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at 3 p.m.

New York

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SUMMARY RECORD OF THE 16th MEETING

Chairman: Mr. MWANGAGUHUNGA (Uganda)

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GENERAL DEBATE (continued)

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The meeting was called to order at 3.25 p.m.

GENERAL DEBATE (continued)

1. Mr. BARREIRO (Uruguay) said that the world was confronted at the present time with both structural and transitory difficulties. The current world economic crisis must not be allowed to obscure the permanent structural problems. The imbalances in relations between the developing and the industrialized countries, while aggravated by the present economic crisis, were at the same time one of its causes. The new international development strategy must therefore be focused on finding a realistic solution to the structural problems.

2. One of the fundamental prerequisites of any new development strategy was efficient management of the world economy, making optimum use of all the factors of production. Waste or unproductive use of resources was unjust. The first step towards equity must be the efficient use of all the factors of production available to the world's population. Efficiency was in itself a road to equity, since the search for equity could not be maintained without efficiency.

3. The new international development strategy must lay down general guidelines, not arbitrary rules for universal application. Every national society had its own path towards the achievement of full development. Accordingly, Uruguay rejected the basic needs concept, which, besides being a very restricted approach to development problems, implied undue interference in the domestic affairs of Member States.

4. The new strategy should therefore concentrate on the relations between developed and developing countries, particularly in the fields of trade and of industrial redeployment, the latter being closely linked with transfer of technology. Efforts should also be made to reform the international system of price formation and to establish an international monetary system responsive to the needs of the developing countries. In other words, the strategy should make operational the principles of the new international economic order. He stressed, however, that it was the sovereign right of each State to choose its own development model in accordance with its own national characteristics.

5. According to the annual report of the International Monetary Fund for 1978, in the second half of 1977 between 10 and 11 per cent of the factors of production of the industrialized countries had been left unutilized, and the figure was not thought to have changed much since then. The persistent underutilization of the factors of production in the industrialized countries since the 1974 recession might be due to the fact that there was almost certainly a limit to the possibility of increasing effective demand in those countries because of artificially determined costs in certain sectors of production. If interdependence was to be total, the developed countries must seek to create an additional effective demand by increasing the purchasing power of the developing countries through the opening of their markets to the food products and manufactured goods of the developing countries in cases where the latter had a comparative advantage in production costs. The reconversion of certain unproductive industries in the developed countries suggested that the industries in question might well be redeployed to developing countries.

(Mr. Barreiro, Uruguay)

6. He would not dwell further on the present unsatisfactory economic relations between developed and developing countries, but would merely say that the difficult task ahead was to construct a new model aimed at efficiency and directed towards optimum use of the factors of production, while bearing in mind the friction that would result from the necessary changes involving permanent industrial redeployment in order to make full use of the comparative advantages of the various States making up the system.

7. For some countries, such as Uruguay, which had no valuable mineral resources, industrialization and trade were essential to development. However, since the 1973 crisis, protectionist trends in the developed countries had intensified. A study by GATT showed that, whereas in 1960 only 25 per cent of world trade had been subject to restrictions, 40 per cent of world trade was now restricted in some way. But despite repeated undertakings to establish a world economy that would grant the developing countries access to the markets of the developed countries, the facts showed otherwise. The only way out of the perpetual cycle of recession, depression and fleeting periods of prosperity was by incorporating all the developing countries in the productive circuit, in order to produce a global and balanced international economic system. The final objective must be to establish open economies in all countries, the sole test of which would be efficiency. Although Uruguay had been seriously affected by the new trade barriers set up by the developed countries to the detriment of their own consumers, it had decided to reduce protectionism for its external trade. Having itself experienced the harmful effects of artificially sustained industry, and being confident of the ability of its producers, it had opened its markets to imports from other countries. Its policy was one of economic realism: the dismantling of tariff barriers and the elimination of export incentives, or, in other words, the removal of all fiscal or quasi-fiscal elements which could distort economic calculation.

8. In view of the forecasts of a limited increase in world trade in 1979, urgent measures must be taken to stimulate international trade. Those countries which had a surplus in their balance of payments should take special steps to open their markets to the products of developing countries.

9. Where tariff preferences were concerned, Uruguay categorically rejected the attempt by a number of industrialized countries to create different categories of developing countries, and opposed the inclusion of any such arrangement in the multilateral trade negotiations package. The developing countries were at different stages on the road to development, as a result of their different historical backgrounds, but essentially their problems were the same. A criterion based on per capita income failed to take into account other economic factors such as inadequate domestic markets. The multilateral trade negotiations should cover measures for the progressive removal of duties on food products and manufactured goods from developing countries, with arrangements to give producers assured access for their products to the markets of the industrialized countries. A move should be made towards eliminating safeguard clauses against the products of developing countries, applied by the industrialized countries in many cases after pressure from small industrial groups representing obsolete sectors of industry in those countries, to the detriment of their own consumers. In the present inflationary situation, it should be especially borne in mind that protectionist

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(Mr. Barreiro, Uruguay)

trade barriers were by their nature inflationary, since protection for artificial industries tended to raise domestic prices unduly by safeguarding inefficient sectors to the detriment of the community.

10. Special measures must be taken to end the inflationary crisis. The collapse of the leading international currency might well signal a collapse of world trade, since there was at present no real alternative to the dollar. In his statement to the General Assembly, the Minister for Foreign Affairs of Uruguay had referred explicitly to that problem and had noted that the developing countries were doubly affected by the drop in the value of the dollar, first through imported inflation and secondly through the rise in value of imported inputs and the consequent rise in their export prices.

