

2066th meeting

Monday, 11 July 1977, at 3.20 p.m.

President: Mr. L. ŠMÍD (Czechoslovakia)

E/SR.2066

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5937 and Corr.1, E/5937/Add.1 and Add.1/Corr.1 and 2, E/5937/Add.1 and 3, E/5937/Add.4 and Add.14/Corr.1, E/5977-5980, E/5995, E/5996, E/CEPAL/1027)

AGENDA ITEM 11

Assessment of the progress made in the implementation of General Assembly resolutions 2626 (XXV) entitled "International Development Strategy for the Second United Nations Development Decade", 3202 (S-VI) entitled "Programme of Action on the Establishment of a New International Economic Order", 3281 (XXIX) entitled "Charter of Economic Rights and Duties of States" and 3362 (S-VII) entitled "Development and international economic co-operation" (*continued*) (E/5939 and Corr.1, E/5942, E/5970, E/5974, E/5981, E/5985, E/5991, E/5992, E/5994, E/5999, E/6001, E/6016)

1. Mrs. BOSKEY (World Bank) said that, as the President of the World Bank had frequently pointed out, the external assistance needed by the poorest nations in the past few years in order to achieve a reasonable rate of growth and to meet the basic need of their populations had been within the ability of the wealthy countries to supply, and would

no doubt have been supplied, if all those countries, and not merely a few, had met the 0.7 per cent of GNP target set in 1970 for official development assistance. Furthermore, the middle-income developing countries currently received over half of the total of official development assistance, but if that assistance was at least distributed equally between the two groups of developing countries, the poorest countries would receive an additional \$1.5 billion a year.

2. IDA was one of the principal instruments for channeling concessionary resources to the poorest countries. During the past few years, it had been the Bank's policy to increase the share of IDA funds allocated to those countries. The fifth replenishment of the resources of IDA had been approved, and IDA should therefore have available \$7.6 billion for the three-year period beginning on 1 July 1977. It was the largest multilateral assistance fund in the world. The resources available on very favourable conditions had thus increased significantly at a time of great economic difficulty for many countries, a fact which demonstrated the determination of donor countries to give priority to the problems of the poorest nations.

3. At the concluding Ministerial Meeting of the Conference on International Economic Co-operation, held in Paris from 30 May to 2 June 1977, some members of the Group of Eight had announced their intention to pay into a special IDA account all or part of their contribution to the \$1 billion "special action programme" for the least developed countries mentioned in section F of chapter III of the

annex to the report of the Conference.¹² Those funds would include the \$385 million pledged by the European Economic Community and perhaps a portion of the contributions of a few other countries.

4. The resources available to IFC were also to be increased.

5. With regard to the World Bank itself, its loans were not allowed to exceed the total of its subscribed capital and reserves. Since that limit was being reached, the Board of Governors had approved a selective increase of \$8.3 billion in the subscribed capital. At the request of Governments, the Bank's Executive Directors had begun to consider the possibility of a further increase in the Bank's resources; they had decided that the Bank could lend \$6.1 billion during the 1978 financial year and assume for planning purposes a figure of \$6.8 billion for 1979. During the financial year just ended, the Bank had sold bonds worth \$4 billion, the highest amount ever reached. The proceeds would be used in the general operations of the Bank.

6. The resources of the World Bank and IDA nevertheless represented only a fraction of the sum required to meet development needs. For that reason, the Bank had always sought, with considerable success, to obtain investments from other sources in order to complement its own.

7. That system of co-financing was being used more and more widely in order to increase the flow of capital to the developing countries. In East Africa, for example, co-financing had doubled between 1976 and 1977, adding more than 50 per cent to the total value of World Bank and IDA loans in the area. The largest source of co-financing had been the European Development Fund/European Investment Bank. Similar results had been achieved in West Africa. In the financial year just ended, the Islamic Development Bank had financed projects in partnership with the World Bank for the first time. The Canadian Government had promised 35 million Canadian dollars for the joint financing of projects with the World Bank. In recent years, export credits had constituted an important source of co-financing. That method of financing had already proved successful in Latin America and would be used in other parts of the world. Since 1975, the Bank had also endeavoured to obtain greater participation by the private sector in its operations. The banking community had expressed interest in co-financing and it seemed that that activity was likely to increase.

