

## 2065th meeting

Monday, 11 July 1977, at 10.50 a.m.

President: Mr. L. ŠMÍD (Czechoslovakia)

E/SR.2065

### 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.2 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. Dr. MAHLER (Director-General, World Health Organization) said that the Council's agenda for its sixty-third session contained a number of items—including those covering international economic and social policy, the development of human settlements and preparations for a new international development strategy—which had been discussed at the thirtieth World Health Assembly in May 1977. The Assembly had decided that a main social target of Governments and WHO in the coming decades should be the attainment by the year 2000 of a level of health that would permit all citizens of the world to lead an econ-

omically and socially productive life. Minimum indicators of such a level were an infant mortality rate of less than 50 per thousand live births and a life expectancy at birth of more than 60 years. Clearly, intersectoral arrangements must be made in order to achieve that target. For instance, since malnutrition was probably the major health problem in the world, the World Health Assembly had urged Governments to give a much higher priority to the food and nutritional implications of their development policies and plans. Obviously, such efforts must be closely linked with the promotion of agriculture. Housing hygiene was necessarily a part of housing policy; community participation in health was linked with developments in the educational and cultural sectors; and water supply and sewerage were fundamental to the rational development of human settlements. The United Nations Water Conference, held in March 1977, had requested WHO to monitor the progress of member States towards providing a safe water supply and sanitation for all by the year 1990 through technical co-operation with individual member States and in co-operation with other United Nations agencies concerned, an undertaking which would require an investment of some \$135 billion. WHO, which was only one of the organizations involved, was a minor partner as far as the provision of funds was concerned but a major partner in ensuring the availability and safety of water for drinking and cleanliness and the proper disposal of wastes. He was convinced that such intersectoral arrangements must begin in the countries themselves rather than at the global level. Intersectoral collaboration at the national level should therefore receive the undivided loyalty and support of all the United Nations and other agencies concerned.

2. Self-reliance was by no means the same as self-sufficiency. Certainly as far as health was concerned, no country could be entirely self-sufficient, since each must

rely more than ever on the experience of others. Self-reliance did, however, imply national initiative, which the United Nations agencies could stimulate but must never supplant. National initiative could be a decisive step along the road from social destitution to social plenty. It could also lead to genuine co-operation between countries rather than to dependence on the aid of others; it could in fact result in collective self-reliance, a goal which could be promoted both by inter-country collaboration and by support from the United Nations system.

3. Co-operation must be fostered among States themselves, as well as between the United Nations organizations and Member States; hence the emphasis which WHO and other organizations were placing on technical co-operation among developing countries, so that they could develop joint solutions to common health problems. The Executive Board of WHO had adopted a resolution which endorsed proposals aimed at ensuring that the principles of technical co-operation among developing countries were applied to all relevant activities of WHO. The ambitious Special Programme for Research in Training in Tropical Diseases was one of many examples in WHO of that trend, whereby developing countries could solve their present acute health problems and at the same time build the indispensable research capacity to solve their future health problems.

4. The aim in co-operation for health and socio-economic development was to achieve countries' social and health policy objectives through programmes formulated in accordance with their needs and opportunities. Technical co-operation should therefore relate to activities that had a high degree of social relevance for States, in that they were directed towards defined health and social goals and would contribute directly and significantly to an improvement in the health and social well-being of the population through methods that the countries could apply and afford now. Technical co-operation must therefore be carried out mainly at the country level, on the initiative and under the direction of the Government concerned, although it should also include essential support at the regional and global levels.

5. If technical co-operation was to be responsive to countries' needs and opportunities, those needs and opportunities had to be identified by the countries themselves. Country health programming had proved to be an eminently practical application of systems analysis, permitting countries to formulate their own health policies, set their own targets and translate them into national and international action to achieve health development. It had been shown over the past few years that such an approach could be applied to good effect in countries with a wide range of political, cultural and economic circumstances. Country health programming was a continuing national political process, and such continuity, rather than imported episodic demonstration projects, was essential for the progressive attainment of social health targets. The process entailed close consultation with the other social and economic sectors concerned. If, in return, those responsible for practical programming in other sectors maintained close consultation with related sectors, including the health sector, countries might truly be able to arrive at some kind of informal integrated socio-economic development plan.

