the world economy and in international economic relations. Ten to 15 years earlier, no one could have foreseen the events of 1971, 1973, and 1974, which had marked the end of an era in which the relatively stable prosperity of a small part of the world had been based, in large measure, on the uncontrolled and wasteful exploitation of natural resources. Such exploitation, together with other factors, had led to the energy crisis. Although that crisis affected the various parts of the world in different ways and to different degrees, it had demonstrated the need to take a different path from the one followed in over-all international economic relations so far.

23. It was difficult, today, to find a country that was fully satisfied with its economic situation and even harder to find a country which was not concerned about the long-term perspective of its development and did not contemplate the possibility of new, unexpected, setbacks. It was therefore by no means accidental that the majority of the speakers in the general debate in the plenary Assembly had referred to the need for economic co-operation through dialogue and agreement. A new characteristic of the present economic situation was that even the richest and most developed nations were no longer certain whether, and how, they could ensure their continuing prosperity. World economic problems had become more numerous and complex and, in the final analysis, the energy problem was the result, not the cause, of the general unsatisfactory state of world economic relations.

24. The concern to which the world economy gave rise was deepened by the fact that there was still no appropriate political agreement for ensuring a more rapid growth of the developing countries, particularly the least developed among them, with a view to creating more favourable conditions for the economic revival of all countries. The measures taken so far had not been commensurate with the gravity of the problem; nor had they offered genuine solutions. They had been partial measures, aimed at a short-term and temporary easing of the economic difficulties of the developed countries. It would serve no useful purpose to dwell in detail on the apportioning of responsibility for that state of affairs; it was common knowledge that the responsibility was not equally shared and it was well known who caused what damage or benefit, and to whom.

25. Yugoslavia, as a non-aligned and developing country, consistently emphasized that lasting solutions to growing economic problems could be found only through the joint efforts of all countries and in accordance with the needs of the establishment of the new international economic order. More constructive and specific proposals directed towards new and more just relations in the world should be reflected in all negotiations and talks. The greater the number of such proposals, the greater the results would be.

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26. All the circumstances he had mentioned imposed the necessity and the obligation to agree on what to do, and how, in the coming decade. The economic development of each country depended primarily on its own efforts, and for that reason the mobilization of all its available intellectual and material potentials was of crucial importance. Almost everything that had been achieved in connexion with the targets of the International Development Strategy had been the result of the efforts of the developing countries themselves. However, had international relations been more favourable, and had the developed countries done what had rightly been expected of them, the developing countries would have achieved much greater progress, and that would have led to more harmonious world economic relations.

27. In any event, the experience of Yugoslavia and other countries showed that even in unfavourable international conditions, many difficulties could be overcome and stable economic development ensured if each country took measures commensurate with its conditions and needs, mobilizing available internal forces and introducing essential changes. Co-operation among non-aligned and other developing countries based on the principles of the new international economic order could contribute significantly to self-reliant development. In that connexion, there was no dearth of ideas and programmes, but only of the capability to carry them out. Agreement had already been reached on certain programmes and frameworks of co-operation among non-aligned and developing countries, among them the programme for mutual economic co-operation adopted at Arusha, the programme of technical co-operation adopted at Buenos Aires and, in particular, the political guidelines for strengthening collective self-reliance adopted at the Havana Conference.

28. International economic co-operation was in a critical phase, but the difficulties should give impetus to the search for new solutions to problems such as those arising from the inefficiency of the existing international monetary system. Once again it had been the non-aligned and developing countries that had taken the initiative by proposing global negotiations. Those negotiations, which should take previous experience into account, could be a significant step towards the establishment of the new international economic order and an incentive for negotiations between the developed and the developing countries. However, those negotiations should not replace or impede existing channels of negotiations, but should complement them by dealing with questions of greater priority in world economic relations.

29. The primary aim of the new international development strategy should be rapid growth in the developing countries. That would require certain countries to change their positions and abandon their intention to maintain existing relations. With a more constructive approach to international co-operation, it would be possible to reconcile the interests of all countries. It was to be hoped, therefore, that at the forthcoming special session of the General Assembly there would be agreement on the new strategy and that it would lead to practical results during the decade. It should be emphasized that global negotiations, far from having a negative impact on the content and concept of the new international development strategy, as some feared, would complement it and would therefore be an appropriate framework for agreement on policy measures for the strategy.

