

United Nations  
**GENERAL  
ASSEMBLY**

THIRTY-SECOND SESSION

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SECOND COMMITTEE

3rd meeting

held on

Wednesday, 28 September 1977

at 10.30 a.m.

New York

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SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. JANKOWITSCH (Austria)

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

#### ELECTION OF THE RAPPORTEUR

1. Mr. PFANZELTER (Austria) nominated Mr. Dharat (Libyan Arab Jamahiriya) for the office of Rapporteur.

2. Mr. Dharat (Libyan Arab Jamahiriya) was elected Rapporteur by acclamation.

#### ORGANIZATION OF WORK

3. The CHAIRMAN said that, since the sponsors of draft resolution A/C.2/32/L.9, concerning assistance for reconstruction of Viet Nam, had requested that the Committee should consider it on a priority basis, he proposed that it should be taken up at the next meeting and dealt with as expeditiously as possible. He also proposed that the Rapporteur should be authorized to report to the plenary on the action taken on the draft resolution as soon as the Committee completed its consideration of it.

4. It was so decided.

#### GENERAL DEBATE

5. Mr. VAN LAETHEM (Under-Secretary-General for Economic and Social Affairs) said that the international community had never before enjoyed such precise knowledge about past and present trends in economic and social affairs, nor had it ever had at its disposal so many means and tools for analysing that data for the purpose of formulating development strategies and policies or merely guiding its day-to-day course of action. Moreover, government leaders had never been so well informed about the political and psychological context within which they must plan for the destiny of their people. The United Nations had done much to increase that great wealth of knowledge, and the Paris Conference had made an additional contribution to the process.

6. Yet, paradoxically, the international community appeared to be deeply immersed in uncertainty. Not only had it proved increasingly difficult to find a clear way through the mass of new knowledge, but, above all, the upheavals which had affected the world had raised questions about the very choice of objectives and the appropriate means of reaching them. Thus, there had been considerable changes in the direction and priorities of individual needs, and even more in those of the new collective needs of society. It was hardly surprising, under those conditions, that at a time when exceptional boldness was necessary, political leaders and those who had economic power in the public or private sector sometimes seemed confused and inclined towards a wait-and-see policy.

7. The Committee, was well aware of the general policy thrust which should be given to the institutions of the United Nations system, of the importance of formulating principles for action and setting priorities and, above all, of speedily

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assembling around those principles and priorities a wide array of wills and means. One of its most important tasks at the current session was to give new momentum to a variety of deliberations or negotiations which had begun elsewhere and to set an exact course for the process leading to the adoption of a new development strategy, in accordance with the historic consensus arrived at by the world community.

8. At first glance, economic performance in 1976 would seem encouraging. More and more signs of recovery had appeared in most of the market-economy developed countries, comparable advances had been made in the planned-economy States, and the developing countries had benefited considerably from the favourable turn of events. The vigorous growth of the industrial sector had been one of the driving forces of the recovery, and the strong demand for energy had also had a favourable effect on the volume of international trade. Finally, 1976 had been on the whole a very satisfactory year for agriculture; gross world agricultural production had risen by 4 per cent, a rate surpassed only once since the beginning of the decade, in 1973.

9. Nevertheless, the economic cycle did not yet seem to have entered a phase of sustained expansion. The recovery of the Western economies had lost momentum during the first half of 1977, most States had not been able to arrest the inflationary spiral which continued to sap their strength, and in many countries the level of external trade deficits remained high. The reappearance of certain protectionist tendencies was cause for concern; virtually everywhere, Governments had been striving to manage domestic demand with particular caution, while the business community had tended to remain on the defensive. The available projections for the period 1976-1981 showed that, unless vigorous action was taken, levels of investment were unlikely to exceed the 1973 figures, unemployment would rise again and inflation while abating would continue to be high.

10. In the third world, the results since 1970, viewed from the vantage-point of a medium-term analysis and taking into account the objectives of the International Development Strategy, had in general been relatively disappointing and, in particular, reflected growing and serious disparities. It was true that many developing countries had considerably improved their position, particularly with regard to the national savings rate, per capita income and the volume and terms of trade. However, the disconcerting aspect of the first five years of the decade had been the mediocre performance of the agricultural sector, where production had often lagged far behind population growth. Studies showed that, generally speaking, countries with abundant natural resources and relatively high incomes had achieved, or even surpassed, the indicative targets of the strategy, while the States which had been the poorest and most disadvantaged to begin with were precisely the ones that had made the least progress. It was therefore increasingly difficult to deal with the developing world as though it were a single, homogeneous entity, and it was essential to refine and differentiate analyses of the situation in order to take into account regional needs. While a number of States were making steady progress and some were nearing the economic take-off point, the great majority had not benefited enough from that upward movement, and nearly one half of mankind continued to live in extreme poverty without hope of any rapid improvement in its living conditions unless remedial efforts were stepped up considerably at both the national and the international levels.