Intersectoral programming at the national level was a *sine qua non* if the United Nations system and other agencies were ever to render useful support, for instance, to the multisectoral strategy of rural development.

6. In his view, such national intersectoral collaboration could also lay the foundation for the new international development strategy to be discussed at the present session of the Economic and Social Council. By its very nature, such collaboration could help to identify realistic objectives, with a view to meeting the most urgent priorities in nutrition, employment, housing, sanitation, health, education, and so on.

7. No matter how carefully countries identified their problems, the solution of those problems required the right information on relevant technology. For the provision of health care, technology was required that could be understood by the people and applied by the non-expert. No longer could over-sophisticated and over-costly technology elaborated in the developed countries be transplanted wholesale to the poorer parts of the world, where it swallowed up meagre resources in an unproductive way, failed to meet local needs and was inaccessible to the overwhelming majority of the population. From now on, it was necessary to find technology that was acceptable to the people, achieved socially useful ends and was economically feasible. That applied not only to poorer but also to richer countries, where the cost of health care, based on policies dictated more by technology than by social goals, was becoming oppressive. To meet those challenges, the WHO programme aimed at developing technology applicable to all aspects of health care. There was plenty of evidence to justify optimism in that field, and it would be surprising if similar challenges did not exist in other social and economic sectors. The approach now being taken by WHO in its programme of appropriate technology for health was highly relevant to the implementation of the new international economic order in that it would enable each dollar spent on health to have an impact 50 to 100 times greater than it had at present in the affluent countries.

8. There were obviously many economic and political implications in development co-operation of the kind he had outlined. As far as the economic implications were concerned, all development had its costs, but they sometimes turned out to be far less than anticipated. Studies at country level showed that over-all social well-being could be achieved with a remarkably low level of additional investment if the principle of social equity was strictly observed. The overwhelming proportion of such investment could be generated in the developing countries involved, with only a tiny fraction of the cost being met by the developed countries. For example, for only \$2 a child could be immunized for life against six diseases widespread in the developing countries, namely, diphtheria, whooping-cough, tetanus, tuberculosis, poliomyelitis and measles. If developing countries could count on some 10 per cent of the cost being met from international sources, they would themselves be able to find the remaining 90 per cent.

9. As far as the political implications were concerned, if health for all was adopted as a target to be attained by the end of the century, appropriate planning and financing of

programmes would be required, for which major political decisions would have to be taken at the country, regional and global levels. There would be many political problems to be overcome, especially those relating to a deliberate sacrifice of national sovereignty in favour of international interdependence and those deriving from commercial and professional interests, for example in relation to the transfer and the production of more appropriate technology.

10. While stressing action at the national level, WHO did not overlook the importance of regional co-operation in support of development goals, which was one of the items on the Council's agenda for the present session. The structure of WHO, with its six regions, was particularly well geared to ensuring greater regional activity in support of national intersectoral collaboration. If serious political attempts were made at promoting genuine collaboration of that nature, the WHO regions would provide their full support.

11. The new programme budget policy of WHO was proof of how greater emphasis on field activities could ensure better use of existing resources and generate new funds. WHO had developed a new programme budget strategy by which an additional amount of \$41 million would be diverted to technical co-operation programmes over the next few years, mainly by reducing the number of posts at WHO headquarters. The new strategy, however, far from being merely a monetary transfer, contained far-reaching measures for making the work of WHO more effective. Primary health care, health manpower development, nutrition, drug policies, rural water supply and appropriate technology for health were just a few examples of the many WHO programmes that were being remodelled for the new international economic order. In all cases, the member States themselves decided what was important for them, what they wanted to achieve, and by what means they could achieve it. The role of WHO was to support them in ensuring that technical co-operation among them evolved on that basis, in conformity with their own collective decisions in regard to policies and priorities made in the WHO governing bodies. Only thus could WHO remain faithful to its constitutional mandate as the international co-ordinating authority on health.