30. His delegation believed that the agenda and the exact date of the special session of the General Assembly should be decided on at the current session. The

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agenda had been more or less determined, namely, the review and appraisal of progress achieved in various forums of the United Nations system with regard to the establishment of the new international economic order, the adoption of the international development strategy and the launching of global negotiations. With regard to the date, the special session should be held not later than the end of August 1980 and all the preparations to be made within the framework of the Preparatory Committee for the New International Development Strategy and the Committee of the Whole should be subordinated to the convening of that session.

31. Mr. GRETT (Australia) said that his delegation hoped that at the current session the foundations would be laid for breaking the stalemate in the North-South dialogue. The discussions in connexion with the special session of the General Assembly would be of central importance. The agenda should be restricted to a few key issues, tempting though it might be to review a broad sweep of international economic issues. With regard to the international development strategy, the results that had been achieved so far in the Preparatory Committee had been disappointing; however, the proposal that that Committee should hold three sessions in 1980 gave hope that the preparation of the new strategy could be completed in time for the special session. The Preparatory Committee should concentrate on producing a practical, action-oriented strategy, setting forth the priority tasks for development and presenting realistic proposals capable of winning the commitment of governments and public opinion in all countries.

32. Also linked to the special session was the proposal from the Group of 77, referred to the Assembly by the Committee of the Whole established under General Assembly resolution 32/174, that the special session should launch a round of global negotiations on international economic co-operation for development. His Government was prepared to accept that proposal in principle, on the understanding that the Committee of the Whole, working as a preparatory committee, would draw up a programme setting out the priorities and modalities for the negotiations and their relationship with ongoing negotiations in other forums.

33. The special session, the global negotiations and the international development strategy would tend to overshadow other issues on the Committee's agenda; however, members should not overlook the proposal on energy presented to the General Assembly by the President of Mexico, which the Government of Australia was studying with interest and which, in its view, should be developed further in relation to the proposal to hold global negotiations. The Committee would also have to take up the report of the United Nations Conference on Science and Technology for Development which, while it had not been able to resolve all the issues before it, had made some useful progress and had negotiated compromises on financial and institutional arrangements.

34. Another agenda item to which his delegation attached great importance was that relating to the Third General Conference of UNIDO which would, it was to be hoped, establish a realistic and balanced approach to the problems of global industrialization. The Committee would also have the task of resolving an issue which the Economic and Social Council had failed to resolve, namely the designation of the intergovernmental Committee which would be entrusted with the preparations

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for the United Nations Conference on New and Renewable Sources of Energy. His delegation hoped that there would likewise be no delay in nominating the panels of technical experts, for which his Government had nominated several experts.

35. The world economic situation was particularly serious. His Government believed that one of the key problems was the current high rate of inflation, with its adverse effects on growth, employment, exchange rates and international trade, to which should be added the energy problem, which was likely to be a further complicating dimension. Inflation had an adverse impact on developing countries in that it increased the cost of imports of manufactured goods and capital equipment, put pressure on the levels of official development assistance, limited export growth possibilities and private capital flows, and encouraged policies of sectoral protection in developed countries. In the absence of firm anti-inflationary policies, a return to sustained stable domestic economic growth and the expansion of international trade would be impossible.

36. There was also a fundamental link between inflation and protectionism. With rising costs, developed countries had adopted defensive policies in order to maintain certain sectors threatened by lower cost imports. That had resulted in less efficient use of labour and capital resources and thereby contributed to reduced growth, increased costs and further inflationary pressures. With those factors in mind, his Government had recently introduced a package of new initiatives for developing countries, including the liberalization of procedures under the Australian system of tariff preferences, the elimination of developed country preferential tariffs and the expansion of tariff preferences for developing countries.

37. The developed countries would have to make structural adjustments which would promote international economic activity. The recent meeting of Commonwealth Heads of Government at Lusaka had come to the conclusion that a continuation of slow growth in the world economy would reduce the prospects for improving living standards in both developing and developed countries. Accordingly, a group of independent experts had been commissioned to make a study of the constraints on economic growth and structural change in developing and developed countries and of the measures required to reduce those constraints. The Commonwealth countries would be able to use the results of that study in their preparations for the special session of the General Assembly in 1980.