11. He stressed that Uruguay categorically rejected the practice of making economic relations of any kind dependent on non-economic considerations. The Uruguayan Minister of Economic Affairs and Finance had denounced that practice at the recent annual meeting of the International Monetary Fund. Such intervention was based on an abuse of economic power, as the representative of Argentina had pointed out in the Committee when he had rejected attempts to make financial transactions dependent on whether the Governments of developed countries were satisfied or dissatisfied with the domestic policies of the recipient countries.

12. His delegation hoped that the Committee's work would result in clear and action-oriented resolutions capable of producing tangible results. Further esoteric formulations would merely increase the frustration of the peoples of the world and imperil the future of the United Nations.

13. Mr. VALTASAARI (Finland) said that his delegation had very much appreciated the thoughtful analysis by the Director-General for Development and International Economic Co-operation of the central questions that would have to be answered before global solutions could be found to the problems of the North-South dialogue, as well as the views of the Under-Secretary-General for International Economic and Social Affairs on the way in which the United Nations could best contribute to those solutions. The Finnish Government regarded that dialogue as a permanent feature in present-day international politics. As a matter of global concern, directed towards the establishment of the new international economic order, it should be pursued within the framework of the United Nations system. His delegation agreed with many others that the validity of the dialogue would depend on its results rather than its mere continuation. The fact that it had taken more than six months to agree on a mandate for the Committee Established under General Assembly Resolution 32/174 was disquieting. On the other hand, it was a source of satisfaction that it had been possible to reach a consensus on solving that question, which had threatened to become an obstacle to further work on the substantive issues.

14. One of the central issues before the Second Committee was the new international development strategy. His delegation agreed with the Director-General for Development and International Economic Co-operation that the new strategy should be set squarely within the framework of the new international economic order. It should reflect the interdependence of all the component parts of the world economy and should emphasize structural change, institutional reform and the importance of collective self-reliance of the developing countries. It must also provide for mutual support between national action and international measures.

(Mr. Valtasaari, Finland)

15. In the view of the Finnish Government, the primary objectives of the new strategy should be growth, justice and efficiency. Growth implied recognition of the fact that a key element of development in the foreseeable future would be a long-term sustained increase in production. The economic development of the last 10 years had shown that growth of that kind presupposed the sort of structural and institutional reforms which were at the core of the new international economic order and were the focus of international economic debate. The world community must face a period of adjustment to changes in economic relations within the groups of industrialized and developing countries and between those groups, as well as parallel changes at the national level. The new strategy should take adequate account of all those changes, anticipate their results and contain commitments by all countries regarding the policies to be followed.

16. A document such as the international development strategy derived its strength mainly from being perceived to be a morally valid guideline for the future and a viable standard for national decision-making. Accordingly, it could not disregard the justified claims of the developing countries for equality of opportunity in the economic sphere. Nor could it ignore the well-being and dignity of the individual human being and the immense problem posed by mass poverty in the developing countries. The problem was by no means moral only; it was a crucial economic problem in the great majority of developing countries and, through global interdependence, an international one also. In the Finnish view, measures aimed at solving the problem of mass poverty were an essential element in the new international economic order and not a substitute for it.

17. Another point upon which the demands of economic realism and those of equity converged was the question of differentiation within various groups of countries. If the new strategy were to ignore differences in levels of development and economic structure and consequent differences in development opportunities and needs, it would be guilty of the same lack of realism as the present Strategy had often been charged with. Recognizing those realities in no way implied ignoring the importance of the unity of the third world in its struggle for a more just world order.

18. The new strategy must also aim at efficiency in the management of the world economy. Thus, decision-making mechanisms at all levels must be reformed in order to reflect the new realities of the times. The international institutions which served as forums for negotiations and decisions on joint action must be reshaped, as must the economic and social sectors of the United Nations, in respect of which a beginning had been made at the thirty-second session of the General Assembly. There must also be better and more efficient management of the world's natural and human resources. As the Minister for Foreign Affairs of Finland had pointed out in his statement in the plenary Assembly, the durability of the new international economic order would depend largely on its ecological and environmental soundness. Disregarding the need for global and regional policies in those respects would seriously undermine any other efforts that might be agreed upon. His delegation hoped that, by the end of the session, an understanding would emerge on the methods and procedures for drawing up the new strategy, at both the Secretariat and at the intergovernmental levels, as well as a consensus on the principles that would guide it.

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(Mr. Valtasaari, Finland)

19. The United Nations Conference on Trade and Development would be expressing its own ideas, at its fifth session, on many questions central to the new international development strategy. UNCTAD would, however, have before it at that session other issues which perhaps loomed even larger among the many concerns of the international community as a whole and the developing countries in particular. The draft agenda adopted at the eighteenth session of the Trade and Development Board reflected the unique importance of the fifth session of the Conference and should make it an occasion to dispel suspicions that the North-South dialogue was undergoing a crisis of confidence, to respond to new concerns which had arisen since the fourth session, to review and assess ongoing negotiations and to consider both the rationale of and the prospects for concrete action of a long-term nature in several areas of the international economy.

