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Wednesday, 12 October 1977  
at 10.30 a.m.  
New York

SUMMARY RECORD OF THE 13th MEETING

Chairman: Mr. JANKOWITSCH (Austria)

later: Mr. OLIVERI-LOPEZ (Argentina)

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The meeting was called to order at 10.40 a.m.

GENERAL DEBATE (continued)

1. Mr. ALBORNOZ (Ecuador) said that the main role of the United Nations was to enable the nations of the world to make contact and to open a dialogue with a genuine will to make concessions and reach agreement, particularly in the economic field, with a view to reducing tension and establishing the new international economic order so eagerly awaited.
2. It must be acknowledged, however, that the will to reach agreement and to find solutions was still lacking in both developed and developing countries. The latter still had differences of opinion to overcome, even though they had managed to unify their position within the Group of 77, while the former let slip, year after year, the opportunity to find solutions to the problems, injustices and inequities from which the developing world suffered and which would be exacerbated.
3. It was disappointing to note, at the conclusion of the resumed thirty-first session of the General Assembly, that almost no progress had been made in the implementation of the measures provided to accelerate the establishment of the new international economic order. The results obtained from the North-South dialogue were limited and there was no hope of settling fundamental problems with the help of retrograde methods which attempted to maintain an economic order which the majority of mankind deemed unjust. As the Secretary-General had pointed out in his Report on the Work of the Organization, failure to negotiate and failure to find a solution at the present time would quite simply be tantamount to regression. It was the political will of the developed countries and their desire to negotiate which was called in question since the solution of the serious problems facing the developing world required global and sustained action and determined international economic co-operation which would include practical measures.
4. The developed countries had accepted the idea of a common fund under the Integrated Programme for Commodities. They must now pledge themselves to ensure the success of the negotiations which were to begin at the end of November to decide on the detailed operation of the fund, in accordance with the objectives set out in UNCTAD resolution 93 (IV).
5. Moreover, questions of priority interest to the developing countries - protection of their purchasing power and of their export earnings, access to markets and technology, acquisition of guarantees of more equitable and fairer treatment for their products under the generalized system of preferences and multilateral trade negotiations, and alleviation of their external debt - must be the subject of intensified negotiations in the United Nations system, which was the appropriate forum for dealing with world-wide questions linked to the establishment of the new international economic order. In that connexion, the Government of Ecuador wished to reaffirm its strong support for the principle that the primary function of the General Assembly, as a legislative organ, was to guide

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(Mr. Albornoz, Ecuador)

international relations, provide the necessary directives and permit direct negotiations among countries, as the Ministers for Foreign Affairs of the Group of 77 had indicated in their declaration of 29 September 1977.

6. His delegation believed that during the current session it was important to determine which United Nations body should continue the over-all process of negotiation relating to the new international economic order, in both the short and the long term, systematically and with the necessary technical support. The work of that body should be conducted quite independently and at a high political level so that it would be able to consider proposals linked to the essential restructuring of the international economic system.

7. He joined the representative of Peru in welcoming the fact that the United States had begun to participate in the commodity price stabilization machinery for sugar, coffee and tin and that it was considering doing so for rubber and copper. The negotiations which had started on sugar and bananas for the preparation of the necessary instruments had not received the support of the industrialized countries and his delegation felt that the international community should be concerned over that situation.

8. After several years of technical analysis, the time had come to take a political decision. All countries, large and small, powerful and weak, must participate in such a decision since no one of them alone was capable of resolving world economic problems. At the present time, it was unthinkable that the resources of the third world could continue to be exploited for the sole benefit of the rich countries. The developing countries were therefore directing their efforts towards planning their economies with a view to promoting the well-being of their population and thus helping to ensure peace on earth.

9. For its part, Ecuador based its development process on programming oriented towards the rational exploitation and utilization of its natural and human resources. Its efforts focused on agrarian reform, principally the modernization of agriculture and increased agricultural production and productivity, and on the industrial sector. As part of the process of integrating the Andean subregion, it had succeeded in planning the development of industry in such a way as to promote manufacturing, engineering and metallurgical production. Moreover, the Government of Ecuador was allocating the limited resources available to it to various branches of productive activities and to the establishment of a physical and social infrastructure: in five years, the economic activity of the country had quintupled. The essential goal it had set itself was to improve the quality of life of the population proportionately.

10. Those efforts had been partly supplemented by aid from UNDP and the specialized agencies in the United Nations system, which should continue to act with the flexibility and dynamism required by national development plans. The national effort, however, had been impeded by the effects of the world economic crisis, one of the principal elements of which, inflation, should engage the

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attention of the international community. His delegation therefore reiterated the proposal of the five members of the Andean Group that a world conference on inflation should be convened and it reaffirmed that world inflation was attributable not to the price of oil but, on the one hand, to the chronic enormous deficit in the budgets of the great Powers owing, in large part, to the considerable sums which they allocated to the arms race and, on the other, to the deficit in their balance of payments.