38. Mr. ROCHE (Canada) said that, without underestimating the gravity of the crisis in the North-South dialogue or the magnitude of the problems of the world economy, he believed that undue concentration on the negative side of the global situation would set up yet another obstacle in the negotiations on establishing a new order. When the image of the work of the United Nations was negative, it became increasingly difficult to muster public support for an ever-increasing effort. The fact was that North and South had made more progress on financial, trade and commodity issues than was generally acknowledged. There had been progress on arrangements for the Common Fund, on preferential access to markets for manufactures, on the transfer and application of science and technology, on compensatory and development financing, and on the whole area of food and agriculture.

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39. None the less, the main problem facing the United Nations in its struggle for economic and social justice around the world was a profoundly ethical one: how mankind could share equitably the limited resources of the global community. To express the dilemma in such terms was to put into the correct perspective problems that seemed to be intractable because they were viewed in too technical a manner. The United Nations should take credit for having developed, in the 1970s, a body of knowledge which would help in planning for the stability and security of the planet. In addition to agreements reached with respect to the objectives of the new international economic order, a series of global conferences had been held which had demonstrated the interlocking and transnational nature of the critical problems affecting mankind. Similarly, it had become clear that the United Nations had achieved the beginnings of an international legal order with the adoption of the Declaration of and Covenant on Human Rights and the enunciation of everyone's right to economic, social, moral and spiritual development. With regard to the open seas and outer space, United Nations treaties emphasized the concept of the common heritage of mankind. Finally, the United Nations was also meeting urgent needs by providing humanitarian aid and helping people to help themselves.

40. The positive side of the development story would have to be emphasized in the third United Nations development decade if the final breakthrough was to be made in achieving the essential goals of eliminating world hunger by 1985, providing everyone with access to clean water by 1990 and ensuring that every family in the world was decently housed by the year 2000. All those goals could be achieved with available world resources. If the United Nations presented the challenge in profoundly human terms, there was no doubt that the Canadian people, who had an impressive record in international development assistance, would respond to it.

41. The Committee should emphasize the human dimension of development problems and reaffirm its desire to eliminate destitution from the face of the earth by the year 2000. Such a commitment, which reached beyond the concepts of developed and developing, rich and poor countries, and industrial and agricultural economies to focus on a convergence of all nations on man and the human needs of the marginalized masses of humanity, was bound to help in overcoming the stalemate in the North-South dialogue. The proposed strategy would focus on employment for the 250 million unemployed adults throughout the world as a means of meeting the basic needs - food, water, shelter, health and education. An economic order could be relevant and lead to peace only when it was based on satisfying real human needs.

42. As matters stood, Canada's aid programme was constrained by economic difficulties at home and by the fact that it was being reviewed with a view to qualitative improvements. The new Canadian Government would, however, continue to help the peoples of developing nations to achieve the economic progress that was their right. One of the first acts of the new Government had been to create a ministry in charge of international development programmes. The Government had also taken steps to increase its support to non-governmental organizations working in that field and would promote industrial co-operation with developing countries through greater involvement of private business and industry in special programmes.

43. The countries of the North, which had the necessary resources, technology,

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industry and capital, and a higher standard of living, bore a greater responsibility for setting the North-South dialogue back on a positive course. Among other things, those countries should stop using recession as an excuse for not implementing trade liberalization and the transfer of technology. Unless they adopted a more open approach, they would drive the Southern nations into a state of alienation which would, in the long run, leave the North the loser.

44. The nations of the South, for their part, should realize that broad international support was more likely to be mobilized for evolutionary changes which removed unjust constraints on the international economic order, facilitated a process of structural change and encouraged a concerted effort to help the weak and vulnerable groups. Far from distorting the concept of co-operation, as the Foreign Ministers of the Group of 77 had put it, a global strategy for basic needs would lead to more international co-operation in economic negotiations because it would make the North more sensitive to human destitution and more willing to strike at the roots of world poverty. The basic needs concept was not a slogan or an excuse for neglecting economic negotiations. Progress in the two spheres was mutually reinforcing, with the result that a two-pronged approach would bring North and South together while they worked to remove the tension and conflict which characterized the existing relationship between them.

The meeting rose at 12.35 p.m.