20. Before the UNCTAD session, however, the North-South dialogue would face a major challenge at the Negotiating Conference on the Common Fund. A breakthrough at that Conference would not only catalyse the slow negotiations on individual commodities but would also have a great psychological impact on the dialogue as a whole, and it would prevent the question of the Common Fund from being a contentious issue at Manila. Finland hoped that the negotiations would result in the creation of a totally new institution that would break new ground in the field of international economic co-operation. While that should be reflected in the Fund's structure, it must also be an economically viable and competent financial institution.

21. There had been forward movement in some crucial areas relating to the Common Fund, and some fundamental issues, such as the Fund's basic features, were no longer in question. A final consensus still had to be reached, however, and that might not be possible in the negotiating groups. His delegation therefore hoped that the Secretary-General of UNCTAD would continue to seek a basis for a compromise on the major outstanding issues and would provide the Negotiating Conference with a document which could form a rallying point. Ultimately, the negotiations should produce agreement in principle on three key elements: the composition of the Fund's capital structure, the scope of the "second window", and decision-making and voting.

22. In safeguarding the interests of the poorest countries, within the Integrated Programme for Commodities, special attention should be paid to the role of the Common Fund in fields other than buffer stocking. In addition to serving as a focal point for co-ordinating such measures, the Fund should also be able to finance them. The scope for the "second window" in that context should be explored carefully, with due regard to other international organizations, which at present supported such measures.

23. In the negotiating process, the interrelationship between the Fund and individual commodity agreements should be borne constantly in mind. Progress on one front must be closely followed by progress on the other. Determined efforts should be made by all parties to speed up the negotiations on individual commodities in order to make it possible to arrive at positive conclusions when the implementation of UNCTAD resolution 93 (IV) was reviewed at Manila.

(Mr. Valtasaari, Finland)

24. Negotiations in another important area had recently entered a decisive stage with the convening of the United Nations Conference on an International Code of Conduct on the Transfer of Technology. The Finnish Government had been pleased to note that the Conference had opened in an atmosphere of constructive co-operation and cautious optimism. In many respects, the code of conduct on the transfer of technology would break new ground and set a precedent for regulatory action in the field of international technology transactions. Adoption of a sufficiently specific and comprehensive code would bring advantages to all countries. In the long run, a common understanding of a framework of standards for the international transfer of technology would be conducive to an increased and smooth flow of technological exchange, in particular between developed and developing countries.

25. The forthcoming United Nations Conference on Science and Technology for Development should concentrate its efforts on finding ways to strengthen the self-reliance and independence of action of the developing countries in the field of science and technology and lessen their dependence on the industrialized countries in that respect. Those problems were intimately linked with the larger problems of growth and justice in the world through such issues as the modalities of transfer of technology, the role of transnational corporations, the strategies for the selection of technologies, the development of technologies best suited to the needs of each country, and manpower development through improved education and training. That linkage with the basic aims of the new international economic order should be appropriately reflected in the preparatory work for the Conference as well as at the Conference itself.

26. The Economic and Social Council had recommended, in its resolution 1978/61, that the General Assembly should convene at the earliest possible time a United Nations conference on new and renewable sources of energy. The Finnish delegation had supported the proposal in the Council, and indeed regretted that the results of intergovernmental deliberations on that subject were not already available to be used in drafting the new international development strategy. The events of the past few years had amply demonstrated the need for vigorous action to develop new energy sources, if the development targets for agriculture and industry, particularly those set forth in the Lima Declaration, were to be met. Such a conference should aim at identifying concrete measures of benefit to the developing countries and at laying the foundation for effective international co-operation in order to achieve economically and technically justified solutions to the energy problems of those countries. Owing to its dependence on imported energy, Finland had already developed some innovative technologies, which it was ready to share with the developing countries.

27. Discussions in the Second Committee usually concentrated on issues where views diverged widely and solutions were elusive. That should not mean, however, that no attention should be paid to successes in the field of North-South relations. The recent Conference on Technical Co-operation among Developing Countries had undoubtedly been such a success. It had been able to adopt by consensus and without reservations an extensive Plan of Action, thus uniting the international community around a central issue of the North-South dialogue in a way that had unfortunately been all too rare in past years. His delegation was convinced that collective self-reliance of developing countries would be a crucial factor in any satisfactory solution to the North-South equation. Seen in that perspective, the consensus at Buenos Aires was far more important than might be assumed from the Plan of Action. It was the duty of the General Assembly to safeguard that unity, and to take the

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necessary action to implement the decisions of Buenos Aires in a manner consonant with the spirit that had reigned at the Conference.

28. In their joint declaration, the Ministers for Foreign Affairs of the Group of 77 had emphasized that the United Nations system was the only framework for negotiations on the new international economic order and that the General Assembly had the central role in that process. His delegation shared the sentiments of the Group of 77 in that respect. At the same time, it recognized the grave responsibilities that the Second Committee had taken upon itself in shouldering the burden of furthering North-South relations. The only way to face that responsibility was through a commitment by all delegations to co-operation and the avoidance of confrontation. In that spirit, his delegation looked forward to a fruitful session of the Committee.