11. Referring to the problem of the inequity in the terms of trade for the developing countries, he pointed to the discriminatory nature of the measures adopted by certain large countries which had an exaggerated influence on the economies of much weaker countries. Such, for example, was the case of the customs tariffs which the United States imposed on Ecuador and Venezuela.

12. International assistance should be given to all countries which needed it and Ecuador reaffirmed its opposition to any proposal or manoeuvre designed to reduce the aid granted to the middle-level developing countries, since that would be tantamount to practising a sort of technical neo-colonialism.

13. The question of the transfer of resources was another area of particular concern for the developing countries in view of the fact that the target of 1 per cent of the gross national product set in the International Development Strategy was far from being achieved and the decline in the real value of official development assistance had only aggravated the indebtedness of the majority of the developing countries. The developed countries should therefore undertake to accelerate the transfer of real resources to the developing countries on a foreseeable, steady and continuous basis and to alleviate the problem of the indebtedness of the developing countries.

14. Since technical co-operation among developing countries was an integral part of over-all co-operation for the purposes of development, any strategy in that area required the support of the international community. His delegation therefore attached particular importance to the forthcoming Conference on Technical Co-operation among Developing Countries and hoped that the preparatory work for that Conference would receive the necessary financial support. The United Nations Conference on Science and Technology for Development also deserved strong support since the scientific and technological gap between developed and developing countries was one of the principal causes of the economic disparities in the world.

15. If the goals of the international community were to be attained and a new international world order established, the relevant organs of the United Nations system would have to be strengthened, particularly the Economic and Social Council. People's impatience and scepticism were mounting, and the time for dilatory resolutions was past. It was the industrialized countries' turn to play, to show themselves willing, as the developing countries were, to participate within the United Nations in a dialogue the ultimate aim of which should be to increase the income of the developing countries' populations and to satisfy their basic needs.

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16. Mr. CHIRILA (Romania) said that the results of the implementation of the measures recommended at the sixth and seventh special sessions of the General Assembly and in the International Development Strategy had fallen far short of expectations. That situation was a measure of the important task before the current session, which was to adopt urgent measures to break the deadlock and attain the objectives of the new international economic order.

17. The first step was to demonstrate that building the new economic order was essentially the political undertaking of creating a new frame of reference for the purpose of giving the less developed countries the right machinery to organize their development independently. That undertaking would require sustained national effort, the allocation of a growing proportion of national income to investment, and the employment of structures and policies which would integrate the nation into economic life and bring about social justice.

18. Moreover, the international community would have to take practical measures to help the developing countries and not be content with partial reforms or limited concessions within the existing system, which could only perpetuate under-development.

19. The second step, therefore, was to devise ways and means for attaining the objectives of the new international economic order. Negotiations should take place within the framework of the United Nations system since it was imperative that, given problems of such magnitude, every State should have a voice and be able to express its opinions on an equal footing. The new international economic order was a complex objective requiring for its attainment a global process in which the interdependence of individual aspects was taken into account so that progress made in some spheres would not be at the expense of other, equally important, ones.

20. His delegation was determined to do its utmost to give new impetus to the negotiations with a view to facilitating the adoption of practical measures to establish new international relations to replace the existing economic system from which only a limited number of countries benefited.

21. What was needed was to determine what measures were needed successfully to complete the action undertaken in all spheres - trade, financing, development, access to science and technology - and to make the political arrangements required to intensify negotiations on such matters as the development of agriculture, industry and transport, the protection of the environment, energy and the exploitation of the wealth of the seas and oceans.

22. The status of the preparations for the United Nations Conference on Technical Co-operation among Developing Countries should be ascertained and care taken, in the preparations for the United Nations Conference on Science and Technology for Development, to ensure that the Conference would be in a

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position to establish practical methods of ensuring the developing countries' access to technology and giving them the necessary research infrastructure.

23. It was essential that all measures agreed upon should be in the form of firm commitments voluntarily undertaken by all States. To that end, it would probably be wise to draw up a legal instrument, in the form of a code of international economic relations, which would contain a coherent set of rules and policies for establishing the new economic order, together with machinery for ensuring that commitments were met. The adoption of such a code would provide tangible evidence of the willingness of all States to act decisively to achieve the goal of development.

24. The strengthening of the structures of the United Nations, particularly the restructuring of the economic and social sectors, deserved special attention. In that connexion, his delegation supported the proposal that one General Assembly session in 1980 should be devoted to appraising the progress made by all United Nations organs towards building the new international economic order, adopting measures to promote the advancement of developing countries and preparing the new international development strategy. Similarly, it might be advisable to convene a high-level meeting of developing countries, since success in the effort to build the new international economic order depended largely on unity and solidarity among those countries.

25. His delegation was firmly convinced that practical progress towards the new international economic order was possible provided novel forms of co-operation among groups of States whose interests were not always easily reconciled were devised.