12. WHO did not of course believe that it knew all there was to know about the intricate mechanisms involved in the long process of socio-economic development, or even all that there was to know about the health aspects of that process. On the contrary, WHO had much to learn and many mistakes to rectify. It knew that it could not succeed alone, because many economic and social activities were inextricably interrelated. However, just as WHO could learn, so could it share, and it eagerly desired to share its experience with other organizations and institutions of the United Nations system, so that a genuine and concerted attempt could be made at putting a new international social and economic order into practice.

13. Count YORK (Federal Republic of Germany) noted that in his opening statement the Secretary-General had mentioned the recent negotiations in Paris at the Conference on International Economic Co-operation. The participants in that Conference had set out to analyse the main

problems of economic co-operation between industrialized and developing countries, with a view to reconciling the interests of both sides, and on the whole, had produced constructive results. In a number of important fields, agreement had been reached on concrete measures and on the need for further negotiations; in others, differences of opinion had become less acute. The Conference had deepened each side's understanding of the complex relationship of development problems, thus easing the way for continued dialogue.

14. True, some complex questions remained open, but because of their very complexity the success of the Paris Conference should not be measured according to whether all expectations had been fulfilled. A constructive assessment would doubtless have to wait until the various problems had been studied by the appropriate bodies, especially the Council and the General Assembly; it would then be seen that in many respects there had been positive results for the developing countries, notably for those most in need, which vouched for the political will of the industrialized countries. Attention should now be directed to translating the agreements reached into concrete action as quickly as possible, a process in which the Federal Republic of Germany would play its part. The same applied to further negotiations in UNCTAD on the way in which any commodity agreements felt to be desirable could be linked through a common fund. The Federal Republic of Germany would play an active part in those negotiations, with the aim of securing a fair balance between the interests of producers and consumers for the benefit of all concerned, especially the developing countries. He referred in that connexion to a proposal for the study of additional measures with a view to stabilizing the export earnings of developing countries. His Government was encouraged by the fact that the Paris Conference had reaffirmed the spirit of co-operation which had prevailed since the seventh special session of the General Assembly. The final document of the Conference stated that the dialogue would be continued on the problems that remained unsolved. His Government considered that it should embrace all the topics that were relevant to the goal of steady economic growth for the benefit of all, including, for instance, the question of private investment in the developing countries, a problem that would come up again in connexion with the formulation of a code of conduct. The question whether investment in commodity production in the developing countries could be intensified also depended on the solution to the problem of private investment. Another vital question was that of world energy supplies. The Secretary-General's proposals, like those made by the Committee on Natural Resources, required careful study, and in his delegation's view the discussion of that complex question should cover all its aspects.

15. At its present session, the Council had the additional task of preparing the ground for the General Assembly's assessment of progress made in the implementation of important United Nations resolutions on international co-operation, in particular the International Development Strategy for the Second United Nations Development Decade. That, too, must be tackled in a spirit of co-operation, for the whole purpose of the assessment was to establish the basis for realistic objectives and policies for

co-operation up to and beyond the end of the present decade. In that process, a critical assessment of the performances of all concerned was essential, but no useful conclusions could be drawn without an objective study of the facts so as to establish case by case the real reasons for success or failure.

16. Moreover, it would have to be realized that recent upheavals in the world economy had nullified many of the expectations underlying the Strategy. The energy crisis, the recession, the sharp fall in demand in 1974 and 1975, mass unemployment and a decline in growth for industrialized and developing countries had drastically affected the projections on which the Strategy had been based. Furthermore, the growth actually achieved in the developing countries had to be distributed among an increasing population. All those factors must be taken into account in assessing the extent to which targets fixed six years before had actually been achieved. At the same time, the lesson should be drawn that future targets should be established more cautiously and in such a way that they could actually be attained.