29. Mr. KOLEV (Bulgaria) said that the growing importance of problems related to the restructuring of international economic relations and the establishment of the new international economic order, in the work of the United Nations and in global policies as a whole, denoted a natural, law-governed process because it pertained to the elimination of the manifest contradiction between the antiquated colonial system of economic relations and the new realities, including the requirements of development confronting newly liberated countries. As the First Secretary of the Central Committee of the Bulgarian Communist Party and President of the State Council of Bulgaria had stated, the problem of overcoming economic under-development in developing countries was inseparably connected with the struggle for peace, understanding and co-operation among nations. On the basis of its foreign policy principles, Bulgaria had repeatedly emphasized the paramount importance of relaxation of international tension and improvement of the political climate in the world as a prerequisite for progressive economic development and for the establishment, on the basis of the principles of peaceful coexistence, of broad, equitable and mutually beneficial trade and economic co-operation among all the countries of the world, irrespective of their socio-economic systems and levels of development. At the current stage, the efforts aimed at supplementing political détente with military détente, halting the arms race and achieving disarmament were of crucial importance to the socio-economic progress of all nations, and his country fully supported the broad initiatives of the Soviet Union at the tenth special session and at the current session of the General Assembly.

30. Bulgaria's position on the issues of the restructuring of international economic relations was well known, and had found expression in the statements of Bulgarian representatives in the United Nations and other international forums, and in the joint statements of the socialist countries, including that issued in connexion with the General Assembly's consideration of item 58 (a). Bulgaria shared the disappointment of the developing countries at the lack of real progress in the establishment of the new international economic order, and in that connexion endorsed the assessment contained in the declaration of the Ministers for Foreign Affairs of the Group of 77. Developing countries had ample reason to be alarmed at the continuing deterioration of the world economic situation, as a result of the deep crisis in the market-economy countries, and their slow and uneven recovery. All that placed a heavy burden on the peoples of the developing countries, many of which, under the existing system of international economic relations, were caught in



(Mr. Kolev, Bulgaria)

the mechanism of the capitalist economy; the phenomenal level of the external debt of those countries was indicative of their difficulties. During the period that had elapsed since the adoption of the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the only development in international economic relations had been the increase in the profits reaped from developing countries by transnational corporations, which had been able to drain the national income of such countries, principally through the ever-increasing export of private capital.

31. Although there was a certain level of political interaction among States, and economic interrelationships between individual countries were expanding in the environment created by the scientific and technological revolution, the concept of "global interdependence" needed to be carefully defined. Interdependence had existed between colonies and metropolitan countries, but the developing and socialist countries were struggling for the final and irreversible elimination of all forms of interdependence of that kind and the building of qualitatively new forms of international economic co-operation based on progressive and democratic principles. The Declaration and Programme of Action and the Charter of Economic Rights and Duties of States were the basic terms of reference for the establishment of the new international economic order, including the preparation of the new international development strategy and preparations for the fifth session of UNCTAD. The extent to which those documents were implemented would, to a decisive degree, determine the success of the further struggle for the restructuring of international economic relations on a just and democratic basis.

32. The current year marked the thirty-fourth anniversary of the socialist revolution in Bulgaria, and was the third year of the seventh five-year socio-economic development plan. Statistical data for the first half of 1978 showed that Bulgaria had scored further successes in building an advanced socialist society. Industrial production had increased by 5.9 per cent compared with the same period in 1977, and accounted for 56 per cent of Bulgaria's national income. A broad government programme was being implemented in the sphere of agriculture, designed to make up for the losses incurred as a result of adverse natural conditions. The foreign trade turnover had reached a new peak, exceeding 6 billion levs, and the national programme for enhancing the living standard of the Bulgarian people was being successfully implemented. The implementation of the decisions of the recent National Conference of the Bulgarian Communist Party would contribute to Bulgaria's growing participation in the international division of labour and enhance its foreign trade links. Bulgaria's achievements resulted from the perseverant labour of the Bulgarian people, the mobilization of the country's internal resources on the basis of socialist ownership of the means of production and planned and balanced development of the national economy, and also from broad, equitable and mutually beneficial co-operation with the Soviet Union and other countries of the socialist community. Bulgaria formed an inseparable part of the socialist community, and consistently supported the policy of intensifying socialist economic integration within the framework of the Council for Mutual Economic Assistance.

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(Mr. Kolev, Bulgaria)

33. In the spirit of the Final Act of the Conference on Security and Co-operation in Europe, Bulgaria had undertaken a number of steps to develop co-operation with the market-economy States on the basis of the principles of peaceful coexistence, equality and mutual benefit, and had entered into many important agreements in the economic, scientific and technological fields. However, the economic instability, stagnation and inflation in the market-economy States was seriously impeding the development of normal trade and economic co-operation between Bulgaria and those countries. Bulgaria had always consistently advocated the elimination of discrimination and restrictions in international trade, and its development on an equitable and mutually beneficial basis, without any attempt to make economic relations an instrument for political blackmail and interference in the domestic affairs of the socialist countries. It hoped that the constructive proposals put forward by the Council for Mutual Economic Assistance for establishing a business-like relationship with the European Economic Community would contribute to the expansion of economic links among European States.

34. Bulgaria's economic co-operation with the developing countries had great potential for continuing and lasting expansion, particularly in view of Bulgaria's increased economic, scientific and technological capacity and its steadfast policy of peace, friendship and co-operation with all countries and peoples. Bulgaria and the other socialist countries, which had not participated in the plundering and exploitation of developing countries and were not responsible for the adverse economic situation of those countries, were, within the scope of their possibilities, rendering all-round support and assistance to them in their efforts to overcome their inherited economic under-development and achieve accelerated social and economic progress. The attempts of certain Western representatives to assign a share of historic responsibility for the under-development of developing countries to the socialist States, and to distort the significance and role of the assistance which those States rendered to the developing countries, were ill-founded and tendentious.