26. Mr. MESTIRI (Tunisia) said that it was the Committee's duty to give new impetus to the North-South dialogue, despite the disappointment created by the obviously inadequate results of all negotiations so far. Some progress had, of course, been achieved and the third world had undoubtedly gained some benefit from the economic recovery which had started in a number of developed countries. All of that, however, was only a partial, and possibly temporary, change, and fundamental problems, where they had not been aggravated, remained as acute as ever, thus hampering the success of the developing countries' efforts. It should be stressed, in that connexion, that while measures to resolve specific problems might vary from one country to the next, structural development problems could not be surmounted by differentiating between goals and measures by reference to an entirely artificial classification of countries.

27. International trade was going through a particularly difficult period. That applied particularly to the developing countries, on account of the many restrictive measures that had recently been taken, which had had an extremely

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damaging influence on their export earnings, their terms of trade, their employment policy and their development goals, all of which was bound to discourage their drive towards industrialization.

28. Moreover, progress in implementing measures to compensate partly for structural inadequacies was slow, if not non-existent. That, for example, was the case with official development assistance, which was steadily declining as a percentage of GNP in most developed countries.

29. If those fundamental problems were to be solved, the North-South dialogue should be reoriented so as to make it an effective tool for establishing the new international economic order and so that it might resume the universal character which only the United Nations system could give it. If it was to be effective, the dialogue would have to be founded on the principles enunciated at the sixth special session and on the Charter of Economic Rights and Duties of States. It could then give a substantive content to the measures adopted by the United Nations system and supplement by practical results the debates that had taken place elsewhere, notably at the Paris Conference.

30. The restructuring of international economic relations was an arduous task which could not be carried out by means of partial solutions or limited measures which would benefit only small groups of countries, when global solutions to the essential problems of the developing countries were being sought.

31. The machinery required to ensure continued dialogue should be designed to encourage the preparation of a new international development strategy, without thereby delaying the implementation of measures already decided upon. That machinery should also help to ensure the success of undertakings already planned within the United Nations system, such as the forthcoming phase of negotiations on the common fund for commodities, the ministerial meeting of the Trade and Development Board which was to re-examine the problem of indebtedness, the Conference on Technical Co-operation among Developing Countries and the Conference on Science and Technology for Development, preparations for which should be speeded up.

32. Lastly, there was no doubt that global dialogue would be greatly facilitated by strengthening the dialogue in progress at the regional and interregional levels, as in the case of the Europe-Arab and African-Arab negotiations, in which practical results had been achieved during the previous year.

33. Despite the magnitude and complexity of the problems to be dealt with and the meagre results that had been attained so far, opportunities would not be

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lacking for proving that the long-sought unanimity on the need to establish a new international economic order was not an illusion.

34. Mr. ULLSTEN (Sweden) said that the pursuit of a new equilibrium in international relations had not really started and that the results of the Second Development Decade were meagre. Instead of looking towards the future, the developed countries were increasingly preoccupied with their own current problems which, though complex, were less urgent than those of the developing countries, where hunger and disease still prevailed.

35. Only co-operation among Governments would bring an end to economic recession and under-development, because the means to eradicate poverty, starvation and disease existed. What was required was to convince decision-makers in rich and poor countries to work for world social justice by bringing about better distribution of resources among countries and, above all, better management of resources. To take but one example, the absurdity of devoting \$350 billion to military expenditure and only one twentieth of that sum to development should end.

36. The developing world was progressing very unevenly. Some countries had achieved higher growth rates than many industrialized countries - in the case of the OPEC countries, the rate had been 8.3 per cent - while others remained in abject poverty; the growth rate of the least developed countries was nil. That growing disparity was one of the factors which must be taken into account in allocating aid.

37. The economic crisis in the industrialized countries had only made the situation worse, since it had led some of those countries to reduce their aid effort and take protectionist measures, which in the long term could only prove harmful to all concerned. Increased aid would generate an increase in demand for goods and services supplied by the industrialized countries, thus helping them to recover economically. In periods of recession as of expansion, co-operation was essential. Moreover, all the major industrialized countries must take part in the effort that was required; it was unacceptable that so far only a few small developed countries had attained the target for official development aid set by the United Nations - 0.7 per cent of GNP - and that most donor countries had been unable to guarantee stability in their flow of aid to countries and international institutions. That also applied to the planned-economy countries of Eastern Europe, whose performance was dismaying. All must be willing to assume the financial responsibility which would make the United Nations, and particularly UNDP, the kind of efficient instrument of co-operation which it was meant to be.

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38. It was essential that development aid should flow in a predictable manner and that the methods devised at the Paris Conference for bringing about a systematic multiyear increase in aid budgets in the rich countries should be rapidly applied. It was encouraging that some donor countries seemed ready to take such action. On the other hand, it was a matter for concern that the agreement on the fifth replenishment of IDA had not yet become effective because of delays in the ratification procedures of the largest donor country. He wished to say in that connexion that, in his Government's opinion, it was not appropriate for contributions to IDA to have unilateral restrictions attached to them.

39. However, aid was not enough. The developing countries must also be helped to mobilize their own resources. The establishment of a Common Fund for Commodities, as proposed by UNCTAD, was vital in that regard. Such a fund would help to reduce excessive price fluctuations, slow down inflation and enable the developing countries to stabilize their earnings. It would also permit the financing of other relevant measures such as research and development and trade promotion and diversification. Sweden was prepared to give financial support to the Common Fund and to complement its market-stabilizing measures through a soft-term arrangement designed to compensate for shortfalls in the poorest countries' commodity export earnings.