17. The documents prepared by the Secretariat showed the extent to which the world recession had affected the situation of the developing countries. Despite all the efforts made, their targets had not been fully reached. As a whole, the developing countries had achieved a growth rate of 5.6 per cent between 1970 and 1975 and had thus fallen only slightly short of their goal of 6 per cent. However, the majority of the poorer developing countries had achieved a growth rate of only 3.5 per cent and on a *per capita* basis the growth rate of many of them had been below 1 per cent. It was particularly disappointing that in the first half of the decade agricultural production in the developing countries had increased by only 2.5 per cent, well below the 4 per cent target. Also disquieting was the fact that disparities in the level of development among the developing countries had increased and that the inequalities of income in individual countries had widened as well. Those sobering facts made clear the need to step up efforts to improve the functioning of the world economy and in so doing to give special support to the developing countries as the weaker partners. The agreements reached at the Paris Conference and the first signs of a slight improvement in the situation in some sectors should encourage such efforts.

18. Because of better crops and more stable prices, the food situation in some countries presented a less gloomy picture than during the crisis years of 1972 to 1974. However, that did not rule out the possibility of emergencies arising in the future. It was therefore essential to make every effort to boost agricultural production, especially for the benefit of the least developed countries. His delegation hoped that IFAD, the first major project financed jointly by the Western industrialized countries and the OPEC countries, would become operational in the very near future. In that connexion, he referred to the unanimous decisions recently taken by the World Food Council at its third ministerial session, held at Manila from 20 to 24 June 1977.

19. His delegation welcomed the results of the fifth IDA replenishment operation, which had increased IDA funds in

real terms. Nevertheless, further action was necessary to promote the transfer of real resources. The special action decided on and the long-term commitments made at the Paris Conference would be valuable contributions in that regard.

20. In spite of all the strains placed upon it, the international monetary system had proved to be more resilient than many had believed. However, ways and means would have to be found of achieving a better balance between heavy surpluses on the one hand and large deficits on the other, resulting from the increase in the world's demand for energy. It would be of particular importance to the oil-importing countries to see how the facilities of IMF could be enlarged to their benefit, and mainly to the benefit of the least developed among them.

21. In 1976, world trade had increased by approximately 13 per cent. Because of the heavy demand for commodities in industrialized countries, that expansion had been largely to the benefit of the developing countries, which, after facing considerable losses in 1975, had noticeably increased their share of world exports; the share of the industrialized countries, which in 1972 had been more than three quarters, was now less than two thirds. In particular, the non-oil-exporting countries had benefited substantially from that trend. In 1976, their exports had increased by \$25 billion. Having imported only just under \$8 billion more than in 1975, their trade deficit had been reduced by \$17 billion, from \$45 to \$28 billion. That should have eased the pressure on their balances of payments. It was important to note in that connexion that the prices of a number of commodities of interest to those developing countries showed an upward trend, whereas the prices of the industrial goods which they had to import had not increased on the same scale.

22. That development in 1976 was the first sign of an economic recovery, although it was still modest in world terms. It should be the aim of all Governments to make the process a permanent one and to organize international economic co-operation in such a way that confidence in stable, self-sustained world economic growth would be restored. In order to ensure that the upswing did not develop into a short-term boom and then plunge back into a recession, growth and stability must be pursued simultaneously. To cope with that task, the Western industrialized countries had agreed to achieve an average growth of 5 per cent in the following year. At the same time, they had reaffirmed their determination to introduce effective measures against inflation and to refrain from pursuing protectionist policies.

23. Fighting inflation should be one of the principle objectives of every Government's economic policy. Inflation not only destroyed international price structures, it hit the poorest most of all and was one of the main causes of unemployment. It could only be fought successfully on a world-wide scale; if the struggle concerned the industrialized countries in particular, the developing countries also had their part to play. Only steady, non-inflationary growth would provide the possibility of producing more prosperity and distributing more wealth.

24. His Government's aim was to revive the economy and check inflation. It had established investment programmes for future needs and allowed budgetary deficits to increase considerably so as not to curb the demand created by public spending more than was absolutely necessary. Even so, the rate of inflation in the Federal Republic of Germany had been reduced to less than 4 per cent, thereby helping the world monetary system as a whole and stabilizing the purchasing power of the export earnings of the developing countries, which had been able to rely on stable prices for goods they wished to buy from the Federal Republic.