8. Over the last decade, the World Bank, which was above all a development finance institution, like IDA, had considerably expanded and diversified its activities. It had also taken steps to relate its lending programme more closely to borrowers' objectives. It had found that the infrastructure projects which it had supported benefited a large proportion of the population only slowly or indirectly. It had therefore decided to place greater emphasis on assistance for projects which attacked the problems of

poverty directly. As a consequence of that change, assistance to the agricultural and rural sector would greatly increase. With almost one third of total lending, that sector now occupied second place after energy and transport. Without abandoning the traditional sectors, the Bank was reorienting its activities and paying more attention to the social aspects of economic growth. Thus, within the last few years, it had made its first loans for a nutrition project, an industrial research project and an urban anti-pollution project. It was also paying more attention to the integration of women in development. It had appointed an adviser to deal with that question and to ensure that no project financed by the Bank had an adverse impact on women and, more positively, that full use was made of the potential represented by the female population in the development process.

9. Against the background of that reorientation of the bank's lending policy, the Executive Directors had recently reviewed progress and experience in certain fields, including those of rural development, the population sector and employment creation through the development of small-scale enterprises.

10. Agriculture's share in World Bank and IDA lending had greatly increased in recent times. Any rural development project conceived by the Bank must comprise four key elements: it must reach, and raise the incomes of, a large number of low-income producers; it must be financially viable; it must be relatively cheap; and it must be comprehensive, comprising components from other sectors. That type of project was not easy to design and was even less easy to implement, but the Bank considered that a promising start had been made.

11. To absorb the rapid growth of the labour force, development in the agricultural sector must be complemented by industrialization and urban development. The Bank was determined to give increased emphasis to the small-enterprise sector. Technical assistance and advice to small-scale entrepreneurs would normally form part of assistance for such projects.

12. The World Bank had been supporting population projects for seven years. Although more than half the assistance supplied had been devoted to the infrastructure needed to expand service networks, the Bank generally aimed at helping borrowers to devise comprehensive national family-planning programmes. In 1976, it had appointed an external advisory panel to review its performance and increase its effectiveness in the population sector. In that sector, as in others, the Bank worked in close co-operation with the national and multilateral agencies concerned.

13. Evaluation was a question to which the World Bank had always attached great importance. Since 1970, it had had an operations evaluation system which was being steadily strengthened, but it also counted on the borrowing countries for help in that area.

14. The Executive Directors of the World Bank would soon be giving consideration to its role in forthcoming years. Whatever their conclusions, the Bank would continue

¹² Document CCEI-CM-6 of the Conference on International Economic Co-operation; transmitted to the General Assembly at its thirty-first session by a note of the Secretary-General (A/31/478/Add.1). The English version was also transmitted to the Economic and Social Council at its sixty-third session by a note of the Secretary-General (E/L.1774).

its close relationship of trust and confidence with its member countries. A continuous and informal dialogue on that basis was the key to the effectiveness of the assistance which the Bank provided. It acknowledged that there were many roads to development. Its own approach would continue to evolve on the basis of its dialogue with Governments, its own experience and its research work.

15. Mr. ABE (Japan), outlining the evolution of the world economy during the past few years, said that although prospects for the developed market-economy countries had improved in mid-1975, there was no room for over-optimism since problems such as inflation, unemployment and international balance-of-payments deficits still constituted a source of instability. The problem now was how to bring about internal economic growth without inflation or, in other words, how to expand world trade in a balanced manner while avoiding protectionism. In that respect, the multilateral trade negotiations at present being conducted in GATT should produce positive results. The economic growth rate of the developing countries had admittedly increased, but it had not yet reached the target of 6 per cent established in the International Development Strategy. The non-oil producing developing countries had accumulated considerable debts and most of the developing countries were suffering from food shortages. Even though their industrial and agricultural production had increased in 1976, the problem of the development of those countries, particularly the poorest among them continued to be overriding.