35. Bulgaria maintained trade and economic relations with over 70 developing countries in various regions of the world, and the proportion of that trade in Bulgaria's total foreign trade had reached 10 per cent, which was more than two thirds the figure for trade with the developed capitalist countries. Taking into account the specific problems of the least developed, land-locked and island developing countries, his Government had decided in 1977 to expand the general preferential system of imports established in 1972, thereby establishing a duty-free system of imports of goods from those countries to Bulgaria. It had concluded long-term agreements for trade, economic, scientific and technological co-operation with many developing countries, and was providing assistance to developing countries in many areas, within the scope of its capabilities. The Eleventh Congress of the Bulgarian Communist Party had stated that the People's Republic of Bulgaria would increasingly strengthen its political, economic and cultural links with the developing countries. That policy was also determined by Bulgaria's desire to participate ever more actively, on the basis of equality and mutual benefit, in the international economic division of labour, which was of great importance to its own economic and social development.

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(Mr. Kolev, Bulgaria)

36. Thus, Bulgaria consistently advocated that international economic relations should be restructured on a just and democratic basis, and that long-term international trade and economic, scientific and technological co-operation should be developed among all States. It hoped that at the current session the General Assembly would succeed in adopting generally acceptable decisions which would promote the democratic and progressive restructuring of international economic relations and the strengthening of mutual understanding, trust and détente in international life. His delegation, together with the other delegations of the socialist community, would do all it could to promote the attainment of those aims.

37. Mrs. CARRASCO (Bolivia) said that the general debate provided a valuable opportunity to review economic and social development from the point of view of each country, and make a careful study of national plans and projects in the light of the progress achieved in implementing the guidelines prepared by the various United Nations bodies concerned, with a view to strengthening the new international economic order. Bolivia fully supported the postulates of the new international economic order, particularly in relation to such essential problems as the restructuring of commodity trade, the expansion of the export trade of developing countries, monetary instability and currency devaluations, the growth of external indebtedness, the conduct of transnational corporations and the transfer of technology.

38. As a producer country which was heavily dependent on its mineral exports, Bolivia believed that the developing countries must be united in the defence of their commodity trade and present a common front against the manipulation of markets and the imposition of disproportionately low prices for their products and excessively high prices for manufactured goods. Although the United Nations was striving to achieve a policy of price stabilization, the implementation of its decisions was a lengthy process and depended on political will. Unless efforts were co-ordinated and progress was made between producer and consumer countries, the former would have no alternative but to organize themselves without delay to defend their interests. Bolivia was a developing country, with all the limitations of a dependent economy but with political maturity, and it firmly supported the demands made at the second session of UNCTAD and spelt out in the provisions relating to the new international economic order.

39. It was regrettable that the multilateral trade negotiations had not fully achieved the desired results, and that the attainment of the objectives set forth in the Tokyo Declaration had been hindered by the reluctance of the industrialized countries to introduce the preferential measures and special treatment which they had undertaken to apply for the benefit of developing countries, although they had shown some flexibility.

40. Bolivia welcomed the success of the Conference on Technical Co-operation among Developing Countries, including the adoption of the Plan of Action and the exchange of ideas on future programmes of horizontal co-operation. It attached great importance to technical co-operation among developing countries and believed that it was a valuable instrument for confronting the problems of development and achieving the establishment of the long-awaited new international economic order. However,

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(Mrs. Carrasco, Bolivia)

all efforts to develop "South-South" technical co-operation would be ineffective if the situation of the least developed and geographically disadvantaged developing countries, and those with scant resources, was not taken into account, so as to avoid financial difficulties when it came to implementing programmes of co-operation.

41. The external debt of the developing countries was a major problem because indebtedness had increased considerably over the past decade; some developing countries were on the verge of crisis and had been forced to secure commercial loans with very high interest rates, thus aggravating their balance-of-payments problems.

42. Her delegation hoped that the adoption of General Assembly resolution 33/2 would make it possible for the Committee of the Whole, when it met again, to discuss effective solutions and adopt political decisions designed to change the system of international economic relations, bearing in mind the interests of the developing countries and the existing decisions and definitions relating to the establishment of a more just system.

43. Mr. GADEL HAK (Egypt) said that current international economic trends, the instability in international economic relations and the increasing problems relating to development and international economic co-operation were causes for deep concern. Over the past year increasing inflation, growing indebtedness, foreign trade deficits and protectionist trends had all adversely affected the developing countries. In those countries, per capita income and agricultural production had declined in 1977 and industrial development had been below what was required. Especially in Africa, slow economic growth had been linked with a decline in income because of the fall of the prices of exports, which were mainly raw materials, and as a result many developing countries with trade deficits had had to impose strict economic measures. Their burdens had been increased because of inflation and the instability in the commodity and monetary markets. The protectionist trends in the developed countries had also had an adverse effect on the income of developing countries. The exports of the developed countries had risen as a percentage of world trade, while those of the developing countries had fallen.

44. The failure to give effective help to the developing countries over the past two Development Decades had led to a widening of the gap between the rich and the poor. The resolutions adopted by the General Assembly at its historic sixth and seventh special sessions and the Charter of Economic Rights and Duties of States were the tools that should be used to solve the problems of poverty and inequality; that could not be done without profound changes in the existing international economic order. Egypt was deeply convinced of the need to establish a new international economic order so as to provide all mankind with a life of dignity. That aim could not be achieved through merely superficial changes in the present order. The Declaration and the Programme of Action on the Establishment of a New International Economic Order and the principles set forth in the Charter of Economic Rights and Duties of States were clear invitations to effect changes in the structure of international relations and also in the relevant institutions.