40. Another crucial problem was the serious debt burden of many developing countries. The aggregate current-account deficit of non-oil-exporting developing countries was estimated at well over \$100 billion for the period 1974-1977. Those countries had as a result been forced to increase their borrowing from commercial as well as public sources, which had, it should be noted, helped the rich countries during the recession.

41. The burden of debt service was so great that it prevented the developing countries from pursuing or initiating important development projects and could in the long run disrupt the entire international credit system. Although it was true that an increase in the ordinary resources of the International Monetary Fund and the World Bank could help to overcome the present payment imbalances, it was also essential to work out guidelines for debt reorganization. The UNCTAD ministerial meeting to be held in March 1978 should study the proposals made at the Paris Conference for dealing with that problem, since it was clear that the indebtedness of the poorest countries would continue to increase. In 1976, those countries' public debt had amounted to more than \$26 billion, and 15 per cent of their meagre export earnings had been used for debt service. Debt relief measures were therefore essential.

42. His Government had been urging for a number of years that aid to the poorest countries should take the form of grants and that those countries should receive debt relief, and it had now decided to take action. He was pleased to announce that his Government planned to seek Parliamentary authorization to write

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off all ODA debts owed to it by the poorest countries; that came to a total of \$200 million. Similar action by all donor countries would bring about an increase of nearly 20 per cent in aid to the poorest countries and would mean forgoing a mere 0.02 per cent of the rich countries' GNP.

43. With regard to the question of trade, the GATT negotiations held out hope of liberalization, but liberalization measures must be carried out by most of the industrialized countries since otherwise the burden for the countries which took such action would be too heavy. If the developing countries were to benefit from trade liberalization, the developed countries would have to help them to increase their industrial production and lessen their economic dependence. The private sector could also play a part in that regard, but investment must be on terms that were acceptable to the host country and must help to promote its development through the creation of appropriate local technologies. A close watch should therefore be kept on the operations of multinational and other corporations in the developing countries.

44. The question of industrialization in the developing countries was closely connected with the industrial structure of the developed countries. The latter countries should seek to ensure a better international division of labour, as his Government had been doing since the late 1800s. The need for restructuring was now more urgent because of the pressures being exerted on the export market by the developing countries. The problem should not be dealt with through protectionist measures but by pursuing an active national industrial and labour market policy. His Government's position did not imply support for attempts to create a centrally planned economy. Sweden remained convinced of the efficiency and basic utility of the free-trade principle even though it sometimes found itself obliged to depart from that principle.

45. His enumeration of the essential features of the development process would be incomplete without a reference to the basic role of energy. A great many developing countries lacked sufficient energy resources and were forced to import energy at an increasing financial sacrifice. The United Nations had an important role to play in conserving energy and developing new energy sources for the benefit of both the developing and the developed countries.

46. Some of those measures would require sacrifices, but in the long run they would benefit everyone. Development planning must be accompanied by a policy designed to reduce unemployment and to achieve a more equitable distribution of income. His Government agreed with the President of the World Bank that the first requirement for meeting the needs of the poorest countries was to enable them to earn sufficient income to acquire essential goods, after which

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they should be provided with the entire infrastructure that they needed. Since economic growth was one of the basic prerequisites for development, there could be no question of imposing restrictions on those types of production in the developing countries which satisfied basic needs. Indeed, even the production of export-oriented goods could make it easier for a particular country to satisfy its needs through imports.

47. It was essential to apply the concept of collective self-reliance which had emerged recently so as to enable the developing countries to lessen their dependence on the rich countries and to use their resources for their own development. The Conference on Technical Co-operation among Developing Countries had a vital role to play in that regard.

48. It was, however, for each State to find the development method and strategy that best suited it, regardless of its political system. What was important was a genuine adherence to a common aim, for only if that existed could external aid have any value.

49. The United Nations, and more specifically the General Assembly and the Economic and Social Council, must produce solutions which would enable all members of the international community to come to grips with their increasing economic interdependence. If they were left to their own devices, most of them would find themselves unable to master their problems.

50. Mr. SHEMIRANI (Iran) said that the Committee was meeting at a crucial juncture after three years of severe fluctuations and uncertainty in the world economy. Despite the grim prospects for the world economy during the 1970s, the special sessions of the General Assembly had aroused great hope. The developing countries, which had long suffered from the injustices and inequalities of the prevailing economic order, had believed that the economic order created after the Second World War was coming to an end and that an urgently needed new order was to be established.

51. It was true that the short-term problems of the industrial countries and even, to some extent, of certain developing countries had eased, for the industrial countries had overcome the recession and were again experiencing vigorous growth while the developing countries had, through increased bilateral aid and multilateral financing facilities, partially remedied their balance-of-payments deficits. Nevertheless, the developing countries were lagging far behind the industrial countries. Moreover, the international monetary system was beset by uncertainty and the exchange rate fluctuations caused by the breakdown of the par-value system had adversely affected international trade and capital transactions. The persistence of those short-term problems further strengthened the contention that long-term structural changes were required.

