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Tuesday, 12 October 1976
at 10.30 a. m.
New York

SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. VALDES (Bolivia)

CONTENTS

GENERAL DEBATE (continued)

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

GENERAL DEBATE (continued)

1. Mr. KANAZAWA (Japan) said that, after a period of marked economic instability, the world economy was making a gradual recovery. After the rapid economic expansion of the 1960s the emphasis was on stable growth, although inflation, unemployment, food shortages and balance-of-payments problems would continue to exist in many countries. Because of the increasing interdependence of economies, it was important that countries should act together; the development of developing countries was the key factor in attaining satisfactory world economic development and in maintaining international peace and security. Although many developing countries attributed the state of the world economy to a lack of effort on the part of developed countries, the problem of development could be solved only through the joint efforts of both developing and developed countries, and the United Nations provided a most appropriate place for such concerted action. The objective of a new international economic order was to achieve better economic relations among nations, which would in turn serve the cause of development, and his Government would do its utmost to improve economic relations among nations, both developing and developed.

2. The new international economic order would have to be established through negotiations and agreement at major international conferences such as the fourth session of UNCTAD and the Paris Conference on International Economic Co-operation, and the progress being made at those and other conferences was encouraging. At its seventh special session, the General Assembly had entrusted UNCTAD with the task of studying international economic problems with a view to improving the position of developing countries, and would therefore have to await the results of those studies. However, the Assembly could, at its thirty-first session, take stock of the results of the fourth session of UNCTAD and other conferences and look ahead to the future needs of the international community. The fact that development was a long-term process made it important to consider changes in the world economy and find means to deal with them.

3. The International Development Strategy was an extremely important issue which the United Nations should deal with. The lack of progress in the agricultural field, which was apparent from the report of the Committee for Development Planning, was particularly disappointing, since the problems of food and population required urgent global solutions and the success or failure of the International Development Strategy for the Second United Nations Development Decade would depend largely upon the degree of progress made in the field of agriculture. Agricultural development in developing countries required a vast amount of long-term investment, for which increased financial assistance was indispensable. Technical co-operation was also highly important for agricultural

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(Mr. Kanazawa, Japan)

development in view of its value in raising the quality of human resources in the developing countries. His Government would therefore continue to co-operate with developing countries in promoting their agricultural infrastructure and increasing their food production. It had decided to contribute \$52 million to the International Fund for Agricultural Development and would continue to co-operate with the developing countries in the fields of industrialization, science and technology and transfer of resources. In order to attain the objectives of the International Development Strategy, efforts should be concentrated on achieving existing targets.

4. The United Nations was playing an increasingly important role in economic and social fields, and the Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System had done much valuable work towards making the system more comprehensive and effective. The work of restructuring should aim at strengthening and rationalizing the functions and structure of the United Nations, eliminating any duplication of activities among various organizations of the United Nations and the specialized agencies and co-ordinating the work of those organizations and agencies. It should be based on a step-by-step approach, and decisions should be taken by consensus.

5. The corrupt practices of transnational corporations were a matter of major concern to Member States, and his country, while appreciating the positive role played by transnational corporations in national economic development, wished to prevent corrupt practices and would participate actively in the work of the Ad Hoc Intergovernmental Working Group on Corrupt Practices established under Economic and Social Council resolution 2041 (LXI).

6. The United Nations University would provide a most appropriate means of conducting objective studies of such crucial problems as world hunger and the management, use and proper distribution of natural resources, as well as human and social development. His Government had extended its active co-operation to the University and had pledged contributions to it; it hoped that all Member States would co-operate with the University in a similar manner by making whatever contributions they could.

7. Mr. OLIVERI-LOPEZ (Argentina) observed that, wherever representatives of Governments met to exchange ideas, the spirit of dialogue and negotiation was extolled as a sign of political and economic maturity. Consensus had become the procedure universally followed when taking major decisions in the economic and social sphere, and the frequent references to interdependence created the illusion that international co-operation had reached heights never before attained. The reality, however, was quite different, and in certain quarters there was a pervading sense of anxiety and even frustration. The search for an explanation of the causes of the existing malaise was a complicated task which should, nevertheless, be attempted.

8. At the conclusion of the sixth special session of the General Assembly, there had seemed to be a clear acceptance of the necessity for a global effort to

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(Mr. Oliveri-Lopez, Argentina)

revise the existing economic "ground rules" and bring about profound changes in the structure of international economic relations. The euphoria produced at that special session had soon vanished when it had become clear that a distinction must be made between consensus which was genuine and consensus which was not, and when the voting on the Charter of Economic Rights and Duties of States had revealed that there were issues on which no agreement was possible.

9. In order to avoid a repetition of that, the agenda of the seventh special session had been prepared with great care; from among the principles set forth in the documents which provided the basis for the establishment of the new international economic order, a selection had been made of those most likely to win universal acceptance for concerted action. A little over a year had now elapsed since the adoption of General Assembly resolution 3362 (S-VII), which began by expressing determination to eliminate injustice and inequality which afflicted vast sections of humanity and to accelerate the development of developing countries. At last it had seemed that a genuine consensus had been reached which would serve as the unquestioned point of departure for fruitful international co-operation.