(Mr. Gadel Hak, Egypt)

45. Despite the agreement embodied in those documents, there was still a need to improve the relations between developed and developing countries, and the progress in establishing the new international economic order was not encouraging. Little headway had been made in the multilateral trade negotiations, in the discussions under UNCTAD auspices or in the arrangements for the Committee Established under General Assembly Resolution 32/174. As a result, many problems of concern to the developing countries had remained unsolved.

46. The transfer of resources during the Second United Nations Development Decade had been below the level required by the developing countries. There had been a decline in 1977 in the real value of official development assistance, which had amounted to only about half the target figure of 0.7 per cent of GNP. However, Egypt welcomed the steps that were being taken by some developed countries to reach the target in the near future. The developed countries as a whole should increase their ODA and improve the conditions on which it was granted. Additional resources should be allocated by the international organizations, especially the World Bank and the regional development banks, so as to provide more financing of development and help the developing countries to pay their debts by means of credit guarantees. Capital outflows were recognized as having a harmful effect on the development of the developing countries, whose indebtedness was naturally reflected in their balance-of-payments deficits; that was a long-standing problem, since it had already existed early in the 1970s, and it should therefore be treated on a long-term basis. Despite the steps taken by the International Monetary Fund to increase its allocations and establish additional financial machinery, there was a need for further measures such as a review of the drawing rights. The indebtedness of the developing countries constituted a heavy burden, and it appeared to be a characteristic of development; those countries should therefore be given help to pay their debts in the future. While they were struggling to pay their debts they were also endeavouring to carry out their development plans; it was therefore desirable that all the creditor countries and the international institutions concerned should assist them to reschedule their debts and reduce their indebtedness. Some international method must be devised to find a proper solution to the problem. The agreement reached at the meeting of government experts held recently in Geneva to discuss the subject had been encouraging, but there must be more effort to reach agreement on organized institutional arrangements. There should be a clearer understanding by the developed countries of the problems of the developing countries. However, he welcomed the steps taken by the developed countries to help the least developed countries to solve their debt problems.

47. One of the most important tasks facing the United Nations was the formulation of the new international development strategy for the next Development Decade. The strategy must include the objectives and practical measures needed to establish the new international economic order, which must be faithfully implemented by all the Western and socialist countries. It should provide for a proper balance between the trade of developed and developing countries, which must be diversified in order to guarantee the export earnings of the developing countries. There must

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(Mr. Gadel Hak, Egypt)

be arrangements to improve production methods in industry and agriculture in the developing countries through the transfer of technology. The discrepancy in income between developed countries and developing countries called for a special effort on the part of the former to provide financial aid to the latter, including grants and loans on favourable terms.

48. The new strategy should also take full account of the results of the United Nations Conference on Technical Co-operation among Developing Countries. TCDC should become one of the most important tools used by the developing countries to achieve self-reliance on a unilateral or collective basis, and also one of the mainstays of the new international economic order. It should help to achieve the goals of the new order and should not have any adverse effect on relations between developed and developing countries. One pioneering effort to promote such co-operation was the tripartite agreement in the economic and technical fields recently concluded by India, Yugoslavia and Egypt. Another example was the Cairo Declaration of March 1977 on Afro-Arab co-operation in the economic and technical fields, which should do much to foster co-operation between the African and Arab countries.

49. Many international conferences were to be held in 1979 and 1980, and success at the Conference on Science and Technology for Development and at the fifth session of UNCTAD should lead to marked progress in dealing with all the problems relating to the new international economic order. The beneficial economic and social effects of science and technology had led many developing countries to incorporate policies on science and technology in their development plans in order to increase their national scientific and technical potential.

50. Egypt was in a new phase of its development. It was seeking a just and comprehensive peace and a restoration of its sovereignty over its land and resources. Its paramount consideration was the welfare of the individual Egyptian. Ensuring that welfare required productive work and proper living conditions, and for that it was necessary to bolster several economic sectors, both in agriculture and in industry, and every effort was being made to do so.

51. The commitment to ensuring a better life for the peoples of the international community must be shared by all. Progress in establishing the new international economic order depended largely on the political will of the developed countries, although the developing countries had the primary responsibility for their own peoples. The international community was at the crossroads, and must find pragmatic solutions to the economic problems facing the contemporary world.

52. Mr. RABEMANANTSOA (Madagascar) said that his delegation had already had the opportunity in the plenary Assembly to state its views on the major problems of development and international economic co-operation. Other speakers had referred to the discouraging results of the current crisis in the world economy, characterized by declining growth rates, rising employment and underemployment, continuing inflation, a return to protectionism and chaotic trends in monetary and financial affairs. His delegation firmly supported the legitimate demands of the developing countries, and their reaffirmed commitment to the establishment of a new international economic order and the just and equitable development of all nations through sincere co-operation.