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52. In the past three years, a number of attempts had been made to deal with the basic problems of the developing countries, but in the opinion of his delegation they had been largely unsuccessful. The fourth session of UNCTAD had failed to meet the expectations of the third world on many substantive issues, particularly those relating to protection of the developing countries' purchasing power and an easing of their burden of indebtedness. In addition, the decisions taken at Nairobi had yet to be implemented. Thus, the negotiations on the Integrated Programme for Commodities and on the Common Fund, which was to be the Programme's main source of financing, had remained inconclusive.

53. The Paris Conference on International Economic Co-operation, which had had the task of dealing with virtually all the economic issues separating the rich North from the poor South, had met certain demands of the developing countries but had fallen far short of their expectations for a structural change in the world economic order. Negotiations on debt problems in particular had failed to bring the expected relief, and the issue would have to be taken up at the ministerial meeting of the UNCTAD Board in the near future.

54. The recent resumed thirty-first session of the General Assembly had concluded without reaching any agreement on the basis of the proposals put forward by the Group of 77. His delegation regretted those failures all the more because the developing countries had participated in all the negotiations in a spirit of goodwill and co-operation. Moreover, certain new and disturbing trends were emerging on the international economic scene, such as growing protectionist sentiment and reductions in capital investment in some industrial countries, which could not but have an adverse effect on the long-term prospects of the world economy and on the developing countries in particular.

55. He noted that, three years after the adoption of the Declaration on the Establishment of a New International Economic Order, its objectives were still far from being realized. Some developed countries had hindered the dialogue by their intransigence, and most others had failed to honour their international commitments. In fact, less than half of the official development aid target of 0.7 per cent of gross national product set by the International Development Strategy had been met by the developed countries. In many cases, there had been a constant decline in relation to GNP, and that was expected to continue. On the other hand, the oil-exporting countries, though not spared the effects of the economic upheavals within the industrialized world, had contributed about 2.6 per cent of their combined GNP for development aid. The resources of the OPEC Special Fund, which had been established two years before, had recently been increased from \$800 million to \$1.6 billion. Iran's total aid to the developing countries through the Special Fund had reached \$420 million, which made his country the leading contributor to the Fund. In 1974, when the combined GNP of the countries of the Development Assistance Committee had been almost 19 times as large as that of the OPEC countries, their concessional aid to the developing countries had been only roughly twice that granted by the OPEC countries. It went without saying that the latter had increased their contribution still further since 1974.

56. It was essential at the present stage that there should be a readiness to continue the dialogue. The developed countries had again expressed that

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willingness at the resumed thirty-first session of the General Assembly. It was to be hoped that they would in fact show the courage required to accept the necessary sacrifices involved in truly reshaping the structure of the world economy. As for the developing countries, they had made it known in the Declaration adopted by the Ministers for Foreign Affairs of the Group of 77 at their first meeting that they wished to continue, within specific time-frames and within the framework of the United Nations system, the process of meaningful dialogue on the basis of the principles and objectives of the Declaration and Programme of Action on the Establishment of a New International Economic Order. The special session of the General Assembly planned for 1980 would provide an opportunity to make an assessment of the progress made in that regard.

57. Mr. Oliveri-Lopez (Argentina) took the Chair.

58. Mr. BA ISSA (Democratic Yemen) recalled that a quarter of a century ago most of the developing countries had been fighting against an age-old colonial system in order to create a new political order. Today, those same countries were fighting against another form of colonialism in order to establish a new international economic order which would enable them to exercise full sovereignty over their natural resources and over their economic activities as a whole. Their efforts were not, however, always crowned with success, as the glaring failure of the Paris Conference on International Economic Co-operation had shown.

59. At the resumed thirty-first session of the General Assembly, the countries belonging to the Group of 77 had expressed their anxiety at that failure, while at the same time proclaiming their firm determination to pursue their concerted efforts despite the difficulties they were encountering. In their Declaration, the Ministers for Foreign Affairs of the Group of 77 had emphasized the problems created for the developing countries by the present economic order, which only served to widen the gap separating them from the developed countries. The fundamental problems clearly defined in the Declaration on the Establishment of a New International Economic Order had remained unchanged, for no practical measures had been taken to solve them. The inequality in the terms of trade and in the international division of labour, the reduction in export earnings, the chronic balance-of-payments imbalance and growing indebtedness of the developing countries continued to prevent them from attaining the goals they had set themselves. It was a matter of the utmost urgency to take the necessary steps to enable those countries to benefit from their own resources, to diversify their economies and to industrialize. It was also imperative to set up the Common Fund of the Integrated Programme for Commodities and to put the International Fund for Agricultural Development into operation so that the peoples of the third world would no longer be haunted by the spectre of hunger and malnutrition.

