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at 10.30 a.m.
New York

SUMMARY RECORD OF THE 16th MEETING

Chairman: Mr. VALDES (Bolivia)

CONTENTS

GENERAL DEBATE (continued)

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The meeting was called to order at 10.50 a.m.

GENERAL DEBATE (continued)

1. Mr. DIARRA (Mali) noted that the current session of the General Assembly was being held at an important moment in the social and economic evolution of mankind. There was a relative lull in the recent storm over the economies of the developed market-economy countries, but the developing countries had been severely affected by the repercussions of that situation.
2. The time was therefore ripe to speak of the seriousness of the problems and to highlight the responsibilities of the international community. Although some agreed that the world economic picture had brightened considerably over the past year, nobody could deny that the gap between rich and poor countries had continued to widen dangerously, that the deterioration of the terms of trade between those countries was becoming more marked - the over-all balance-of-payments deficit of the developing countries had increased from about \$12.2 billion in 1973 to over \$40 billion in 1975 - and that the amount of official aid granted by the developed countries was each year moving further from the target of 0.7 per cent of GNP which those countries had undertaken to reach by 1980. The net percentage of ODA coming from the developed market-economy countries had declined from 0.34 per cent in 1969-1970 to 0.32 per cent in 1974. There was nothing to indicate that that trend would be reversed in the near future. The contrary would appear to be the case.
3. The flow of financial resources from the developed to the developing countries tended to be smaller than the flow of transfers from the developing countries to the industrialized countries in the form of debt payments. That situation was aggravated by the persistence of an economic model whose survival depended on the growing impoverishment of two thirds of mankind for the benefit of the remaining third, which was wallowing in over-consumption, opulence and wastage of resources. In addition, preliminary studies had shown that, if the average growth rate of the developing countries was increased to 7 per cent a year and if the growth rate of the developed countries was maintained at 4 per cent, the gap between the two groups would still be in the ratio of 7 to 1 in the year 2000 and would not be eliminated for at least three quarters of a century.
4. His delegation therefore believed that energetic action and concerted efforts at the international level were required in order to find a lasting, if not final, solution to the urgent problems experienced by the developing countries in the sectors of agriculture, food, education, health, employment, industrialization, trade and finance. In that regard, the sixth and seventh special sessions of the General Assembly had represented vital stages marked by the conclusion of agreements on broad areas of action and the adoption of the Programme of Action on the Establishment of a New International Economic Order. At the present stage, however, it was necessary to look further ahead, to formulate specific policies and to make precise commitments. Above all, it was important that the present lull should not obscure the fact that problems remained which diminished the effectiveness of traditional economic measures.

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(Mr. Diarra, Mali)

5. The revision of the International Development Strategy which should be made in the current year would perhaps provide an opportunity for the adoption of a set of policies more propitious to the establishment of the new international economic order. For that purpose, it would be sufficient to realize the value of the decisions of the sixth and seventh special sessions of the General Assembly, of other relevant Assembly resolutions and of the Charter of Economic Rights and Duties of States, and to be aware of the need for a change in the existing international economic order.

6. In the opinion of the Malian delegation, international trade matters were one of the basic aspects of the new international economic order. It was the medieval "right of common" which continued to be the guiding principle, if not the rule, in trade between developed and developing countries. While the prices of manufactures continued to rise, the prices of commodities, which accounted for two thirds of the developing countries' exports, remained at levels which no longer covered production costs. The development of the economies of the third world depended to a large extent on export earnings and it was therefore to be hoped that the negotiations to be held shortly under UNCTAD auspices on the integrated programme for commodities and on the establishment of a common fund for the financing of buffer stocks would rapidly produce satisfactory results.

7. The developed countries should fulfil their commitment to abolish the restrictive trade practices of a tariff or non-tariff nature which they imposed on imports from the developing countries. According to the President of the World Bank, abolition of those restrictive practices would make it possible to increase the export earnings of the third world countries by about \$13 billion.

8. Since trade problems were directly linked to the problems of industrialization, he emphasized the importance of the Lima Declaration and Plan of Action concerning industrial development and co-operation. In view of the salutary catalytic effect of industrialization on such sectors as agriculture and food, employment and investments, it was essential for the international community to follow the Lima Plan and to undertake to make the adjustments which would lead to a true division of labour. Mali therefore supported the United Nations Conference on Science and Technology for Development, scheduled for 1979, the negotiations to be held on the revision of the Paris Convention on the Protection of Intellectual Property, and the creation of the international fund for industrial development.