10. It had been expected that in 1976 the Paris Conference on International Economic Co-operation and the fourth session of UNCTAD would be able to build on the agreement reached at the seventh special session. Those two meetings, however, had only served to raise new expectations, some of which were already beginning to fade. His delegation still hoped that the resumption of the dialogue in Paris and the implementation of the limited agreements reached in Nairobi might lead to some positive steps toward greater equity in the relations between the developed and developing worlds. There was, however, a noticeable retrocession in the attitudes of Governments, which seemed less willing to accept change and more interested in bolstering the status quo.

11. Among the causes for anxiety and concern was the protectionism practised by key countries - a strange bedfellow to an economic philosophy which was the negation of such a practice. His delegation hoped that the forthcoming round of negotiations at Geneva would open the way to a liberalization of world trade which would take fully into account the interests of the developing countries and their structural deficiencies. For the meantime, not only had the exception provided for in article XXIV of the General Agreement on Tariffs and Trade been abused, but the principle of the status quo had not even been respected, at least where the developing countries were concerned in accordance with the letter and spirit of part IV of the Agreement. Broad acceptance of preferential treatment for the developing countries remained an essential requirement for greater equity in economic relations.

12. A second cause of anxiety was the problem of development financing. As the President of the World Bank had pointed out at the Manila meetings, there was as yet no agreement on the level of additional assistance which should be provided to the developing countries. The target for official development assistance had

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(Mr. Oliveri-Lopez, Argentina)

not been attained and there was no indication that it ever would be, since the assistance actually being provided had declined to a level of one half of the commitment that had been assumed. Although in 1976, for the first time, the objective of 1 per cent for all capital flows had been attained, such flows usually consisted of short-term commercial loans at very high rates of interest. Such loans had enabled some countries to continue their economic growth despite adverse external conditions, but it had complicated the structure of their external debt and had led to a phenomenal increase in debt servicing, which showed signs of reaching 25 per cent by the end of the decade. It was imperative, therefore, that loans from the World Bank and its affiliates should be increased and the terms of credit liberalized. Loans must be granted on intermediate terms to all developing countries and in full accordance with their development priorities. With regard to external debt, the proposal submitted at the Paris Conference by the Group of 19 embodied elements relevant to the elaboration of the new ground rules which were needed in that important field.

13. A new approach was needed with regard to the transfer of technology. Little progress had been made in that sphere since the 1947 Havana Conference, when certain proposals had failed to win approval. UNCTAD had already dealt fully with the problem, and only the political will was lacking to move forward with work on a code of conduct which had been for many years in the making. His delegation hoped that the agreement reached at the fourth session of UNCTAD was an indication that such will would be forthcoming.

14. Industrialization was one of the areas for which the seventh special session had clearly laid down new economic ground rules. The process of restructuring industrial production on a world-wide basis required a series of measures in the fields of taxation, credit policy and trade, and there was no sign of any movement in that direction. Such inaction was not due to any lack of experience in that field, since the adjustments required were similar to those made by the industrialized countries in resolving situations involving their own national industries.

15. Measures for structural adjustments must be taken with regard to the problems of the agricultural sector, and new ground rules were needed to ensure free access of agricultural products to markets in developed countries. While there were grounds for some optimism with regard to the food situation, owing partly to the help of Providence and partly to the progress made in establishing the International Fund for Agricultural Development, the only reasonable way of rapidly increasing food production in developing countries was to focus not only on countries with food deficits but also on those having the potential for most rapid and efficient increase of food production, as stated in General Assembly resolution 3362 (S-VII). That meant ensuring access to markets for such countries.

16. There were other fields in which the signs were not encouraging and the initial enthusiasm had lost its impetus. A case in point was environmental policies. There were signs of a dangerous relaxation in the provisions aimed at

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(Mr. Oliveri-Lopez, Argentina)

preventing pollution, as a result of the activities of national pressure groups which had used the economic recession as a pretext for reducing their expenditure on pollution control. Furthermore, the major industrialized countries were displaying a growing disinterest with the UNEP, a fact which had been reflected in a reduction of funds at the Programme's disposal. It was interesting to note that the development of that attitude had coincided with the period when the Programme, under the leadership of Maurice Strong, had been condemning the abuses of a society given over to waste and to defending indiscriminately any economic activity which produced income.

17. When accepting the Nobel Prize in Economics in 1975, Gunnar Myrdal had stated that, in the absence of radical changes in the patterns of consumption in rich countries, any pious words about a new international economic order were simply a fraud, and that economists themselves had helped to restrict the mental outlook of politicians and of the general public through careless use of the term "growth". The measures required to correct the current situation included the new ground rules for international economic relations, but the process of structural change depended on the fundamental attitude of Governments and peoples to economic activity and to life itself. Perhaps the time had come for the United Nations system to undertake an analysis of that problem; for, if it was concerned with an integrated approach to development, there was all the more reason for it to begin to concern itself with laying the groundwork for the kind of "responsible growth" which would be valid for all countries, but especially for the industrialized countries.

18. Mr. MARSHALL (United Kingdom) said that the general debate in the Second Committee should provide a bridge between the general debate in plenary meetings and the detailed consideration of individual proposals which the Committee would subsequently undertake. The agenda items being debated, namely items 12, 65 and 66, were not only extremely important in themselves but, when taken together, provided such a bridge. Agenda item 12 offered a reminder of what it was that the General Assembly should monitor and guide, item 65 pointed to the longer term and item 66 provided an administrative framework for the Committee's discussion on the whole range of problems for which it was responsible.