25. Even at the height of the recession, when its GNP had declined in real terms, his country had resisted pressure to interfere with the free movement of capital and goods; it had increased its imports more than its exports; in 1976, the value of its imports had risen by 20 per cent, to about 88 billion dollars, thus making his country the second largest importer in the world. The developing countries had constantly sold more to his country than they had bought from it; that applied not only to the OPEC countries, but especially to the non-oil-exporting developing countries. In the first four months of 1977, the latter had increased their exports to the Federal Republic of Germany by 30 per cent, with surpluses amounting to DM 2 billion. In addition, remittances by foreign makers from developing countries employed in the Federal Republic had exceeded DM 1 billion in the first quarter of 1977. That was also a form of transfer of real resources which should not be overlooked.

26. Such encouraging developments in the field of trade had been greatly helped by the GSP and by the preference system adopted under the Lomé Convention, both of which received his country's strong support within the European Economic Community. Exports to the Federal Republic of Germany by the developing countries which had benefited from those preferences had risen constantly since 1970, not only in absolute terms but as a relative share of his country's total imports of manufactures. In the face of competition from the Federal Republic's European partners, the proportion had increased from 4.4 per cent in 1970 to 7.5 per cent in 1976, indicating that a change was taking place in favour of the developing countries within the general framework of a market economy. That change was most apparent in the case of imports of textiles from the developing countries, which had been worth about 1.7 billion dollars in 1975. As a result of competition in that sphere, his country's textile industry had lost about 260,000 employees since 1970, equivalent to 30 per cent of the total manpower in that sector of the economy. Despite great difficulties in finding alternative employment, with about a million still unemployed, his Government had refrained from giving subsidies to help the survival of those industries.

27. The trend reflected in those figures would continue as the raised ceilings for tariff-free imports within the preference system agreed early in 1977 within the European Economic Community began to benefit the developing countries. Furthermore, there were the advantages for tropical agricultural products resulting from the multilateral trade negotiations in GATT. His country fully

supported efforts to make substantial progress in those negotiations before the end of the current year.

28. Of course, not all developing countries had been able to avail themselves of the advantages just mentioned. The disparities in the development process were such that the least developed and the geographically, or otherwise, disadvantaged countries were in a position to make only rather limited use of such chances, if at all. In future economic co-operation, those countries should therefore be accorded special priorities on a larger scale. That applied in the first place to the transfer of resources, to agricultural production and to the stabilization of their export earnings. It applied also to the industrialization sector, especially in the case of those countries which depended on the export of a single or of very few commodities and suffered from the economic drawbacks of such a position. In those instances, the processing of commercial commodities and the establishment of new production activities should be promoted. The Federal Republic of Germany was prepared to give special attention to the question of the transfer of technology and to direct its research more than it had done previously towards the problems of the developing countries.

29. Priority in development efforts should be given not only to the poorest countries but also to the poorest strata of the population in all developing countries, whose situation could not be positively improved by general economic growth alone. The Federal Government therefore supported the "basic needs" concept in development, which meant priority for the basic requirements of people in the fields of health, education and housing, as well as the active integration in the development process of the population groups in greatest need.

30. In accordance with the "basic needs" concept, future development strategy should devote particular attention to the measures which the developing countries intended to take to increase co-operation among themselves. Such measures would strengthen the responsibility and self-reliance of the developing countries without isolating them from the outside world. His country would support proposals to diminish the dependence of the developing countries on economic trends in the industrialized countries. An increase in foreign trade between the developing countries themselves could help to achieve that objective.

31. The Federal Republic of Germany would not fail to make a constructive contribution to the continuing dialogue between industrialized and developing countries. It was conscious of its share of responsibility for maintaining an efficient world economy and for reshaping it as a system based on the principle of international solidarity and the protection of the weaker partners, in which all countries participated, irrespective of their geographical region or economic system. It would also endeavour to create conditions which would enable the developing countries to take their rightful place in a more equitable structure of international economic relations.