9. The problems of agriculture and food in the world were still far from being solved. The establishment of the International Fund for Agricultural Development was a step in the right direction, but the Fund had not yet become operational, owing to the lack of resources. It was to be hoped that the forthcoming United Nations Conferences on Water and Desertification would provide an opportunity for defining specific ways and means of banishing the spectre of death and famine in the poorest countries.

10. Lastly, the question of development financing would not be settled until agreements had been concluded on the means and conditions for accelerating the transfer of natural resources to the developing countries.

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(Mr. Diarra, Mali)

11. In conclusion, he emphasized that the developing countries, for their part, were determined to reject economic models which would make them the sound box of cyclical crises of the developed economies and to work for the radical alteration of international economic relations. In order to do so, they were relying on mutual co-operation and collective self-reliance. In the Programmes of Action of Manila, Colombo and Mexico City, they had identified areas and ways of co-operation which would enable them better to mobilize their material and human resources. The international community was currently at a cross-roads. It was in a position to start building a better world and had the necessary instruments and means to do so. In order to succeed, it needed only more political will, far-sightedness and determination.

12. Mr. MWANGAGUHUNGA (Uganda) noted that the world economic crisis was far from solved. The monetary instability of 1971 to 1973 had given way to the economic recession of the industrialized countries in 1974 and 1975, which had been accompanied by an increase in prices of food grains, fuels and manufactured goods. That situation had adversely affected the commodity exports of the developing countries, as well as the external aid from developed to developing countries. The industrialized countries of western Europe were trying to curb inflation by resorting to traditional measures, programmes of austerity and floating rates of exchange. It was quite likely, however, that those measures would reduce consumption, the volume of international trade and the purchasing power of citizens, that they would not reduce unemployment and that they would have at least an indirect influence on the economic growth of those countries and of the developing countries which produced industrial raw materials. Furthermore, recent months had shown that such austerity measures might revive the protectionism whose perils had been clearly demonstrated during the depression of the 1930s.

13. The countries which had been most seriously affected by the current economic instability were those at the greatest disadvantage in the world economy - in other words, the least developed countries, the land-locked countries and those developing countries whose economies had been seriously dislocated by the economic crisis and by natural calamities. On average, the aggregate current account deficit of those countries had risen from \$12.2 billion in 1973 to \$33.5 billion in 1974 and had been estimated at about \$45 billion in 1975. The developing countries were therefore in a very critical situation, which called for urgent international attention.

14. His delegation held that the sharp division between rich and poor countries, between developed and developing countries, had become a threat to world peace and security and that it was time for the world community to find practical solutions to that problem. In 1974 and 1975 the General Assembly had adopted important decisions with regard to the establishment of a new international economic order, based on sound principles and objectives, with a view to bringing about a more equitable and just economic relationship among nations. It was discouraging to note that after almost three years of negotiations, very little progress had so far been made in that direction.

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(Mr. Mwangaruhunga, Uganda)

15. His delegation still believed that the new international economic order would come into being and had supported proposals to that end put forward at recent international conferences, as well as the resolutions of the sixth and seventh special sessions of the General Assembly. Unfortunately, efforts to implement many of the measures adopted at those meetings had made no tangible progress. It was a matter for great concern that the Paris Conference on International Economic Co-operation was virtually deadlocked. After almost 10 months of negotiations the developed countries had not responded to the concrete proposals submitted by the group of 19 countries representing the developing countries, all of which served to strengthen those countries' misgivings about the value of the Conference. The best course, therefore, would be for all future negotiations of that nature to be conducted under the auspices of the United Nations.

16. A number of documents assessing the efforts already made by the international community to bring about fruitful economic co-operation between developed and developing countries were before the Committee. The message they contained was that the international community still had a long and difficult road to travel before achieving a form of international economic co-operation that would ensure equity and justice for all; the success of those efforts would depend largely on the willingness of the developed countries to co-operate. His delegation's impression was, however, that while there was consensus among the developed countries with regard to the seriousness of the existing economic situation and the need for timely action, there was no sign of the necessary political will to implement the important decisions of the General Assembly.