19. With respect to agenda item 66 and the implementation of individual decisions adopted at the seventh special session of the General Assembly, everyone recognized the importance of the fourth session of UNCTAD. As for the general follow-up to the seventh special session, he endorsed the remarks of the representative of Finland. In connexion with the collective coverage and mutual relationship of the various elements contained in General Assembly resolution 3362 (S-VII), as well as changing attitudes towards those elements, four factors deserved mention, namely, co-operation among developing countries, science and technology, jobs and shelter. Ideas on co-operation among developing countries, dealt with in section VI of General Assembly resolution 3362 (S-VII), had evolved, and there had been many consultations among developing countries. In the field of science and technology, a fundamental goal of United Nations

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(Mr. Marshall, United Kingdom)

activities should be to increase the knowledge and skills of individuals, thereby raising their productivity and improving their standard of living. The question of jobs, referred to in section IV, paragraph 10, of resolution 3362 (S-VII), was of particular importance because of the world unemployment problem and because of the concept of the "basic needs" of individuals, to which the World Employment Conference had drawn attention. With respect to the question of shelter, referred to in section VIII of the International Development Strategy, the United Nations Conference on Human Settlements had made approximately 100 recommendations to Governments on measures to be taken, and those recommendations raised the question of the emphasis which should be placed on the development of human resources in the Strategy.

20. With respect to agenda item 65, it was important to think ahead and start planning the third Development Decade immediately, since the task would be complicated. In that connexion, he had noted with interest the remarks of the Under-Secretary-General for Economic and Social Affairs on the question of long-term development projections and trends and the chapter of the report of UNITAR (A/31/14) concerning the Project on the Future. Although a decade was a useful period for harnessing thought and action, the development process was a continuing one and discussion should not be limited to any single period.

21. As for agenda item 12, it was not clear what the message from the Economic and Social Council to the Second Committee was. Chapter I of the Council's report (A/31/3) was useful, but the practice of parcelling out the report between plenary meetings and Main Committees involved the risk that the sum of the parts would be less than the whole. As for the message from the Second Committee to the Economic and Social Council, if the Council was to prepare in the best way possible for sessions of the General Assembly, the Committee should not set too many tasks. That did not mean that the General Assembly and the Second Committee would lose their freedom of action, but they should have regard to the effect their decisions had on the system. Although there were no simple solutions to the problem, thought should be given to the "sunset" approach, which meant that items would only be retained on the agenda if there was positive justification for doing so.

22. Mr. HUTAGALUNG (Indonesia) said that a host of unresolved problems attributable to the recent recession continued to plague the international community, particularly the developing countries, whose economies were more severely affected owing to their limited resilience and adaptive capacity. The recession had not only caused a further deterioration in their already precarious economic situation, but had also caused serious stagnation in, and in many cases had even jeopardized, their economic development activities. Export earnings were declining sharply, while flows of international financial aid were decreasing substantially.

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(Mr. Hutagalung, Indonesia)

23. That situation had demonstrated the vulnerability of the economies of the developing countries to external factors which were rooted in imbalances in the structure of international economic relations. While the responsibility for their development rested primarily with the developing countries themselves, it was also true that a fundamental restructuring of international economic relations was required, as called for by the Declaration and the Programme of Action on the Establishment of a New International Economic Order. The developing countries must have a greater share in world trade and world industrial and manufactures output and easy access to technology, and their scientific and technological capability must be improved.

24. The seventh special session of the General Assembly had set the restructuring process in motion, a process which had been pursued at the Paris Conference on International Economic Co-operation in December 1975, the fourth session of UNCTAD, the Tripartite World Conference on Employment, Income Distribution, Social Progress and the International Division of Labour, the Conference on Human Settlements and the Mexico Conference of the Group of 77. The entire negotiating process had been under continuous review by the non-aligned movement, and the recent Conference in Colombo had thoroughly assessed the progress achieved thus far.

25. Although the over-all results of those negotiations had clearly fallen short of the aspirations of the developing countries as embodied in the Manila Declaration, the various decisions, particularly those taken at the fourth session of UNCTAD, were an important step in the continuing process towards achieving the goals envisaged in the Declaration and Programme of Action adopted at the sixth special session. At the fourth session of UNCTAD, it had been agreed to continue the dialogue started at the seventh special session of the General Assembly. Significant progress had been made on the restructuring of the world commodity market; a broad consensus had been reached for the first time on an integrated programme for commodities, launching a major negotiating process which would provide States with a genuine opportunity to make a significant breakthrough in efforts to arrive at a more equitable and balanced world economic situation. An essential element to be discussed in the commodity negotiations was the establishment of a common fund, which was crucial to the integrated programme for commodities. Such a fund would ensure support for commodity prices in real terms which were remunerative to producers and equitable to consumers, and would stabilize the purchasing power of the export earnings of developing countries. It was encouraging that there had been in Nairobi ample evidence of support for the establishment of the fund on the part of developing and developed countries alike, and with continuing support one could look forward to its early establishment.