16. His delegation believed that, in the present-day world, it was impossible for any country to achieve economic stability in isolation. The interdependence of the developed countries and the developing countries was a reality which all should recognize while combining their efforts to work out constructive solutions so as to achieve the development and prosperity of the international economy as a whole. A spirit of dialogue and co-operation had replaced antagonism and confrontation, particularly since the seventh special session of the General Assembly. Furthermore, the Conference on International Economic Co-operation, in Paris, had been able to overcome some of the principal difficulties which had emerged during the 18 months since the "North-South" dialogue had begun, and it was to be hoped that the General Assembly would hold constructive debates on the report of that Conference.¹³

17. With regard to the main conclusions of the Paris Conference, his country, one of the biggest importers and consumers of raw materials, attached great importance to the long-term stability of the raw-materials market, which it regarded as essential to the economic development of the developing countries. It therefore favoured the creation of a common fund for financing buffer commodity stocks and hoped that a concrete formula acceptable to all interested countries could be worked out as soon as possible. It would take the necessary steps to achieve the agreed objectives of the Integrated Programme for Commodities. As his delegation had announced at the Paris Conference, Japan

intended to more than double the amount of its official development assistance over the next five years. With regard to the serious problem of the accumulated debts of the developing countries, his country supported the special action programme for the low-income developing countries and would take part in that programme by providing bilateral assistance worth \$114 million on particularly favourable terms. It hoped that the problem could be solved through the self-help efforts of the developing countries and measures to expand the lending capacities of the international financial institutions. The Paris Conference had done much to deepen understanding between the developing countries and the developed countries on problems of food, agriculture, industrialization, finance and, above all, energy. It had been recognized that a stable energy supply would do much to stabilize the world economy. In that respect, the proposals made by the Secretary-General in his statement at the 2061st meeting of the Council were very useful and deserved serious consideration. His Government, which fully appreciated the difficulties of the developing countries and wished to give them the benefit of its own experience, would do all it could to help them to work out and implement the specific measures necessary to ensure their development. Special efforts should be made during the last three years of the Second United Nations Development Decade to achieve those targets which had not yet been reached. Japan hoped to play an active part, in co-operation with the developing countries, in preparing the third international development strategy, which should be a comprehensive strategy for a new era. His country attached special importance to three points. The first was the development of agriculture, a field in which the objectives of the Second Development Decade had not been achieved. Although industrialization was essential for the development of the developing countries, it must none the less be realized that in many cases the strengthening of the agricultural sector was the key to the development of the country as a whole. It was therefore vital to increase agricultural production and to promote integrated agricultural development. Secondly, stress should be laid on the importance of the social aspects of development. The development strategy should directly and effectively help to satisfy basic human needs; the international community should therefore continue the integrated approach of the present strategy and give fuller attention to the social aspects. As part of that effort, it should study the impact of population growth on development, since excessive population growth was one of the obstacles impeding development. Thirdly, it must take into account the diversity of the economic and social conditions and needs of the developing countries. The economic fluctuations of the early 1970s had brought about changes in the structure of the world economy, which had become far more complex, with very varied categories and groups of countries obviously confronted with different problems. His delegation therefore believed that detailed strategies should be planned, taking into account the economic and social differences between countries and between regions. That was why it emphasized the importance of regional co-operation and, in particular, co-operation between developing countries.

18. Referring to some of the most important problems to be examined at the present session of the Economic and

¹³ See A/31/478, annex, and A/31/478/Add.1.

Social Council, he noted that natural resources were the subject of two major conferences in 1977. With regard to food problems, his country had welcomed the Manila Communiqué adopted by the World Food Council (see E/6025) and stressed the need for international co-operation in giving financial and technical aid to the developing countries in order to enable them to increase their agricultural production. It also welcomed the efforts being made by the United Nations to eliminate corrupt practices, and intended to participate actively in the discussions on transnational corporations. It attached great importance to the restructuring and rationalization of the economic and social sectors of the United Nations system, with a view to the establishment of more efficient machinery which would make those activities more conducive to the objectives of the United Nations.

19. In conclusion, he said that his Government attached great importance to the role of the Economic and Social Council as the best-qualified body for formulating policy and co-ordinating the economic and social activities of the United Nations system. It was to be hoped that at its present session, the Council would give constructive guidance regarding those activities and thereby fulfil the hopes placed in it.