60. As the Ministers for Foreign Affairs of the Group of 77 had stressed, a restructuring of the international economic system and accelerated, sustained development of the developing countries were in the interests of the international community as a whole. The developed countries should therefore display the necessary political will to ensure that all the efforts made in that field did not end in deadlock, as had happened at the Paris Conference. He also wished to stress

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the point made by the Group of 77 that all world-wide negotiations on the establishment of a new international economic order should take place within the United Nations system, which was the only appropriate and fully representative forum for that purpose. Guidelines would have to be laid down for the conduct of those negotiations so that concrete, positive results could be achieved within a reasonable period of time.

61. It would also be appropriate to review the International Development Strategy for the Second United Nations Development Decade, since it no longer corresponded to the real needs of the developing countries, which were continuing to suffer the consequences of an unfair economic system and the repercussions of the crises that were shaking the capitalist world. Although some third world countries were relatively prosperous, most of them, particularly the least developed, continued to suffer as much deprivation as ever as a result of inheriting colonial economic structures which were unsuited to their needs and their capabilities.

62. An increase in annual per capita income was not in itself a sign of progress since it had already been demonstrated repeatedly that growth was not necessarily a synonym for development. For that reason, development had to be redefined and its objectives set. His delegation was convinced that real development was indissolubly linked to the transformation of economic and social structures and to a radical change in international economic relations.

63. It was essential that the developing countries should co-operate among themselves in achieving "collective self-reliance" - a concept to which increasing importance was being attached. Collective self-reliance was one of the foundation stones of the new economic order sought by the developing countries, and the developed countries and international organizations had a duty to help them in every way to achieve it. In that context, his Government attached great importance to co-operation among the Arab countries, particularly within the framework of the Economic Commission for Western Asia, and it was convinced that the office to be opened by UNDP in that region would play an extremely positive role. It placed great hopes in the Conference on Technical Co-operation among Developing Countries which was to be held in Argentina.

64. His country, which would shortly be celebrating the tenth anniversary of its independence, was passing through a period of radical economic and social change. The process of change was not occurring without difficulties in such a small country, which was among the least advanced and the most affected by the crisis and whose resources were limited and under-exploited. However, by proceeding on the basis of strict planning and by co-operating with friendly countries and international organizations, Democratic Yemen had embarked upon the path of harmonious, comprehensive development which would guarantee its people the full exercise of their national sovereignty. Accordingly, it could not accept the principle of co-operation in conditions of inequality and exploitation which

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certain countries hoped to maintain by proposing that economics should be dissociated from politics. The only guarantee of international peace and security was the establishment of a new and equitable economic order.

65. Mr. VINCI (Italy) said that it was now more urgent than ever to take action at the international level to eliminate poverty and promote economic and social development and human dignity; Governments were aware of their growing responsibilities in that regard. The current world economic crisis and the difficult situation being experienced by the industrialized and developing countries alike could affect the good relations between Member States and, consequently, the work of the United Nations.

66. The current problems were actually part of a whole whose separate elements could be studied and dealt with separately but must be approached in a spirit of co-operation and co-ordination. For that reason, his delegation had advocated the adoption of a global strategy for peace which would embrace all problems - political, economic, military, social and humanitarian - and would involve all countries, individually and collectively. Initially, there would need to be agreement on general guidelines to be followed in dealing with the major problems, some of which went beyond the scope of the work of the Committee but should be kept in mind in its deliberations. In other words, the Committee should always have a clear view of the interdependence of those problems and should take care that measures adopted by the United Nations system or other bodies were correct in substance and timing so as not to produce negative effects from which all would suffer.

67. The present moment seemed particularly favourable for serious and constructive action, since there now existed an unprecedented convergence of views on the evaluation of the world economic situation and on the objectives to be pursued. His delegation therefore believed that the fundamental problems could be solved and that it would be possible through joint efforts, to satisfy basic needs and improve the living standard of the majority of the world's population.

68. Despite its limited progress, the Paris Conference on International Economic Co-operation had contributed to a better understanding of the problems under consideration and had confirmed the common willingness to continue the dialogue looking to the establishment of a more equitable new international economic order. In that connexion, his delegation stressed the indivisibility of prosperity and progress, whose realization required close, continuous co-operation between all countries. No State was in a position to disregard the needs of other States in view of the interdependence of all States with regard to economic development.

69. His delegation felt that the world economic situation reflected an imbalance of positive and negative aspects. Inflationary pressure had been reduced, but unemployment and idle plant capacity remained very high and investments were not at the necessary level. The gap was widening between a small group of higher-income developing countries and the much larger group of poor developing countries.

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While the first of those groups had been able to overcome the recession, development efforts in the other group had suffered a severe setback. Furthermore, although the oil-exporting countries had surpluses in their balance of payments, which would continue to be the case beyond 1980, many third world countries and the weaker industrialized countries continued to have large deficits and to accumulate debts. All those fundamental factors should be taken into account in the formulation of a new international development strategy for the 1980s.