26. In the field of manufactures, UNCTAD had adopted a resolution launching a comprehensive attack on the trade and related aspects of manufactures with a view to achieving the objectives established by the Second General Conference of UNIDO. With regard to the transfer of technology, important advances had been made on major issues, notably on the revision of the present patent system and the building up of the technological capacity of the developing countries. A significant

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(Mr. Hutagalung, Indonesia)

decision had also been taken on institutional issues, considerably strengthening the role and function of UNCTAD as a major forum for negotiations within the United Nations system.

27. Regrettably, no progress had been made at the fourth session of UNCTAD on measures to increase financial flows to the developing countries, particularly development financing. UNCTAD had also been unable to agree on a satisfactory solution to the critical debt problem of the developing countries, although it had been agreed to continue the dialogue on that matter. His delegation was aware of the urgent need for solving those problems and of the serious implications of a failure to do so.

28. The performance of the International Development Strategy in many areas, including the transfer of resources, had been disappointing during the first half of the Second Development Decade. It was therefore essential that the international community should mobilize the necessary political will, particularly in the developed countries, to reach the various targets which had been established, especially those relating to the transfer of resources. Otherwise there would be no opportunity for improved performance during the remainder of the Decade.

29. Despite the disappointing performance during the first half of the Decade the Strategy remained a very useful instrument for international co-operation. It should be strengthened by adapting it to the recent fundamental changes in the world economic scene, and its implementation should be guided by the requirements of the new international economic order.

30. Attention should also be turned to preparations for a third Decade, which should give more attention to the qualitative aspects of development. Excessive preoccupation with economic matters would endanger prospects for efforts to improve over-all social conditions. Accordingly, he welcomed the Declarations and the Programme of Action adopted by the World Conference on Employment and the Conference on Human Settlements, which should be taken into account in the preparation of the strategy for the third Decade.

31. His delegation was aware of the complexity of the issues involved in making the United Nations system a more effective machinery for economic co-operation and one more responsive to the imperatives of a new system of international economic relations, as called for at the seventh special session. It therefore hoped that the Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System would arrive at a consensus on the guidelines which should serve as a useful basis for pursuing the restructuring process. His delegation shared the view that the effectiveness of the General Assembly as the supreme negotiating forum of the United Nations system for the promotion of solutions to international economic and social problems should be enhanced. There should be more coherence in the decision-making process and improved synchronization of work at the different levels of the organs dealing with economic and social problems.

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(Mr. Hutagalung, Indonesia)

32. UNCTAD, as a major organ within the United Nations system dealing increasingly with matters relating to the structural transformation of international economic relations, should be strengthened; that applied both to its secretariat and to its level of resources, and it should enjoy greater flexibility in budgetary, financial and administrative matters. The regional economic commissions should also be enabled to play their role as the main general economic and social development centres within the United Nations system for their respective regions and to participate actively in operational activities in those regions.

33. Of equal importance in efforts to establish greater justice and equality in international economic relations was the implementation of the principle of permanent sovereignty of States over their natural resources. Every State should co-operate with interested foreign enterprises in the exploration and exploitation of those resources, but always with the clear understanding that the developing countries should retain complete freedom to determine whether and under what conditions they wished to accept foreign investment. There must be a balance between property rights on the one hand and the need to ensure mutuality of benefits on the other. However, in the case of agreements negotiated in a situation or period of unequal bargaining power, such agreements must be open for revision and readjustment, taking into account the balanced interests of the host country. In Indonesia, mutuality of interests was always given paramount importance. For example, the increase in the Government's take from production-sharing agreements was accompanied by the provision of extra incentives to its partners, an arrangement to which the oil companies had responded favourably.

34. With regard to economic co-operation among developing countries, which was an integral aspect of the structural transformation of international economic relations, he noted that the recent Mexico Conference of the Group of 77 had adopted a programme of measures together with a time-table and appropriate machinery for their implementation. That represented a milestone in the efforts of the developing countries to promote the concept of collective resilience and self-reliant growth, and he hoped that the international community would lend its valuable support to those efforts.

35. Mr. BARCELO (Mexico) said that the major economic meetings between industrialized and developing countries in 1976 had contributed little to the solution of the serious economic problems besetting large segments of the world's population and relief from the resulting hunger and poverty. Moreover, no serious steps had been taken to reduce the growing expenditure on armaments, which consumed enormous amounts of resources that could be used to solve such economic problems. Genuine peace was not simply a matter of the absence of war; it required the sustained economic and social development of the world's peoples.

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(Mr. Barcelo, Mexico)

36. The fourth session of UNCTAD had produced little progress when measured against the concerns expressed at the preparatory meeting of the Group of 77 in Manila. The determination of all the participants in the Paris Conference on International Economic Co-operation would be needed if positive results were to be achieved and the rupture which had already occurred in the negotiations was to be healed. What was needed was a resolve to take firm steps towards economic co-operation based on the resolutions of the General Assembly, the Economic and Social Council and UNCTAD which pointed the way to the new international economic order.

37. Despite the general crisis in relations between the various parties, there were signs of hope for the future. A decision concerning the special fund for the constitution of buffer stocks of raw materials exported by the developing countries might be taken by March 1977. The establishment of such a fund would be a significant step with which to begin the coming year, especially as 1976 had been perhaps the lowest point on the curve of the negotiations to improve the lot of the poor countries.