32. Mr. NESTERENKO (Union of Soviet Socialist Republics) said that the importance of the question of

restructuring international economic relations in the activities of the United Nations was well known. The system of economic relations formed during the period of unbridled domination by colonialism and monopoly capital had come into conflict with the vital interests of the overwhelming majority of countries and with the international situation as a whole. Such a state of affairs was all the more inadmissible at a time when the objective trend towards the expansion of relations between States was being hampered by the desire of certain circles to preserve the former inequitable set-up. The restructuring of international economic relations on a democratic basis and the elimination of discrimination, domination and inequality in such relations had become one of the most important requirements of the present time.

33. General discussion of the question in the United Nations had become possible as a result of positive changes in the world political climate and in the balance of political forces in the world. Those developments paved the way for business-like co-operation between all countries, which in turn would strengthen the basis for peaceful coexistence of States with different social systems, reinforce their common interest in preserving peace and facilitate the search for practical approaches to a number of urgent global problems. In that respect, he stressed the importance of the Conference on Security and Co-operation in Europe, held at Helsinki in 1974, whose beneficial effects were being felt in all possible ways, both inside and outside Europe, and had not yet been fully exhausted. The realization of the potentialities of the agreement reached at Helsinki should be promoted by the meeting to be held at Belgrade in autumn 1977 in connexion with the Conference, which was called upon to expand the possibilities for further initiatives to strengthen peace in the world.

34. A landmark in the normalization of international relations was the recent Franco-Soviet series of meetings, including the visit to Paris by Mr. Brezhnev, General Secretary of the Central Committee of the Communist Party and Chairman of the Presidium of the Supreme Soviet of the Soviet Union. The mutual desire of the Soviet Union and France to make political détente lasting and universal was of great significance for efforts to improve the international climate. New paths were being opened up by the expansion of their co-operation in trade, industry, science and technology.

35. Throughout its history, the Soviet Union had been consistently and resolutely in favour of the democratization of international economic relations. It also pursued that policy in the United Nations, where it sought by all means to help to work out practical and effective means to achieve that goal. Initiatives taken by the Soviet Union in that direction were generally known. Stressing once again its desire for constructive co-operation in the task of restructuring international economic relations, his delegation wished to draw the Council's attention to the statement made by the Soviet Government at the thirty-first session of the General Assembly,<sup>9</sup> which contained a comprehensive account of the Soviet Union's position.

36. The new draft Constitution of the Soviet Union set out the Leninist principles of peace, international security and peaceful coexistence on which the USSR had always built its relations with other States: mutual renunciation of the threat or use of force, sovereign equality, the inviolability of frontiers, the territorial integrity of States, the peaceful settlement of disputes, non-interference in the internal affairs of States, respect for human rights and fundamental freedoms, equality and the right of peoples to determine their own destiny, co-operation between States, and the fulfilment in good faith of obligations arising out of generally recognized principles and rules of international law and international agreements concluded by the USSR. The Soviet Union applied those principles also in its international economic relations. It acted on the basis of its deep conviction that such relations should be free from any form of discrimination, inequality or other similar phenomena. That was the strict principle underlying the Soviet Union's external economic policy. His delegation would continue to work on the basis of that policy at the current session of the Economic and Social Council. It was prepared to co-operate with representatives of other countries and groups in the search for constructive decisions on the questions before the Council and expected that they in their turn would show due understanding for its own position.

37. As was well known, the Soviet Union was sympathetic to the broad programme of measures proposed on the establishment of the so-called new international economic order and supported its main lines. In supporting the demands of the developing countries for the restructuring of international economic relations on a democratic and just basis, the Soviet Union acted primarily in the belief that the process of eliminating colonialism had to be extended to the economic sphere and that a decisive end must be put to the exploitation of the developing States by monopoly capital.