17. The old economic order of exploitation of man by man, of a small section of humanity living in affluence at the expense of the majority, had shown itself incapable of solving current economic problems. The developing countries had for years carried on a dialogue and in vain argued their claim to a fair share of the riches of the planet. They had avoided confrontations with the developed countries and would try to carry on in that spirit. The lack of reciprocity shown by the developed countries had, however, convinced the non-aligned movement of the merits of bilateral co-operation among its member countries and of the need to take certain economic, trade, financial and monetary measures to bring about the establishment of a new international economic order.

18. The developing countries were aware that the primary responsibility for development rested upon themselves. Their solidarity and common aspirations were a force to be reckoned with, a force that would change the course of history and transform international economic relations. It was with that in mind that his delegation subscribed to the proposal to convene a third-world summit.

19. That was the background against which the deliberations of the Committee would be conducted. There was a very big task before the Committee, but it could be accomplished, given the necessary political will and co-operation from all sides.

20. Mr. PRONK (Netherlands) said that the main reason why the many commitments made in recent years to eliminate poverty, inequality and injustice had not brought

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(Mr. Pronk, Netherlands)

about the expected changes was that they had been the product of negotiations between groups having unequal economic and political power within an international economic order based on relationships of dependence.

21. It was futile, however, to waste time on the past: the international community had to turn to the present and to try, while carrying out existing commitments, to solve urgent development problems.

22. That the implementation of the International Development Strategy had fallen short of expectations was not due to lack of political will alone, but also to world recession and the energy crisis. Most of the basic concepts underlying that world plan of action - the first of its kind - were still valid despite a changed approach to development, and there was no political or economic reason why the Strategy targets should not be achieved, particularly that of devoting 0.7 per cent of GNP to development assistance. The Netherlands had exceeded that target in 1975, and in 1976, despite recession and unemployment, it had managed to devote 1.25 per cent of GNP to official development assistance and other expenditure of the same kind. The Netherlands Parliament was considering appropriations amounting to \$1.2 billion for development assistance in 1977.

23. Aid policies should not be made conditional chiefly on balance-of-payments adjustments by the recipient countries, but should be geared first and foremost to assisting them in overcoming serious problems, such as unemployment and poverty. In that connexion the fifth replenishment of the IDA had top priority. His country was in favour of a minimum target of \$9 billion so as to ensure an adequate increase in the real value of IDA resources and was prepared to put up its share.

24. The Nairobi agreements, however limited in scope, should be carried out speedily. His Government supported the idea of an integrated programme for commodities and the proposal for a common fund to finance that programme and buffer stocks. Measures should also be taken to reduce the debt burden of the least developed of the developing countries and of those most seriously affected by the economic crisis, in implementation of UNCTAD resolution 94 (IV).

25. Agriculture was still a crucial area in development. It was essential that the decisions of the World Food Conference concerning world food security, food aid and the financing of agricultural development should be implemented immediately. Measures should also be taken to enable the International Fund of Agricultural Development to begin operations at once. His Government was prepared to increase its contribution so that the initial target of \$1 billion in resources could be attained.

26. It was essential to ensure that the Conference on International Economic Co-operation, which was entering a crucial stage, would be successful. Its failure would be a serious setback to ongoing and future negotiations on all important development matters.

27. The European Economic Community, in view of the economic power it represented, could be a decisive factor in international development. The entry into force of

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(Mr. Pronk, Netherlands)

the Lomé Convention was an important step forward, but much remained to be done by EEC in world-wide co-operation, particularly in the field of structural development. The Community should adopt a consistent, progressive and integrated development policy, and to that end his Government had recently made proposals for the co-ordination and gradual harmonization of the member countries' policies on development aid, international trade, commodities, agriculture and industry.

28. The magnitude of existing tasks should not prevent the international community from exercising the necessary political will and imagination to make plans for the future. If the strategy for the 1970s were to be the basis, the income gap between North and South would not be reduced by the year 2000. His Government believed that the time had come to establish the new international economic order called for at all the major international conferences that had taken place since the seventh special session.

29. Some features of the new international economic order and of the Charter of Economic Rights and Duties of States needed to be clarified. If the new international economic order was to achieve its fundamental objective, which was to bring about in international economic relations an equilibrium based on justice, mutual commitments would have to be made on the basis of true consensus. Recent developments and the increased solidarity among developing countries provided a new and better basis for negotiations and agreement.