(Mr. Rabemanantsoa, Madagascar)

53. His delegation had welcomed the adoption of General Assembly resolution 33/2 concerning the mandate of the Committee Established under General Assembly Resolution 32/174, and was convinced that that mark of confidence in the resumption of the negotiations which had been initiated at all levels would be a positive element in arriving at agreements on outstanding questions. It had also noted the favourable position of certain developed countries on the restructuring of international economic relations, and hoped that that position would be maintained throughout the Second Committee's search for adequate solutions to the current crisis in the international economic situation.

54. His delegation welcomed all the measures which had been taken to apply General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system, in the context of implementing the Programme of Action on the Establishment of a New International Economic Order. The report of the Secretary-General (E/1978/118) on the implementation of the conclusions and recommendations annexed to that resolution clearly showed the constant concern of the Organization to implement the policy of restructuring by ensuring greater coherence in the activities of the system and providing the necessary support to the promotion and harmonization of development and economic co-operation for the benefit of Member States. The statements made to the Committee by senior Secretariat officials concerned with economic affairs had revealed encouraging prospects in such areas as the initiation within national communities of the world-wide process of restructuring political, economic and social relations so as to increase the negotiating power of developing countries; a development policy based on the developing countries' desire for collective self-reliance and the establishment of horizontal relations based on their complementarity; trade and economic co-operation between the developing countries and the socialist countries; new forms of international financial co-operation to serve the interests of development and ensure the transfer of financial resources to developing countries; improvement in the terms of trade by diversifying production capacity so as to increase export earnings; the establishment of a Common Fund to finance buffer stocks; measures to alleviate the external debt of developing countries; training programmes for developing countries; and the mobilization of political support to implement a food programme.

55. At the national level, Madagascar fully appreciated the assistance it received from United Nations agencies and friendly countries, but that did not lead it to neglect the mobilization of national resources. The developing countries must play an active role in the task of promoting international development and must work at all levels, including internal development policies, co-operation with other developing countries and collaboration with the developed countries. However, the political will of the various partners to make greater efforts, accept sacrifices and carry out their commitments was the paramount requirement. He hoped that an atmosphere of détente and a spirit of mutual trust would prevail during the search for new directions to the benefit of all mankind.

56. Mr. NISHIDA (Japan) said there was a growing realization of the fact that development involved all aspects of international economic relations and of the need for dialogue between the developed and the developing nations. The Committee Established under General Assembly Resolution 32/174 should play an important role

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(Mr. Nishida, Japan)

in that dialogue and, following the recent agreement on procedure, he hoped that the Committee would have fruitful sessions in 1979. The extensive technical work which had been done in other forums, such as the Trade and Development Board, provided a useful basis for the discussions.

57. The efforts of the developing countries themselves, the co-operation of the developed countries and a favourable world economic and political climate were essential factors in promoting dynamic development in developing countries. Those countries had achieved impressive economic growth over the past 25 years; their growth rate now surpassed that of the developed countries, a fact which reflected their determination to achieve economic progress and rapid improvement in the management of their economies. The developed countries should collaborate in the establishment of a just and equitable international economic order and provide financial and technical assistance to complement the efforts of the developing countries themselves. His Government had been active in extending such co-operation and was determined to further improve its official development assistance both qualitatively and quantitatively. It had recently announced its intention to double the volume of ODA over a three-year period starting in 1977 and to pursue the basic principle of untying its financial co-operation. In response to resolution 165 (S-IX) of the Trade and Development Board, his Government had announced a debt relief programme for the least developed and most seriously affected countries totalling \$1.2 billion. The Japanese parliament had recently approved the allocation of \$240 million additional funding for ODA. His Government had also taken steps to accelerate the allocation of its share of the Special Action Programme, totalling \$114 million in the current year.

58. Developed and developing countries must recognize the importance of interdependence. The world was currently experiencing a prolonged economic crisis characterized by high rates of unemployment and inflation, unstable exchange rates, balance-of-payments difficulties and the threat of increased protectionism. Aware of the world-wide impact of its economy, Japan had since the previous year put into effect a series of economic measures aimed at speeding up internal economic growth, thereby contributing to the recovery of the world economy, and at accelerating the structural changes needed to promote the development of the developing countries.

59. The new international development strategy must take account of all those elements. Despite the widespread uncertainty and unease about world economic prospects in the 1980s, the preparatory work on that strategy must be continued taking into account, inter alia, the following salient points: the new strategy should be an expression of the commitment of all members of the international community to co-operation; it should contain a clear statement by the developing countries of their development priorities and policies as well as specific strategies and goals for the achievement of their development requirements; different goals and strategies should be formulated for different groups of countries in order to reflect their different economic and social needs and political aspirations as well as differences in their levels of development; in view of the interdependence of the economies of all States, attention should also be focused on the economic growth rates and policies of the developed countries.



(Mr. Nishida, Japan)

Where growth was slow, remedies should be prescribed and suitable mechanisms incorporated in the strategy to ensure consultations and policy co-ordination among all States; approaches must be included for the solution of global economic problems such as food, energy and trade; new methodologies and follow-up mechanisms must also be included in order to ensure that the strategy reflected the changes that would take place throughout the decade. With regard to institutional arrangements, his Government favoured an intergovernmental committee open to all States with sufficient time at its disposal to enable it to consult with various secretariats of the United Nations system.

60. Turning to the question of the United Nations University, he noted with satisfaction that the report of the Council of the University (A/33/31) showed that it was achieving steady progress towards becoming fully operational. However, he expressed concern at the continuing financial constraints on the University's activities. The best means of inducing the international community to provide increased financial support for its activities was for the University to build and maintain a close working relationship with the United Nations and its subsidiary organs and specialized agencies and to ensure that its activities reflected the needs and concerns of the international community.