20. Mr. DUMAS (France) said that during the current year the general discussion of international economic and social policy presented special difficulties. Moreover, the Council had to carry out a review and appraisal of the results of a number of provisions whose implementation involved the living conditions of several billion persons. After concentrating its attention on an in-depth study of that group of essential questions, the Council would have to make specific action-oriented recommendations. It was more than ever necessary, as a third development decade approached, to make a new effort of analysis and synthesis in order to construct a coherent model of a new development strategy.

21. First of all, he noted with regret that little progress had been made in the economic and social situation. Of course, it could easily be demonstrated, on the basis of statistics, that the economic and social situation had actually improved since the beginning of the decade and that development had become a reality. But statistics also showed the inequalities of such growth. It was difficult to argue dispassionately about abstract economic values when one experienced an overwhelming awareness of injustice and of the gap between the mass of the disadvantaged and the small number of those who enjoyed the benefits of modern technical civilization. In spite of that awareness, the figures and the data could not be denied and they highlighted the relationship between the slowdown in development and the gravity of the crisis which continued to weaken the economies of the industrialized countries. After a revival, economic growth had once again declined. The problem of inflation remained almost unchanged. The slowdown in the rise of prices appeared to have ended. In certain particularly sensitive markets, like the raw-materials markets, there had even been further substantial rises which had hampered efforts to stabilize internal prices. There had been no reduction in payments deficits. Lastly, unemployment, in particular among young people, was reaching

intolerable levels in many countries. Therefore, much remained to be done in order to solve world economic problems—those of the developing countries, and also other problems which concerned them less directly but whose urgent and difficult nature warranted the concern of the entire international community. Economic interdependence was a reality, and growth and the redistribution of wealth in the world required the participation of all countries, whether industrialized or developing, market-economy or centrally-planned.

22. The Secretary-General himself had recognized in his opening statement that periods of low economic activity were not conducive to bold international action. It was a fact that the assumptions of the International Development Strategy for the Second United Nations Development Decade had been called in question by the current economic crisis as much as by the changes in ideas since 1970, and that international economic co-operation had to find new forms. France had no intention of using the economic difficulties which it was experiencing as an excuse for shirking its duties of international solidarity. There was in France a stronger feeling than was generally believed in favour of aid to the developing countries. France was participating in the implementation of the policy agreed upon within OECD, mentioned by the Secretary-General as an example, and sought to orient the international discussions and negotiations in which it took part towards the most constructive solutions. It therefore rejected the allegation, contained in paragraph 3 of the preliminary proposal of the Group of 77 annexed to the report of the Committee on Review and Evaluation on its fourth session (E/5994), that relations with the developing countries and the problems of those countries were “the least of the priorities” of the developed countries. There was no point in becoming involved in such a controversy; it was sufficient for all to recognize that the results of international economic co-operation were indeed far from meeting the requirements and aspirations of peoples.

23. A second observation was the rapid progress of ideas, concepts and principles designed to orient development and economic relations. In that regard, the Second Development Decade had been particularly fruitful; the two special sessions of the General Assembly and the work on the formulation of the Charter of Economic Rights and Duties of States had given rise to an abundance of new concepts whose scope was in no way reduced by the reservations on points of detail maintained by some countries, including France. The major theme which had prompted such research was the idea of a new international economic order which, since 1974, had continued to gain ground. That constituted substantial progress, which reflected a profound change in thinking. It was in fact the explicit or implicit acceptance by a growing number of countries of that concept of a world in which economic relations would be more orderly, more stable and more equitable that accounted for the most positive recent results. Of the specific achievements in which France had taken the initiative alone or with its partners in the European Economic Community, he mentioned three of the conclusions recently adopted in Paris at the Conference on International Economic Co-operation: the decision of principle relating to official development assistance, the special action decided upon in favour

of the most disadvantaged countries, and the acceptance of the principle of a common fund to finance raw material buffer stocks, which formed part of the restructuring of international economic relations.