38. The Economic and Social Council, meeting in Africa for the first time during its sixty-first session, had tackled such important questions as transnational corporations, science and technology, the development of international economic co-operation, the restructuring of the economic and social sectors of the United Nations system, regional co-operation and the Charter of Economic Rights and Duties of States. Each of those questions represented an important aspect of his country's concern for clear definitions of what was wanted in each of the fields concerned in order to move ahead with the structural changes required in the world economy.

39. It was noteworthy that, in response to General Assembly resolution 3486 (XXX), the Council had for the first time reviewed the implementation of the Charter of Economic Rights and Duties of States with a view to preparing adequately its systematic and comprehensive consideration by the General Assembly in 1980 in accordance with article 34 of the Charter itself. The discussion in the Council had included statements by countries with very different economic and social systems which were interested in promoting the application of the Charter. The Council had adopted resolution 2027 (LXI) spelling out the future arrangements for its annual review of the implementation of the Charter. His delegation was pleased with the progress thus made by the Economic and Social Council, because the Charter of Economic Rights and Duties of States was one of the most important contributions to the effort to overcome the negative factors impeding the establishment of the new international economic order.

40. At its recent session, the Economic and Social Council had also undertaken a review of the International Development Strategy. The establishment of a Special

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(Mr. Barcelo, Mexico)

Economic Committee for that purpose had been justified by the failure of the international community to attain the chief quantitative targets and objectives set forth in the Strategy. The profound change of attitude which was required of the industrialized countries if the targets set in the Strategy were to be reached had not taken place, and there was an absence of goodwill on the part of the most powerful countries. It was necessary, however, that the goodwill of individual countries, however, powerful they might be, should cease to be the essential condition for change in the international order. The General Assembly should spell out at its thirty-first session the principles of a new strategy which would accelerate the establishment of the new international economic order based on the provisions of the Charter of Economic Rights and Duties of States.

41. The economic situation of his country and the recent monetary upheavals were proof of the urgent need for a changed international strategy. It was undeniable that external factors such as monetary crisis and inflation had elsewhere triggered off the inflation in developing countries. Even countries with stronger economies had been unable to escape their adverse effects. Mexico had been faced with the choice of taking deflationary measures which would have resulted in social injustices or stepping up its economic growth rate. The Minister for Foreign Affairs had already described in detail, in his statement to the General Assembly, the ambitious programmes of social justice and administrative reform carried out by the Mexican Government. However, Mexico's domestic efforts had been no match for the external difficulties facing the country, and it had been forced to alter the exchange rate of its national currency. But efforts were still being made to increase productivity, and he was confident that Mexico would overcome the obstacles and attain levels of production enabling it to pursue social justice more vigorously.

42. The new development strategy must be taken out of the sphere of goodwill and into the sphere of law. Any strategy which was not based on the principles of freedom and justice should be considered a relic of the unjust past. Future action should be based on adequate machinery for effecting qualitative changes which advanced the well-being of all mankind.

43. The co-operation of all was required in building the new international economic order. To that end, it was necessary to instill in the peoples of the world an awareness of the objectives of the new economic and social order and to vest the United Nations system with all necessary powers. Restructuring the economic and social sectors of the system required the full support of the entire international community, for the changes in the world economy which were desired could be brought about only by enabling the United Nations to take positive action in that sphere.

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(Mr. Barcelo, Mexico)

44. His delegation felt that the work of the United Nations Centre on Transnational Corporations and the Commission on Transnational Corporations should be so conducted as to produce within the specified time a binding code of conduct to ensure that transnational corporations respected the sovereign will of each people. Work on other codes of conduct to improve various aspects of international trade must also be stepped up. His delegation was confident that agreement would be reached shortly regarding binding rules governing the transfer of technology.

45. An important group of industrialized nations had recently demonstrated its determination to co-operate in the establishment of the new international economic order. His delegation hoped that their behaviour would serve as an example for other countries, particularly with regard to the integrated programme for commodities, which was the only viable means of supporting the ~~prices~~ of commodities exported by the developing countries.

46. The measures agreed on at the recent Conference on Economic Co-operation among Developing Countries in Mexico City must be made an integral part of efforts towards international co-operation to be decided at the forthcoming conference at Buenos Aires. The development of horizontal co-operation would require the logistic support of international organizations and agencies, as well as a determination on the part of the industrialized countries to help to strengthen and expand it. Such co-operation must be seen for what it was, namely, an effort on the part of the developing countries to strengthen their ties with the rest of the world in conditions of equity and justice.

47. International activities in the field of science and technology were of particular interest to his Government. The international conference to be held in 1979 would require careful preparation directed by an official at the Under-Secretary-General level, whose task would be to ensure the necessary co-ordination and the preparation of appropriate national documentation which would be integrated within a regional plan and would reflect the necessary balance between political and technical aspects. His Government was anxious to promote the success of the conference and was willing to offer as its venue Mexico City, which possessed the requisite experience and facilities for such an international conference.

48. The months ahead would be filled with numerous meetings dealing with the establishment of the machinery of international co-operation for the benefit of all mankind. It was to be hoped that at those gatherings the powerful nations would assume their responsibilities for meeting the requirements of the future. Only an international system based on respect for the varied choices made by individual countries or groups of countries, but at the same time geared to joint action in the sphere of international co-operation, would be capable of implementing solutions aimed at ensuring the well-being of the human race, which was, in the final analysis, the essential goal of the new international economic order.