61. With regard to the restructuring of the economic and social sectors of the United Nations system, his delegation was fully aware of the extremely complicated nature of the problems and the difficulty of arriving at conclusions that were satisfactory to all. However, he urged that every effort should be made to achieve progress during the current session of the General Assembly. At the last regular session of ECOSOC, his delegation has pointed out that any restructuring measures in one area, such as the Secretariat, should take full account of structural changes in others, such as the intergovernmental bodies it served. He hoped that the restructuring efforts would soon bear fruit in order to ensure a more effective contribution by the economic and social sectors of the system and more efficient consideration of economic and social questions by the world community.

62. He noted with satisfaction that the United Nations Conference on Technical Co-operation among Developing Countries had successfully concluded its work and unanimously adopted the Buenos Aires Plan of Action, which would provide a firm basis for TCDC in the coming years. His Government was determined to implement the aims of the Plan of Action.

63. His Government attached great importance to the United Nations Conference on Science and Technology for Development. It would co-operate fully with other Governments in the preparations for the Conference, which it hoped would be successful in giving new impetus to the promotion of world-wide co-operation in the field of science and technology.

(Mr. Nishida, Japan)

64. On the question of energy resources, he recalled that in his statement to the plenary Assembly, the Minister for Foreign Affairs of Japan had stressed that the solution of that issue was a common task to be tackled by all countries and that Japan was willing to co-operate actively in international efforts in the field of energy resources. His delegation strongly supported the convening of a United Nations conference on new and renewable energy resources.

65. Mr. WARSAMA (Somalia) said it was widely recognized that the present economic system was unsatisfactory, even for the advanced nations, and that the deterioration in the position of the developing countries was due to the adverse economic policies of the industrialized nations. The absence of adequate mechanisms to cope with the economic crisis had led certain countries to adopt measures which were regarded by economic experts as harmful to the world economy, in that such measures had previously led to major depressions. He hoped that the increase in economic co-operation among industrialized countries was not a manifestation of an intention to protect their own advantages and privileges and that it would not lead to the adoption of further protectionist measures. The developing countries constituted an important and integral part of the international community and, as such, were entitled to full partnership. Moreover, any further deterioration in the position of those countries might have serious adverse effects for the developed countries themselves. Their supplies of essential raw materials might be disrupted as a result of conflicts and disturbances arising from the failure to resolve the problems of under-development and poverty, and they would lose markets for their exports of manufactured goods. Consequently, global solutions must be found on the basis of collective action within the framework of the United Nations system with a view to effecting the fundamental changes in international economic relations which were a prerequisite for the establishment of the new international economic order.

66. His delegation shared the concern expressed by the Secretary-General and the Director-General for Development and International Economic Co-operation that the stalemate in the North-South dialogue and other major issues relating to the new international economic order could have fundamental political as well as economic repercussions. He noted an indecisiveness and reluctance on the part of the developed countries to take the bold, imaginative steps necessary to bring about the requisite changes. Constructive dialogue and sincere political will on the part of all, especially the rich, were prerequisites for the success of the common endeavour. To that end, the advanced nations should agree to forego some of their privileges and advantages in favour of the developing countries. They should bear in mind that, in an age of increasing interdependence, dynamic economic growth in the developing countries would be beneficial not only to that group but to the developed countries as well.

67. He welcomed the recent agreement regarding the work of the Committee Established under General Assembly Resolution 32/174, which he hoped would now be able to adopt guidelines on matters of general policy and reach agreement on action that would produce specific results, within specified time-limits, on priority issues relating to development and international economic co-operation.

68. With regard to commodities, he hoped that the negotiations on the Common Fund and the Integrated Programme would be concluded as speedily as possible and that the developed countries would modify their position so that the Fund might become operational.

69. Somalia attached the greatest importance to the convening of the United Nations Conference on Science and Technology for Development and hoped that it would adopt measures that would enable developing countries to share in the benefits of technological progress and promote the transfer of technology on a more reasonable basis.

70. His Government, which had long placed national self-reliance at the centre of its development planning, fully supported the Buenos Aires Plan of Action adopted at the Conference on Technical Co-operation among Developing Countries. However, that new input to the process of economic development should be regarded as a supplement to, rather than a substitute for, existing technical co-operation. He noted with satisfaction the involvement of UNDP in the promotion of technical co-operation among developing countries and commended the Administrator on his efforts to ensure the success of the Conference.

71. Despite the gloomy picture reflected in the report of the World Food Council (A/33/19) and in the Executive Director's statement to the Committee, his delegation was of the view that there was a firm commitment on the part of all concerned to find a solution to the problem of world hunger and poverty. He expressed the hope that the General Assembly would endorse the recommendations adopted by the Council at its eighteenth session.

72. He welcomed the consensus on the question of external debt that had been reached at the ministerial meeting of the Trade and Development Board. However, further measures were required in behalf of the most seriously affected countries, and more rich countries should follow the example of Sweden, Canada, the Netherlands, Switzerland, Finland and the Federal Republic of Germany in converting the debts of those countries into grants.

73. Lastly, the restructuring of the international economic system would be incomplete without the establishment of a new and more rational monetary system which would be equitable and universal and in the functioning of which the developing countries would participate on an equal footing.

The meeting rose at 6.05 p.m.