38. The United Nations had adopted a number of important texts in the socio-economic sphere, such as the Charter of Economic Rights and Duties of States and the Declaration and the Programme of Action on the Establishment of a New International Economic Order. The question now was to translate those texts into practice, and it was of vital importance to ensure that their anti-imperialist and anti-colonialist orientation was not weakened. The same trend should be maintained also in the international development strategy for the 1980s, the preliminary outlines of which were now being discussed in the United Nations. The experience of the previous two decades should, of course, be taken into account. As far as the countries of the third world were concerned, that experience was that during the past few years serious changes of a progressive nature had occurred both in the internal life of those countries and in their external political and economic ties; the peoples of a number of countries in Asia and Africa had won their struggle for national independence, many young States had succeeded in strengthening their sovereignty over their national resources and far-reaching socio-economic reforms were taking place in the newly independent countries which had chosen a socialist path.

39. However, the economies of most third-world countries still faced serious problems. Their economic

<sup>9</sup> *Official Records of the General Assembly, Thirty-first Session, Plenary Meetings*, vol. I, 7th meeting, paras. 145-236.

growth rates had slowed down and they had been affected by an inflation that had no precedent since the war. Furthermore, the general trading position of the developing countries had worsened and the external aid they received far from compensated for their losses as a result of unequal trade. Their indebtedness had risen sharply and amounted to \$200 billion.

40. According to the *World Economic Survey, 1976* (E/5995), the basic targets of the Second United Nations Development Decade had not been achieved and the economic upheavals of recent years had had a highly negative effect on the economies of the developing countries. The instability of those countries' economic indicators was also noted in the report entitled "Long-term trends in the economic development of the regions of the world" (E/5937 and addenda and corrigenda). In another United Nations document dealing with the situation concerning the fulfilment of the tasks of the Second Development Decade, it was noted that the losses of the developing countries due to crises, inflationary price rises, currency instability, export difficulties and so forth far exceeded the volume of foreign assistance received during the same period. Some factors which prevented any substantial progress in the achievement of the goals of the Second Development Decade were the continuing exploitation of the developing countries within the capitalist sector of the world economy, the maintenance and creation of new trade barriers within that system, the continued and even increased export of profits by transnational corporations, those corporations' constant violations of the sovereignty of the developing countries over their natural resources, and the policy of shifting the burden of the crises affecting the market economies to the third world.

41. The lack of sufficient progress was primarily the result of the desire of monopolistic circles to maintain international economic relations on an unequal basis, to preserve discrimination, and to continue the intensive exploitation of the natural and human resources of the developing States. The basic obstacle to the radical restructuring of international economic relations on a democratic basis continued to be the position of the monopolistic circles. Thus, the problem of overcoming the economic backwardness of the developing countries and attaining the goals of the new international economic order remained a pressing one.

42. Far-reaching socio-economic changes in the developing countries were also an essential condition for effective progress; otherwise, any international action would have a supplementary but not a decisive effect. That question was given particular attention in the Charter of Economic Rights and Duties of States and special decisions had been taken by the General Assembly on the subject.

43. The importance of social changes for economic development had been shown by 60 years' experience of the socialist order in the Soviet Union. In spite of wars forced on the country and the subsequent need to reconstruct the economy, by 1976 the Soviet Union's national income had been 65 times higher than the pre-revolutionary level. Prior to the revolution, his country had accounted for 4 per cent of world industrial output; its

share was now one fifth. It led the world in many fields of production, and State expenditure on social needs was constantly increasing. Every Soviet citizen was sure of education, employment and social security. The current five-year plan, like the previous ones, was aimed primarily at a continuing rise in the level of living of the Soviet People. The fulfilment of that plan would enable his country to double its industrial output by 1980 compared with 1970 and to continue to establish the material and technical basis of communism.

44. The economic development of other CMEA member countries was also characterized by high and steady rates of growth. Their progress was in sharp contrast with the chronic crises affecting the capitalist countries, aggravated by the militarization of their economies. The growing strength of the economies of the Soviet Union and the socialist world as a whole created favourable conditions for the further development of their economic ties with all other countries in the world.