24. A third observation was that progress had been made in methods of discussion and work. The dialectics of mistrust and confrontation had given way to an unrestricted and continuing dialogue. It could not be denied that when the energy crisis had begun four years before, both sides had been strongly tempted to prepare for a test of strength. The situation today was quite different. The dialogue was unrestricted, which meant that no problem was excluded from discussion. In that regard, he had noted with interest the stimulating comments made by the Secretary-General concerning the study of energy problems. The dialogue was continuous; since the seventh special session of the General Assembly, there had been an unbroken series of discussions and negotiations under the auspices of the General Assembly and the Economic and Social Council, within the framework of the meetings held after the fourth session of the United Nations Conference on Trade and Development, and lastly, for one year and a half, at the Conference on International Economic Co-operation. While it was essentially for the General Assembly to take note of the results of the latter Conference, it was already possible to recognize the merits of the machinery established at that Conference. The restricted nature of the Paris Conference had made possible a truly thorough discussion of the various problems and, as a result of its widely representative character, there had never been any doubt concerning the homogeneity of positions. Some formulas peculiar to that Conference had facilitated the exchange of views, mutual understanding and the search for joint solutions. All the subjects had been tackled methodically and frankly. There had not been sufficient time to settle everything, but there could be no doubt that the United Nations, which would have to take over from the Conference, would find itself on well-prepared ground.

25. He was convinced that the time had come to do more than solve the most immediate problems as and when time-limits and urgency demanded. It was essential to profit from the experience of recent months and to devise a new strategy for progress and co-ordination for the next decade. First of all, it was essential to establish a number of political principles which should govern the action of the international community throughout the decade. In the general context of the new international economic order, it would be necessary to refine certain more recent concepts such as the concept of basic needs, and to give them a precise meaning. It was also necessary to establish a coherent model of growth and distribution of the fruits of growth that would take account of indicative but quantifiable projections corresponding to a specific number of economic factors—a long-term undertaking which would involve methodical and painstaking work of analysis and synthesis. It was essential to compile a list of the various feasible alternatives by drawing on the expertise available throughout the United Nations system, to use the prospective long-term studies carried out within the regional framework, and to take advantage of the strengthening of the structures and means of action of the Secretariat. One might then at last hope to be able to make a comprehensive

and coherent set of practical recommendations covering all aspects of economic and social development, specifying the role of each institution and making use of the co-operation of all Governments with a view to the necessary collective action. The Economic and Social Council, which had great potential and should soon be given a new vote of confidence by the *Ad Hoc* Committee on the Restructuring of the Economic and Social Sectors of the United Nations System, might find in that undertaking an opportunity to exercise its capacity to the full.

26. Mr. CARANICAS (Greece) said that, in the time allotted, it was almost impossible for the Council to carry out the task of evaluation incumbent on it under items 3 and 11 of its agenda; delegations would in fact be obliged to confine themselves to generalities. Formerly, the Council's general discussion used to focus on the world economic situation and, in the opinion of his delegation, the Council should continue to take stock of mid-year world economic trends. Indeed, it should not be forgotten that under Article 55 of the Charter of the United Nations the Organization, through the Council, was required to promote higher standards of living, full employment, conditions of economic and social progress and development, and solutions to international economic and social problems. That amounted to ascertaining the means of implementing General Assembly resolutions 2626 (XXV), 3202 (S-VI), 3281 (XXIX), and 3362 (S-VII), all of which related to economic and social progress and development. It would scarcely be possible to undertake a rational evaluation of the progress made in implementing those major decisions without taking into account the most recent trends in the world economy.

27. He therefore wished to thank the Director of the Centre for Development Planning, Projections and Policies and his staff for having prepared the excellent *World Economic Survey, 1976* (E/5995), which contained valuable information not only about 1976, but also about the beginning of 1977. The report entitled *Economic and Social Progress in the Second Development Decade* (E/5981) was equally useful. His delegation endorsed the conclusions of that second report, which the Council would undoubtedly find most useful when studying ways of establishing a new international division of labour and working out the development strategy to be adopted during the remainder of the Second Development Decade and beyond.