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49. Mr. AKHUND (Pakistan) said that, despite arduous negotiations in various forums, the economic disparity between the poor and the rich nations continued to widen. The roots of the disparity lay in the present economic system, which, although those who benefited from it claimed that it was guided by the free play of market forces, did not provide any self-adjusting mechanism to redress the inequities that were the cause of the contemporary social, economic and political crisis. In that connexion, he pointed out that, within the advanced Western nations, economic and social justice had come about not as a result of the free play of market forces but because the underprivileged classes had mobilized their joint strength to obtain recognition of their demands and enforce their rights. The challenge on the international plane was the same, but the problem was much more complicated because the world consisted of nations of varying size and potential belonging to different political and economic systems.

50. The decisions adopted at the sixth and seventh special sessions of the General Assembly, and the declarations of the non-aligned countries at their meetings in Georgetown, Algiers and Colombo calling for a new international economic order rather than confrontation, were simply based on two ideas whose time had come: the idea that there must be equity in international economic relations, and the idea that planned and sustained efforts were required to develop the economies of the developing countries. At its present session, the General Assembly should look back as well as forward in order to see what progress had been made and decide on a future course of action.

51. It had been the consensus of the seventh special session of the General Assembly that an important aim of the fourth session of UNCTAD should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme, bearing, inter alia, on appropriate international stocking arrangements and adequate international financing facilities. However, when the countries of the Group of 77 had sought agreement on the establishment of a common fund to finance buffer stocks, they had succeeded only in obtaining agreement that steps would be taken towards the negotiation of a common fund. They had agreed to a further negotiating conference on the subject but had not expected that the United States and the Federal Republic of Germany, among others, would interpret that as a licence to call into question the principle of the common fund. They therefore supported the decision of the Secretary-General of UNCTAD not to entertain the proposal of the United States, which would have completely nullified the agreement. The developing countries had been equally surprised to hear that, since negotiations on commodities were under way in UNCTAD, the Paris Conference should not deal in substance with the question of raw materials. The restricted dialogue in Paris had been set up, inter alia, to give political impetus to the more specialized negotiations, and the developing countries hoped that it would play its part in facilitating the elaboration of concrete measures for action in that field.

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52. The other important decisions of the seventh special session in the field of trade had concerned the reduction or removal of non-tariff barriers against certain countries on a differential and more favourable basis and the continuation and improvement of the generalized system of preferences. Elaborating on those decisions, the Manila programme of the Group of 77 had stressed the need for a comprehensive strategy for expansion and diversification of the export trade of the developing countries. In spite of that, the resolution on manufactures and semi-manufactures adopted at the fourth session of UNCTAD contained no firm commitments for concrete action and, although the developed countries had submitted specific proposals regarding trade in manufactures at the Paris Conference, the developed countries had merely reiterated what they were already doing. At the same time, discriminatory restrictions such as the "voluntary restraint" imposed by the multi-fibre agreement on textiles were being perpetuated despite the clear understanding that they were to be temporary in nature. The fourth session of UNCTAD had also failed to give impetus to the multilateral trade negotiations, owing to the insistence of the industrialized countries that the issue should be considered exclusively within GATT. Many difficulties faced the developing countries in the multilateral trade negotiations. For example, there was an implicit assumption of reciprocity in the developed countries' offers, which, if accepted, would vitiate the principles of the Tokyo Declaration. Thus, there was no indication that the developed countries would implement the principles of that Declaration in regard to favourable and preferential treatment, non-reciprocity and prior implementation of concessions in favour of the developing countries.

53. In the area of the transfer of real resources, the response to the decisions of the seventh special session had been dismal. Although, as the Minister for Foreign Affairs of the Federal Republic of Germany had stated before the General Assembly, the OECD countries had for the first time attained the target of capital transfers amounting to 1 per cent of gross national product, the increase was made up largely of private capital flows including transactions of transnational corporations which did not result in a real transfer of resources. The fact that in the past five years the level of official development assistance had stagnated while the problems of the poorest countries had become critical was a cause for profound concern. Since the start of the Second Development Decade, official development assistance transfers from the developed countries had averaged 0.32 per cent of their GNP annually, as compared to the target of 0.7 per cent. The financial support that would come about as a result of the Kingston decision was welcome but it was hardly adequate to meet the challenge facing the poorest countries, particularly since it would be a one-time affair whereas the financial problems of the poorest countries were chronic. The inadequacy of what was being done could be judged from the fact that, in 1976, international institutions were unlikely to contribute more than \$6 billion towards the deficit of oil-importing developing countries and the shortfall would have to be met through commercial borrowing on almost punitive terms. Even if the deficit of the oil-importing

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(Mr. Akhund, Pakistan)

developing countries were reduced from \$39 billion to \$32 billion, as had been estimated, such a reduction would mean scaling down economic goals and development programmes.

54. The decisions of the seventh special session relating to the monetary system assumed particular importance in that context, particularly the agreement for the establishment of a link between special drawing rights and development assistance which was to be considered as part of the creation of new special drawing rights as and when that was agreed to according to the needs of international liquidity. Although the needs of the developing countries for finance had increased, the developed countries had declined at the Paris Conference to discuss the SDR link as a possible component of a comprehensive solution to those problems.