70. His delegation felt that the international development strategy was a useful tool for promoting development and evaluating the progress achieved. Its shortcomings should be borne in mind when formulating a new strategy, which should take into account, firstly, the differing levels of development and economic and social needs of various countries, with particular attention to the needs of the least developed countries, and, secondly, the need to ensure more equitable participation of all peoples in the development process. It was clear that all relevant decisions taken in the meantime within the United Nations system, particularly those adopted at the sixth and seventh special sessions of the General Assembly and at various international conferences, should be incorporated into the new strategy.

71. His delegation reiterated that the international community should seek to concentrate the main thrust of its assistance on the poorest people and, in particular, on the development of rural areas, where most of them lived. An effort should be made to increase and diversify food production and world food stocks and to improve nutrition. In that context, his delegation welcomed the establishment of the International Fund for Agricultural Development and hoped that that important tool would make it possible to assist the developing countries in solving their food and agricultural problems. His delegation stressed that, despite the agreement reached at the Paris Conference on the Common Fund, the main organ of the Integrated Programme for Commodities, many problems regarding the exact nature and function of the Fund remained unsolved. His delegation therefore looked forward to the next round of negotiations on the Integrated Programme to be held in Geneva in November and December.

72. His delegation felt that intensive consultations should also be held on the problem of the indebtedness of the developing countries and that new efforts should be made to improve the functioning of the international economic system and increase the participation of the developing countries in decision-making at the international level. In that connexion, his Government believed that the growing trend towards protectionism jeopardized co-operation between industrialized and developing countries, and, for its part, it avoided resorting to such measures.

73. He stressed the importance, within the framework of establishing a new international economic order, of co-operation in the matter of energy. It was important to ensure that all countries, in particular the developing countries, were sufficiently supplied with energy to satisfy the needs of accelerated economic

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growth. To that end it would be appropriate not only to develop traditional energy sources but also to adopt energy conservation measures at the national and international levels and study alternate sources. That would require the strengthening of international solidarity and co-operation in the technical and financial areas; otherwise, the economic crisis and unemployment would be further aggravated, with serious consequences for all countries. His delegation therefore agreed with the Secretary-General on the need to continue a dialogue on the energy problem between all States concerned. His delegation, like others, supported the Secretary-General's proposal to establish within the United Nations system an institute for energy entrusted with the task of promoting international co-operation in that field, and his delegation was willing to study the proposal as soon as possible. It felt, moreover, that the United Nations system was the most competent and representative forum for studying the complex and universal problems in that area, which were closely linked with the establishment of a new international economic order.

74. Institutional follow-up to HABITAT: United Nations Conference on Human Settlements merited further attention. His delegation hoped that the General Assembly could reach a consensus on the matter at the thirty-second session. In that connexion, he observed that the proliferation of United Nations bodies should be avoided and rational use made of the existing structure. His delegation also felt that the natural and man-made environments could not be separated and that action in the environmental and human settlements fields should be co-ordinated. For that reason, matters relating to human settlements should be entrusted to the Governing Council of the United Nations Environment Programme. A secretariat could be established at UNEP headquarters with responsibility for human settlements and with the same status as UNEP but smaller, since most human settlements activities would be carried out by the regional commissions. The UNEP secretariat and the new secretariat, with which the United Nations Habitat and Human Settlements Foundation would merge, would both be headed by deputy executive directors who would report to the Executive Director of UNEP. In the hope that those proposals might facilitate a solution of the institutional problems, his delegation intended to circulate a note on the subject to all delegations and was now preparing a preliminary draft resolution.

75. His delegation noted that the Committee was called upon to examine, under agenda item 12, a draft resolution on the Transport and Communications Decade in Africa. His Government fully supported that initiative and hoped to contribute to the success of the Decade; an Italian research institute had already published a study on an integrated system of transport in Africa and was ready to proceed with more detailed elaboration of the project.

76. With regard to the work of the Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System, he stressed that, despite points of agreement, numerous problems remained unsolved. His country was interested in co-operating, to the best of its ability, in the search for a solution to those problems. His delegation believed that decisions must be taken promptly, for the present uncertainty could not continue without negative effects on the work of the entire system. It was, however, essential to avoid drawing

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hasty conclusions and adopting solutions which might jeopardize the unity of action of the Organization. In view of the interdependence of all economic and political problems, they should be solved globally under a single effective leadership.

77. Mr. BAUCHARD (France) welcomed the delegations of the Socialist Republic of Viet Nam and the Republic of Djibouti and said that the French Government had decided to strengthen its relations of friendship and co-operation with those two countries.

78. The current economic and financial difficulties affected all countries, whatever their economic system. Although the analysis of the causes might differ, the universal nature of the economic crisis was obvious, as the ministers had noted at the Annual Meeting of the Boards of Governors of IMF and the World Bank. In the developed countries, the unemployment rate remained very high and the slowing down of inflation in fact concealed important differences in situations. In the developing countries, those two elements were felt all the more deeply because the economic structures were more fragile: the inflation rate was even higher in those countries and their balance-of-payments deficits were considerable. Of course, in 1976, the growth rate of the developing countries (4.7 per cent) had been higher than that of the industrialized countries, but it still did not attain the target set by the International Development Strategy for the period 1971-1980 (6 per cent per annum) and in fact concealed substantial disparities.