28. The authors of the *World Economic Survey* were right in saying that, compared with the objectives set in the International Development Strategy for 1970-1980, the results achieved by the developing countries between 1971 and 1976 were mostly disappointing, and that the prospects for 1977 were scarcely encouraging. In 1976, there had been a definite over-all recovery in the industrialized countries, but that recovery had faltered during the second half of the year, and the exceptionally high rates of unemployment and inflation in those countries since the beginning of the recession in 1974-1975 had not decreased. Uncertainty was consequently growing in 1977 owing to the persistence of serious imbalances in the international economy and in internal markets, and of unemployment, particularly among young people, which the increase in

industrial production was powerless to reabsorb. Nor had any solution been found by the end of 1976 for the problem of inflation in the industrialized countries. The establishment of a new international economic order and indeed any progress in international economic and social co-operation were heavily dependent on the economic health of the major industrialized countries. Recently, after the annual Ministerial Meeting of OECD, one of the participants, who had also been a co-chairman of the Conference on International Economic Co-operation, had said that the developing countries should not underestimate the difficulties currently experienced by the industrialized world. In his view, the economies of those countries would have to be completely restored to normal before the international system and those countries themselves could maintain and increase their development assistance capacity. Whether one considered most of the economic analyses carried out in the United States of America, the latest information concerning the situation in the United Kingdom, certain recent statements by the French Prime Minister, the last chapter of the *World Economic Survey*, entitled "The uncertain economic outlook", or again the forty-seventh annual report of the International Settlements Bank (Bâle), the outlook for the developed market-economy countries was not encouraging. In the United States of America, there was a danger that the growing deficit in the balance of payments might weaken the dollar and lead to monetary turmoil, even though that deficit was in fact contributing to an upswing in the world economy. In Europe, on the other hand, the OECD Ministers were adopting extremely cautious, not to say conservative, monetary policies. Practically every Government found that it had to use inflation or unemployment virtually as trade-offs and was reduced to defining "acceptable" rates of inflation and unemployment.

29. In the circumstances, it was hardly surprising that the Conference on International Economic Co-operation, despite a few positive results, should have been a failure. The Group of 19 had been right in saying how disappointing the conclusions of the North-South dialogue had been to the developing countries, at least on two fundamental points, namely, the preservation of their purchasing power and their continuing indebtedness. Yet the representative of Denmark, speaking on behalf of the European Economic Community, had been justified in stating (2063rd meeting) that the nine countries of the Community had approached the Conference in a truly constructive spirit. It should also be noted that, for the first time, the member countries of OECD at their most recent Ministerial Meeting had proclaimed in a declaration on relations with developing countries their will to build a more equitable and stable international economic system which would create a better life for all people. As the United Kingdom representative had pointed out, therefore, it seemed that the international community was becoming increasingly concerned about people and the problem of ensuring decent minimum living standards for people in all countries. Governments were visibly anxious to help people in their basic needs. The international organizations were demonstrating the same awareness, as could be seen from the statement by the representative of the World Bank on the reorientation of the Bank's lending policy and its increasing interest in income distribution in borrowing countries.

30. The Committee for Development Planning, in paragraph 74 of its report on its thirteenth session (E/5939 and Corr.1), referring to long-term prospects and preparations for a third development decade, called on the Governments of the developing countries to try to meet the basic needs of the poor masses and to associate them with the development process. It also requested those developed countries which gave financial aid on favourable terms to provide the necessary resources for implementing the "basic needs" strategy, provided, of course, that neither the developing countries nor the developed countries made an excessively narrow interpretation of the "basic needs" concept.

31. It was therefore disappointing to note, as the Group of 77 had done in paragraph 38 of its preliminary proposal annexed to the report of the Committee on Review and Appraisal on its fourth session—a proposal with which he found little fault—that the principles embodied in the Declaration on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States had not been observed by developed countries as a whole. The report of the Secretary-General on progress achieved by Governments in the implementation of the Charter of Economic Rights and Duties of States (E/5999) confirmed that almost no progress had been made, particularly with regard to the liberalization and expansion of trade, science and technology, and increasing the net flow of real resources to the developing countries.

32. There was no doubt, however, that the desire to establish a new international division of labour and a new and more equitable economic order existed on both sides. Some new aspects of the international economic policy of the United States of America concerning the possibility of making SDRs a principal reserve asset, the creation of a common fund for commodities or again the increase in that country's official development assistance bore witness to that desire, and the statement on that question made by the United States representative at the 2063rd meeting of the Council was encouraging.