55. Prior to the recent upheavals in the world economy, a consensus had emerged on the main components of a reformed international monetary system. His delegation believed that the importance of reserve creation under international auspices remained unchanged. The inequitable working of the present system had been brought out in a recent talk by Professor Robert Triffin, who had pointed out that the developed countries had received SDR 100 billion (97 per cent) of international reserve credits over the period 1969-1974 and the less developed countries had received SDR 2 billion (less than 3 per cent). It was to be hoped that the question of the SDR link as part of a monetary package would be considered in Paris.

56. One of the recommendations of the seventh special session had been that the fourth session of UNCTAD should consider the possibility of convening a conference to devise ways and means to mitigate the burden of debt. In fact, the decision taken in Nairobi on that question could not contribute to an effective solution. Moreover, the proposals made at the Paris Conference by the developed countries did not deal with the central issues underlined by the developing countries, namely, the need for immediate generalized relief on the official debts of the most seriously affected, least developed, land-locked and island developing countries and the need to reorganize the entire system of debt renegotiations to give it a development orientation rather than a commercial orientation. A lasting solution to the problem of external indebtedness must be part of the process of reforming the world economic system, for any large-scale inability to meet debt payments would affect both debtor and creditor nations and it was therefore essential that timely steps should be taken to avoid the potential crisis.

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(Mr. Akhund, Pakistan)

57. Turning to the question of science and technology, he said that the developing countries would wish to see the practice of the developed countries conform to their international commitments as reflected in the decisions of the seventh special session of the General Assembly and the fourth session of UNCTAD. For instance, they hoped that the developed countries would take measures to ensure that their business enterprises performed contractual obligations, and they expected the developed countries to co-operate in the elaboration of a code of conduct for the transfer of technology that would be binding in nature. In that context, the new initiatives which the United States was contemplating in the field of technology had been noted with interest.

58. On the question of industrialization, he pointed out that it was only through industrialization that the developing countries could attain a measure of self-reliance and economic well-being similar to that of the developed world, and that a more equitable distribution of the world's industrial capacity was necessary for the optimum operation of the global economy. Moreover, as the industrialized countries rationalized their own economies they would find that changes in the existing industrial structure were in their own interest as well as in that of the developing countries. UNIDO could play an essential role in that evolution. It was unfortunate that its transformation into a specialized agency had been held up by lack of agreement on its statute and by the developed countries' opposition to efforts to make it into an autonomous agency. While the inclusion of provisions whereby individual countries could protect their legitimate interests might be considered, it was obvious that not every specialized agency could be transformed into an IMF or World Bank.

59. The progress achieved in the area of food and agriculture in the last year was to be welcomed; however, it must be followed by concrete moves to change the pattern of world food production and to introduce trade policies which would increase the export earnings of the developing countries. It was unfortunate that the International Fund for Agricultural Development, which would play a critical role in promoting agricultural production in the third world, had not started its activities at the end of 1975. It was extraordinary that the developed countries, whose combined GNP was several times that of the OPEC countries, should make an issue of a \$40 million contribution to the Fund. Moreover, it was understandable that the members of OPEC should not be expected to assume equal obligations with the developed countries for the development assistance.

60. The search for a new economic order could hardly be described as an urge for a "quick fix", and his delegation regretted that the Secretary of State of the United States should consider that the developing countries' demands for change undermined the popular support in the industrialized democracies which was imperative to provide the resources and market access to sustain development. That attitude seemed to postulate that development and prosperity in the third world could only be a by-product of ever-growing affluence in the industrialized countries.

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(Mr. Akhund, Pakistan)

61. The news that the industrialized countries were formulating proposals to give impetus to the development of the third world was interesting, and the proposals would certainly be carefully examined. However, the developing countries could not abdicate responsibility for identifying their needs, for they were conscious of that fact that the primary responsibility for their own development lay with them. They must therefore consider anew how to improve co-operation among themselves and negotiate with the developed countries. In proposing that the leaders of the third world should meet, he was not proposing that the dialogue with the developed countries should be interrupted or suspended. As the Prime Minister of Pakistan had pointed out, such a meeting would signal the turning away from the threat of a potentially disastrous confrontation to the promise of a global partnership. A truly meaningful dialogue could take place when both sides involved were truly cognizant of their interests and clear as to their own objectives and priorities. Agreements reached among developing countries at the summit level would not only strengthen their unity and bargaining power but would also contribute to the aim of orderly transition to a new and just world economic order.

62. Mr. FASLA (Algeria) said that the thirty-first session of the General Assembly was taking place at a time when the developing countries, more conscious than ever of their rights, their common cause and their legitimate interests, were increasing their efforts to achieve a new international economic order. However, the many conferences which had been held in 1976, both within the United Nations system and elsewhere, had produced inadequate and disappointing results. The developing countries had always considered that just solutions to the problems facing the international community could be found through dialogue, but dialogue did not mean merely travelling from one conference to another. True dialogue required a genuine political desire to make fundamental changes in the existing structure of world economic relations, which was the result of colonial and neo-colonial policies, and to adopt the policies necessary to establish a new international economic order. A dialogue in which such a desire was absent would merely serve to prolong the exploitation of third world countries by rich countries.