30. After the adoption of the Strategy in 1970 far-reaching changes had occurred and new concepts had emerged. The concept of national and collective self-reliance, for example, had taken on greater meaning following the conferences of the non-aligned countries at Lusaka, Algiers and especially Colombo. It had become an important factor in the pursuit of economic emancipation and was part and parcel of a new international economic order. In addition, important recommendations had been formulated at the United Nations conferences on the environment, population, food and agriculture, industrialization, women, employment and habitat, recommendations which should be integrated into a global strategy and carried out.

31. The data used in fixing the targets of the Second Development Decade were now in part obsolete. In the Report on the Future of the World Economy, prepared under the direction of Professor Leontief, it was shown that the targets of the Decade were not sufficient even to begin closing the income gap between the developing and the developed countries. It was further stated that if that gap was to be reduced by the year 2000, significant changes in the world economic order and far-reaching changes of a social, political and institutional character in the developing countries would have to be made. Professor Leontief had concluded that a time span of 10 years was too short to achieve that objective and that any plan for the future should extend over at least two decades, in other words, up to the year 2000. The Report on the Future of the World Economy had been complemented by the report by Jan Tinbergen, Reshaping the International Order, which likewise firmly underlined the need for changes in international economic relations as a precondition for the solution of the problem of development.

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(Mr. Pronk, Netherlands)

32. The establishment of a new international economic order would not necessarily guarantee more justice for all people. If poverty was to be eradicated and the basic needs of all mankind were to be met, the establishment of a new international system would have to be accompanied by fundamental changes at the national level.

33. Development was generally understood to mean development oriented towards people, in particular towards poor people. Therefore development meant much more than economic growth, which was not in itself a panacea. If the aim was to increase the well-being of all people, any new development strategy would have to have as its key elements employment, equality, the satisfaction of basic needs and a balanced relationship between man and society and between man and his natural, social, and cultural environments.

34. Social justice must be recognized as an essential precondition of growth and not its consequences. People must be a part of the development process, both politically, through equal participation in decision-making, and economically, through employment which gave them the opportunity to participate fully in the process of production. It was also essential that the population should enjoy an acceptable standard of living, for active participation could not be expected from people living in poverty without any prospect of improvement for themselves or for future generations.

35. He was aware that many Governments of developing countries had reservations concerning the issue of social development and that there was a potential conflict in international development co-operation between the recipient countries, which wanted to safeguard their sovereignty, and the donor countries, which called for social justice and a fairer distribution of income. Certainly no developed country had the right to preach to developing countries on social justice and respect for human rights unless it was prepared to practise at home the principles which it called upon others to respect. At the same time, developing countries could not expect aid if the resources they received were not used for the whole of the population and for the benefit of the poor.

36. Interdependence and collective self-reliance, which were now realities that could no longer be denied and which would play a major role in the new international economic order, should not obscure the fact that there were basic differences between developing countries and the measures taken should be adapted to the particular needs of each of them. That applied to aid and capital transfer, including debt relief, and to such matters as commodities, trade, access to markets and the transfer of technology.

37. Some would prefer that the new international economic order or any similar strategy should entail legally binding commitments. Others believed that voluntary non-binding promises would produce optimal results. There was no single answer to that dilemma, but it could be said then and there that if commitments were to be durable, efforts should be made to improve negotiating positions on the basis of greater equality and mutual interest.

(Mr. Pronk, Netherlands)

38. Finally, there could be no new strategy without effective international institutions for negotiating and implementing that strategy. To that end, the restructuring exercise which had been undertaken must be pursued without respite and should be concentrated on strengthening the Economic and Social Council, improving the negotiating functions of UNCTAD, revitalizing the Secretariat and increasing the cohesion of the United Nations system.

39. In preparing for the future, the international community must first of all draw on the lessons of the past and the next step would be to start formulating the strategy for the last 25 years of the century. To assist it in that task it had at its disposal, apart from the institutes in the United Nations system, a large number of excellent research centres in both the developed and the developing countries. It must put those institutes to work and the tasks to be carried out must be distributed among them in a coherent and logical manner. His Government, which had contributed to financing the Leontief report and the Tinbergen study, was ready to participate in financing the studies to be made with a view to identifying the various options which the world would have before it in the future and it pledged an initial contribution of \$2 million.

40. Poverty and justice, growth and participation, self-reliance and interdependence - those were the great issues today and they would continue to be the great issues between the present time and the year 2000. People and their misery must be the first consideration, for the future would depend on the action taken with regard to them.

The meeting rose at 11.55 a.m.