33. He agreed with the Japanese representative that the Secretary-General's proposals made in his opening statement concerning the creation of a new energy agency called for careful consideration, but thought they should already be arousing the interest of both the developed countries and the developing countries. The same applied to the Secretary-General's observations on energy prices. In any event, the Council should ensure that those observations were brought to the attention of the General Assembly.

34. Mr. YUNUS (Pakistan), outlining the economic situation and prospects of the developing countries, said the increase in the GDP of those countries between 1971 and 1976 was lower than the indicative rate of 6 per cent set in the International Development Strategy, which contemplated an even higher rate during the second half of the current decade. Moreover, the success achieved had been due to the developing countries' own efforts. Official development assistance from the developed countries had, with a few exceptions, fallen far short of the targets. One could even talk of retrogression in the policies of the

developed countries, particularly in the field of trade and manufactures. Multilateral negotiations and declarations of intent gave little reason to hope that the International Development Strategy targets would be attained. The balance-of-payments difficulties of the poor countries, intensified by the increasing burden of their external debt, presented a picture of continuing and deepening crisis.

35. Admittedly, the seventh special session of the General Assembly had raised a few hopes. Both sides realized that solutions could be found only through dialogue and negotiations, and not through increasing confrontation. It might therefore have been expected that the Conference on International Economic Co-operation held in Paris, would make a positive contribution to the establishment of a new international economic order. But after 18 months of negotiations, apart from some limited progress, notably in the case of the common fund for the financing of buffer commodity stocks and the special action programme for the low-income developing countries, no solution had been found for most of the important problems—indebtedness, official development assistance, market access, the protection of the purchasing power of the exports of developing countries, the reform of the international monetary system, industrialization and the transfer of technology. The impact of that Conference should not, therefore, be exaggerated, lest public opinion be given a false impression. The problems confronting the Paris Conference had nevertheless been complex and it had made a contribution to a better understanding of the international economic situation. Moreover, the more positive attitude displayed by the United States representative towards the new international economic order, together with the statement by the United Kingdom representative (2063rd meeting), gave reason to hope for intensified negotiations within the United Nations.

36. It was nevertheless self-evident that the primary responsibility for their development lay with the developing countries themselves. The need for greater co-operation among developing countries was another lesson to be drawn from the Paris Conference. Pakistan was playing an active part in economic co-operation programmes within RCD and the Islamic Conference, to which 42 developing countries belonged.

37. It had been argued that development efforts should be aimed at meeting what were called the “basic needs” of the poorer sections of the population of the developing countries. In fact, economic growth and social welfare went hand in hand, the resources from the former enabling programmes for the latter to be sustained. The important point was to provide the resources necessary for growth, to disseminate modern technology and to create a self-generating system of economic growth which would finance investment and social services.

38. Turning to the question of the restructuring of the economic and social sectors of the United Nations System, he said that the institutions which were already playing a significant role in development and which could, with appropriate changes, increase their contribution, should be strengthened. In the case of UNCTAD, for example, the decisions on institutional matters taken at the fourth session of the United Nations Conference on Trade and

Development at Nairobi might be used as a starting-point. Furthermore, structural changes were necessary to improve the capability of the economic and social sectors of the United Nations system in development activities. He hoped that the work of the *Ad Hoc* Committee on the Restructuring of the Economic and Social Sectors of the United Nations System would be brought to a successful conclusion and so enable the General Assembly to take decisions at its thirty-second session.

39. His delegation recognized the importance of the energy question in all its aspects and had found the Secretary-General's statement on the subject very interesting. However, he felt that the question should be considered in conjunction with all the important problems concerning development, since it was not desirable to establish an order of priority among matters of equal significance.

40. His delegation hoped that the preparations for the United Nations Conference on Science and Technology for Development, by emphasizing the need for concrete decisions, would enable the Conference to make a major contribution to development.

41. His delegation also wished to emphasize that, although the activities of transnational corporations played an important role in the transfer of technology, those activities should take place in accordance with the code of conduct to be prepared by the Commission on Transnational Corporations. It hoped that the Commission's work would be concluded as quickly as possible.