79. The universality of the crisis was not surprising in view of the increasing interdependence of economies; that interdependence, however, constituted evident and mutually profitable progress which should be fostered. The industrialized countries had seen their trade with the developing countries grow at a steady rate. The latter sent them not only raw materials and unfinished products but also a growing proportion of manufactured goods. That increase in trade, which would continue to be intensified in future years, helped to explain the sensitivity of the developing countries to the general economic situation.

80. In the light of that difficult situation, his delegation considered that, firstly, each country should contribute, through appropriate short- and long-term domestic policies, to restabilizing its economy and supporting world demand. That was the policy constantly pursued by the French Government. It was also desirable that countries with a favourable balance-of-payments situation should contribute actively to the encouragement of world economic growth and the reduction of imbalances in international payments.

81. Secondly, it was important not to yield to the temptation of adopting protectionist measures which, if they became general, could not fail to lead to economic regression and would run counter to all the efforts made for many years, especially in GATT. In that connexion, his delegation hoped that the trade negotiations taking place at Geneva would be vigorously pursued.

82. Thirdly, the French delegation considered that the growth of developing countries could not but consolidate international recovery, because those

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countries represented an increasing proportion of world demand. The industrialized countries had realized that they could not solve their own economic problems unless those of the developing countries were also solved. Moreover, the establishment of a more just and equitable new international economic order required that the developing countries should be given the means of participating more actively in economic growth. That was why the French Government had been determined to maintain its development aid at a high level, despite its difficult situation.

83. The Paris Conference on International Economic Co-operation had been able to achieve a convergence of points of view and significant progress on a number of questions. With regard to official development assistance, for instance, specific, detailed commitments had been made concerning the need to improve the terms of aid and to increase its volume, particularly in cases where the results so far obtained had been disappointing. France was nearing the target set because its official development assistance had been 0.63 per cent of its gross national product in 1976. It hoped that the donor countries farthest away from the target of 0.7 per cent and particularly those with the highest per capita income would also try to move closer to it, which would make it possible both to increase the volume of aid and to share the common effort more equitably. Intensification of aid was a priority for the French Government. Although it realized that development aid should contribute to the satisfaction of essential needs, it thought that it was for the recipient Governments to judge those needs and direct the aid accordingly.

84. His delegation welcomed the special measures agreed upon at the Paris Conference to help the least favoured countries. The European Economic Community would make an important contribution and that aid would supplement the bilateral and multilateral programmes, which should increase considerably.

85. Lastly, with regard to raw materials, the participants at the Paris Conference had agreed on the need to stabilize prices and to create a joint fund for that purpose. The French Government, which had always advocated the organization of raw materials markets, considered that to be the most important achievement of that Conference and noted with satisfaction that the reservations expressed by some countries on UNCTAD resolution 93 (IV) had been lifted. It was ready to contribute to working out the means of implementing that decision, particularly during the negotiations soon to be held by UNCTAD.

86. Even if agreement had not been reached on all points, the Paris Conference had shown that a dialogue between developed and developing countries was possible, especially with regard to energy. Of course, not all countries had been present but its results constituted a basis for discussion open to all and the socialist countries were also free to decide whether or not to play their part. France was ready to play a constructive part in pursuing the dialogue inside the United Nations system or in any other appropriate forum.

87. The French delegation was pleased that the oil-exporting countries had increased their assistance to developing countries, which had to a certain extent become an institution. It would be useful if the States members of the Development Assistance Committee and the oil-exporting countries could work together to make their accounting systems for aid compatible and possibly to

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co-ordinate their respective assistance better. France and certain oil-exporting countries had already been able to organize joint financing in specific sectors. His delegation noted with satisfaction that the development of oil facilities had also enabled IMF to help its member countries to overcome their problems in readjusting their balance of payments. It also welcomed the increase in the resources of the World Bank and the International Development Association, which should grant an adequate proportion of their assistance to the poorest countries. It was certainly desirable that the Bank should increase its action to develop energy resources.

88. The French delegation considered that the International Fund for Agricultural Development should become operational as soon as possible. It also emphasized the importance of technical co-operation among developing countries. Such co-operation was a major factor in economic, technical and social progress and constituted a new step towards the economic self-sufficiency of developing countries. The desire to integrate such co-operation into the over-all development objective was particularly interesting. His delegation had always thought that technical co-operation among developing countries was an element of international technical co-operation and that the United Nations system should encourage it in order to ensure the participation of all countries in joint development efforts.

89. All those encouraging factors were interdependent and should be incorporated in the new international development strategy for the Third United Nations Development Decade, which was to work out plans for joint action to restructure international economic relations.

90. In conclusion, the French delegation reminded the Committee that the aim of its work was the establishment of a more just and equitable new international economic order and that it should use pragmatic methods. The new international economic order could be achieved only by tackling problems, one after the other, in a spirit of dialogue and co-operation, by deciding on the essential priority sectors concerning which there should be serious, practical negotiations in order to reach joint solutions.

The meeting rose at 1.30 p.m.