63. Since the seventh special session of the General Assembly, various international meetings had taken place, and as a result the developed countries had succeeded in overcoming the economic crisis, whereas the developing countries largely continued to suffer from inflation, recession, and reductions in imports and to struggle to preserve stability and avoid famine. With respect to trade, the fourth session of UNCTAD had not met the modest demands of the developing countries, as contained in the Manila Declaration, and the little progress which had been made, particularly with respect to primary commodities and the transfer of technology, was wholly inadequate in view of the problems facing the developing countries. Some developed countries had not yet agreed to the establishment of a fund for financing buffer stocks or to the principle of maintaining prices for exports from developing countries, and discussions on the problem of debt had been postponed. Developing countries, most of which depended on the sale of primary commodities to earn foreign currency, were experiencing growing difficulties because of the drop in the real value of their exports as a result of the excessive increase in the price of manufactured goods and food-stuffs. Their efforts to

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(Mr. Fasla, Algeria)

establish stable national economies were thus being jeopardized; for example, there was a danger that their already high balance-of-payments deficit would triple by 1980.

64. With respect to monetary and financial questions, little progress had been made in implementing the decisions of the sixth and seventh special sessions of the General Assembly. No tangible results had been obtained in connexion with external debt, which continued to grow and to hinder the development of the third world by further reducing its capacity to import. The situation had grown worse because of capital transfers by transnational corporations and because the flow of financial resources from the wealthy nations had not reached the level proposed by the international community and, in real terms, was falling. With regard to financing the chronic balance-of-payments deficits of developing countries, the multilateral adjustment systems largely favoured the rich countries. The limited objective of making \$1 billion in credits available through the World Bank's "third window" had not been attained, and only a small proportion of the money made available by the decision of the wealthy nations to raise the price of gold would go to developing countries. Furthermore, the problems involved in increasing the resources of multilateral financial institutions had not yet been solved.

65. With regard to food problems, although the report of the Under-Secretary-General for Economic and Social Affairs on the 1976 harvest had provided some grounds for hope, the international community had not yet shown the political will necessary to reduce the food shortage by establishing international food reserves and providing assistance with respect to food and fertilizers. The World Food Council was apparently paralysed in the face of opposition by the developed countries to the implementation of the resolutions of the Rome Conference. Furthermore, the International Fund for Agricultural Development had not yet begun to operate because of the refusal of some rich countries to make adequate contributions. He hoped that \$1 billion would be procured as quickly as possible so that the Fund could begin operations.

66. Where the problems of industrialization and transfer of technology were concerned, it was more important than ever that the international community should implement the decisions of the Second General Conference of UNIDO in order to ensure a more equitable international division of labour. The transfer of science and technology to the developing countries was vital, but the cost was often exorbitant and transfers were subject to restrictions which helped to perpetuate the dependence of the third world on the suppliers. The decision taken at the fourth session of UNCTAD to convene a conference aimed at establishing a code of conduct for the transfer of technology was welcome, since such a code would end the monopoly of the developed countries over science and technology and thereby contribute to world-wide economic and social progress. The next United Nations Conference on Science and Technology, planned for 1979, would be of considerable importance, and one of its fundamental goals should be to strengthen the technological capacity of third world countries.

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(Mr. Fasla, Algeria)

67. The thirty-first session of the General Assembly should be concerned with the revision of the International Development Strategy for the Second United Nations Development Decade. The Strategy should be adjusted to meet the requirements of the new international economic order and should therefore include new concepts and establish new quantitative and qualitative objectives for the international community. Such an approach would assume that the rich nations would fulfil the commitments they had undertaken in 1970, as they had thus far failed to do. It was also time to prepare the next strategy, which should be concerned with establishing the new international economic order, as emphasized by the Fifth Conference of Heads of State or Government of Non-Aligned Countries at Colombo. It was to be hoped that the decision by OECD to study long-term development planning and develop a coherent approach to world economic growth would have concrete results; to that end, the study in question should be conducted within the framework of the decisions taken by the General Assembly at its sixth and seventh special sessions and the Charter of Economic Rights and Duties of States.

68. Genuine development should establish economic and social justice within the various national communities, and that required structural reforms in the economic and social fields, particularly with respect to agriculture, so that income would be evenly distributed among all citizens and so that extreme poverty could be relieved. Social development should occupy a place of primary importance in national development plans, and to that end the United Nations should establish social norms for the guidance of Governments.

69. Economic co-operation among developing countries was of vital importance to the new international economic order. The various programmes of co-operation adopted in 1976 showed the willingness of the developing countries to expand their joint struggle for economic liberation and to put an end to poverty, disease and illiteracy. The sixth special session had been the session of the new international economic order and had inspired several conferences and meetings, among both developed and poor countries. Those results had been further enhanced by the Charter of Economic Rights and Duties of States and the results of the seventh special session. All the basic texts had the same objective, namely, the establishment of just international economic relations to meet the aspirations of all men. Accordingly, the General Assembly and the Economic and Social Council should deal with all those documents regularly under a single agenda item, which could be entitled: "Establishment of the new international economic order". Such an approach would be more rational and would promote greater co-ordination within the United Nations system.

The meeting rose at 1.15 p.m.