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11. The social progress of the third world during the first half of the decade must also be considered in the light of the accelerating differentiation in growth rates and levels of development. From an over-all point of view, the achievements had not been negligible - smallpox had been eradicated, the condition of the urban masses had improved, the delivery of medical services seemed more evenly distributed, progress had been made in rural education, and illiteracy had declined still further - but they had been far outstripped by the increase in needs. The level of nutrition, the social infrastructure in urban areas and the supply of medical, technical and other trained staff remained seriously inadequate. Above all, rural regions had not sufficiently partaken of the benefits derived from a pattern of growth which in any event was still too meagre. The very uneven pace of social progress was closely linked to a number of major factors such as level of income, population growth and distribution, and rapidity of urbanization. Governments of developing countries were therefore faced with tasks of great magnitude and complexity.

12. The Committee would have a key role to play in the elaboration of the new development strategy. Logically, however, its efforts during the coming weeks should be concentrated on the problems of the immediate future. It was of great importance to devise means of extricating essential aspects of some of the work and negotiations now under way from the morass in which they had sunk, as progress in those negotiations could open new and better vistas to the third world by the end of the current decade. That attempt should be placed within an over-all view that would meet the pressing needs of the economic situation.

13. The unfavourable economic situation of the last three years had considerably hampered the uneven progress of the developing countries, which could be further hampered by the current hesitations of the economic recovery. Pather than attempting to mitigate the unfavourable effects of the general situation on the development of the third world, the aim should perhaps be, by means of a more vigorous development of the third world, to help to consolidate world recovery. There was a growing realization among political leaders, as well as within industrial and financial circles, that the energizing forces of the economies of the industrialized countries were now insufficient to sustain the desired growth rate and that a strong emphasis on the development of the third world should become an integral and essential part of the strategy to overcome the hesitations of the economic recovery. That nascent idée force should be broadened and encouraged, and the Committee's tasks could perhaps be co-ordinated around it. In direct line with the long-term objectives defined by the sixth and seventh special sessions of the General Assembly, it should be possible to conceive of an action programme meeting the major problems of the next few years. Should the economic situation deteriorate, it could again quickly become a powerful check on such ambitions, but in its present state it might also prove to be a valuable stimulus to concerted and far-reaching action.

14. As the Chairman of the Group of 77 had recently proposed, a few important priority sectors should be chosen as a focal point for efforts, without, however, disregarding the over-all context. An attempt should also be made to amass in both developing and industrialized countries an accumulation of goodwill and resources for the benefit of those sectors. In order to ensure that such efforts received the necessary support, attention should be paid to creating a better

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understanding of the problems of the third world and strengthening the political will to remedy them. The international community must decide whether the idée force to which he had referred should be the central - though not inclusive - theme of a new structure of priority concerns, and its decision would show how aware it had really become of the constraints of interdependence and how it perceived the dangers threatening all countries as a result of the evolution of the economic situation. The Second Committee was in a position to influence that decision, and in any event it must choose the main thrust to be given to the immediate and long-term action of the United Nations system. The Committee was well placed to formulate appropriate criteria to guide the quest for decisive progress: criteria of substance, based on the respective merits of the areas of action to be chosen in order to ensure the promotion of development and of the desired structural reforms; criteria of practicality, based on an assessment of the comparative political prospects of the various negotiations; and still others, relating, for example, to the degree of support conceivable from public opinion or to the amount of assistance that could possibly be mobilized over and above the resources currently foreseeable. It could also pin-point the lessons to be derived from a consideration of the economic and social developments that had occurred in the third world since the beginning of the decade.