42. In conclusion, he observed that relations between the developed and developing countries had reached a stage where it was essential to strengthen the viability and credibility of the dialogue and negotiations within the United Nations. In order to achieve that end, there must be the necessary political will.

43. Mr. de ANGELI (World Federation of Trade Unions), speaking at the invitation of the President, said he was pleased to note that the Economic and Social Council was giving special emphasis at its sixty-third session to the study of the social aspects of the aims of the Second Development Decade. As early as 1972, WFTU, at the Council's fifty-third session (1823rd meeting), had drawn the attention of the international community to the need for a study of economic growth which did not place economic needs and social requirements in opposition. At the fifty-seventh session of the Council in 1974, it had proposed (1907th meeting) a new method of analysing economic and social data, based on an integrated view of development and involving a better assessment of social indicators. Specifically, it hoped that the annual world economic survey would produce social statistics giving a better picture of the part played by social democratic action in accelerating social progress.

44. WFTU, representing about 180 million trade unionists from countries comprising different systems or at different stages of development, noted the worsening of the general crisis of capitalism, which was manifested in the growth of chronically unused resources and non-productive

investments. Inflation existed in all the capitalist countries and was now occurring in a period of recession accompanied by massive and chronic unemployment, even at a time of alleged economic recovery. Those inflationary pressures were therefore permanent and structural in character, and caused intolerable social burdens; there were more than 300 million unemployed or under-employed in the developing capitalist countries and 45 million workers unemployed in the highly developed capitalist countries.

45. WFTU hoped that, in the next survey, the Secretariat would make an in-depth study of the real effects of the inflationary process, which was resulting in a redistribution of income in favour of the rich. In the document entitled "Evolution of the Latin American Economy in 1976" (E/5978), ECLA supplied some useful information on that subject when it noted that the drop in real income of wage-earners had even been aggravated by conventional stabilization policies. Wage-earners and their trade unions rejected such policies and opposed austerity measures and wage policies designed to limit total wages, to reduce social security benefits and to undermine wage-earners' rights.

46. At the twenty-fifth session of the Commission for Social Development, held at the beginning of 1977, WFTU had requested that action be taken on the proposal in the report of the Secretary-General on social reporting and social indicators in developing countries to examine "the cumulative effect of various forms of inequality and the vicious circle in which poor people are entangled".¹⁴ A study of that nature would assess the role, in the promotion of social and economic progress, of the far-reaching reforms which had been introduced in some countries and had often led to the rejection of capitalism as the sole model for development. WFTU shared the view of the Committee on Development Planning, expressed in paragraph 75 of its report on its thirteenth session, that any programme designed to meet basic needs or to encourage collective

self-dependence should be accompanied by institutional and structural changes at the national and international levels.

47. In 1976, WFTU had adopted, as a contribution to the assessment of the Second Development Decade and the preparations for the third decade, a strategy for social progress in which the principal demands of workers were set forth in the context of an action plan and national strategies. It provided for the abolition of all forms of exploitation and extreme poverty within the framework of the establishment of the new international economic order. It emphasized the interdependence of social progress and economic development, and called for national policies designed to meet the social needs of the large mass of the people with the help of the actual resources available to the society concerned. It confirmed the measures recommended in the Charter of Trade Union Rights and Economic and Social Demands of the Workers, adopted by the eighth World Trade Union Congress in 1973. It advocated the use of social indicators appropriate to the categories subjected to the most serious discrimination, namely, women, young people and older workers.

48. At the ninth World Trade Union Congress in 1978, WFTU would discuss the revision of the Charter of Union Rights and Economic and Social Demands of the Workers. It would adopt the "Universal Declaration of Trade Union Rights", which would strengthen, at the international level, the rights and guarantees of workers and their trade union organizations, would reaffirm the conditions for the full exercise of trade union freedoms and would recapitulate the basic human rights.

49. WFTU hoped that the Council's debates would clearly show the logical link existing between the construction of a new international economic order based on justice and equality, and the promotion of justice and equality within individual countries.

¹⁴ E/CN.5/541, para. 40.

The meeting rose at 5.45 p.m.