15. The studies made in the Department of Economic and Social Affairs suggested certain lines of thought in that connexion. It was clear that agriculture continued to be a driving force in the economy of most of the third world countries; in the great majority of cases, the meagre results obtained with regard to agricultural production and the direct consequences - a decline in exports, internal inflation and a balance-of-payments deficit - were responsible for the slowing down of industrial production and the general slackening of investment, not to mention the frequently reduced attention given to the social sector. There was therefore an obvious need for a major strengthening of concerted action in the agricultural sector, which necessarily involved the wider problem of rural development and that of the satisfaction of essential needs. However, agriculture could not progress in isolation; it must be sustained by other sectors of the economy to which it was closely linked, especially industry. In many countries the ongoing pursuit of the Lima objectives still depended, particularly in the initial stage, on strong stimulation from the agricultural sector. Concentrating on that sector was important not only for the purposes of transforming agriculture but also for diversifying and modernizing the economy as a whole.

16. With regard to external trade, there was a need to select a set of urgent measures which should occupy an important place in schemes for the organization of world trade and in efforts to liberalize trade, since, despite the progress that had been made towards the expansion of trade among developing countries and the current initiatives to that end, the volume of trade between those countries and the developed countries would remain predominant for a long time to come.

17. Two other major sectors of development needed to be taken into account. Firstly, the importance of energy in development could no longer be ignored, and it was essential to go as far as possible in exploring the avenues

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of co-operation which had been suggested. The United Nations had a clear obligation to future generations in that respect. Secondly, with regard to the financing of the development of the third world, the wealth of studies completed in Paris had considerably added to the material available on the subject. Against a background which highlighted the tragic insufficiency of the resources expected to be available in relation to known or foreseeable needs, many problems had been probed. Most of them remained unsolved to a considerable extent, including the level and automaticity of aid, external debt, private investment, and such sectoral problems as the financing of research and the exploitation and processing of raw materials. In that respect, various organizations in the industrialized world could contribute the fruit of their work and could perhaps urge their member countries, collectively or otherwise, to devise a package of specific measures directed towards the developing countries and capable of fitting into the dynamic approach that was being sought. The World Bank/IMF Development Committee could help in that task. In any event, these were possibilities for initiating balanced negotiations on various points, and the Second Committee could make an important contribution.

18. The experience of past years had revealed two main stumbling-blocks to the Committee's endeavour to tackle those various tasks. There could be a strong temptation to confine discussions to formulations of a general character which had already met with a broad consensus or, conversely, to defend doctrinaire positions, and it would be necessary to strike a balance between the two extremes. Other delicate tasks included those involved in adapting the United Nations system to its increasing and changing responsibilities. With regard to its immediate task, the Committee should have no difficulty in agreeing that, in the wake of the Paris Conference, it was less important to arrive at a collective judgement of the over-all results of the Conference than to ensure that the most significant studies to which it had given rise should be made available so that the Committee could methodically sift and utilize them. It was even more important that the Committee should give substantial meaning to the partial agreements reached in Paris, including in particular the Common Fund, the Special Action Programme and the African Transport and Communications Decade.

19. It might also be worth while for the Committee to consider an "overture to the outside world". In view of the immensity of the task to be done and the inadequacy of the means for accomplishing it, the Committee should consider co-ordinating more systematically its research and actions with those of outside organizations and institutions as part of a common world-wide effort of organization, orientation and stimulation. That could only strengthen the authority which the United Nations derived from its universality.

20. A third focus of discussion might be training. At a time when it was essential to ensure that the United Nations retained the leadership it had assumed in formulating economic and social objectives, should not the Organization be methodically preparing itself for the responsibilities that would necessarily devolve on it?

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21. Finally, modernization of the Organization's means of action deserved a place in the Committee's deliberations. For instance, not enough advantage had been taken of the tremendous advances in information and public relations techniques.

22. The vast undertaking of transforming the relations and structures of the world, upon which the United Nations had embarked, was continuing despite the obstacles encountered and the passing clouds which had temporarily affected the anticipated rate of progress, although not so greatly as the partial results of multilateral negotiations alone would suggest. While it was the task of the great assemblies of the Organization to sustain faith in the objectives that had been set and persistently to promote initiatives that could accelerate the forward march, it was left to more specialized organs such as the Second Committee to suggest to them which areas were most favourable for progress. The United Nations had reached a critical moment; having affirmed its will to transform in depth the economic face of the world, it might see its prestige and even its responsibilities in the economic field gradually eroded unless concrete and significant progress was made, year by year, under its stimulus, along the lines that it had laid down. Despite major obstacles, the movement towards a new international economic order was under way, and it was important to actualize it and speed it up by taking advantage of the great progress that had been made in mental attitudes.

The meeting rose at 11.45 a.m.