45. One of the basic conditions for solving the development problem was that greater efforts should be made to end the arms race, particularly in nuclear weapons. Progress in the disarmament field served the interests of all countries and would help to release additional resources for development. He reminded the Council of the Soviet Government's proposal for a 10 per cent reduction in the military budgets of the permanent members of the Security Council and the utilization of part of the resources thus saved for aid to the developing countries. A comprehensive programme of urgent disarmament measures was contained in the memorandum on questions relating to the halting of the arms race and disarmament submitted by the Soviet Union at the thirty-first session of the General Assembly.<sup>10</sup> The question of halting the arms race was of vital importance for the maintenance of peace and the further development of détente. As Mr. Brezhnev had said recently in Paris, there was no more urgent or important task at present than the halting of the arms race and the adoption of genuine steps towards disarmament.

46. Of exceptional importance for the progress of the developing countries was the question of their sovereignty, including the right to dispose freely of their natural resources. That question rightly occupied a prominent place in United Nations activities and attention was now being given to specific recommendations for translating the principle into reality. In that connexion, he stressed the importance of the preparation of a code of conduct for transnational corporations that would strengthen the sovereignty of the developing countries, prevent interference by foreign monopolies in the internal affairs of States and ensure strict compliance by transnational corporations with national laws.

47. The Soviet Union's adherence to the democratic principles of economic relations between States and to the cause of expanding co-operation on the basis of those principles was not just a matter of words; it also took active measures towards those ends and granted assistance to many newly independent States. Such assistance would

<sup>10</sup> See A/31/232.

continue to be granted in forms that had proved their effectiveness and corresponded to his country's social system as well as to the interests of the third world. Soviet aid bore no relationship to the economic activities of monopoly capital in the developing countries, which sought to perpetuate the exploitation of their natural and human resources. The assistance granted by his country to the developing countries was not compensation for damage or payment for past sins; it was assistance from a friend and ally in the struggle against the common foe—imperialism, colonialism and neo-colonialism. The Soviet Union's assistance was aimed at helping the developing countries to solve their main economic problems and to create a national economy as the foundation of their independence. It was also aimed at strengthening the State sector, which was the best guarantee of success for ex-colonies. With Soviet assistance and participation, 1,000 enterprises had been or were being built in various economic branches in some 60 developing countries. The enterprises belonged to those countries and formed part of their national economies. The transfer of technology by the Soviet Union was carried out on favourable terms. Such co-operation would be systematically expanded.

48. In May 1976, the Soviet Union and a number of other socialist countries had put forward at the fourth session of the United Nations Conference on Trade and Development a broad programme for co-operation with both developing and Western countries.<sup>11</sup> The Soviet Union, for its part, was prepared to enter into constructive discussions on the practical tasks arising from that programme. It was also prepared to continue its active participation in multilateral discussions of urgent economic problems, including the stabilization of commodity trade, in accordance with the principles he had already indicated. His delegation attached great importance to the current consideration of the question of restructuring the economic and social sectors of the United Nations system, which in the long run should make its activities more effective and progressive. However, it ought not to involve any increase in the number of social and economic bodies, any duplication of effort or any rise in administrative costs. It was of vital importance that the restructuring process should be based on a careful consideration of all possibilities and a thorough examination of their financial implications.

49. In conclusion, he said that his Government was in favour of strengthening further the authority and role of the United Nations as an important instrument for the maintenance of peace. It would continue to defend the noble purposes and principles of the United Nations and strive for strict compliance by all States with the obligations assumed by them under the Charter of the United Nations.

50. Mr. FARTASH (Iran) noted that under agenda item 11 the Council was assessing progress made in the implementation of the General Assembly resolutions only one month after the final meeting in Paris of the Conference on International Economic Co-operation. The outcome of that

Conference could be used to gauge the international community's willingness to meet the challenge of the new international economic order. The task of the Paris Conference, a limited but representative negotiating body, had been to deal with practically all the economic problems separating the rich North from the poor South. Despite some progress in meeting certain demands from developing countries, however, the results were very far from bringing about the structural change in the world economic system sought by those countries.

51. A world of interdependent States, the most important question was whether the international community was willing to learn from the past and act constructively with regard to the future. The world had suffered erratic economic fluctuations of great intensity in the current decade and it had become very clear that traditional methods were no longer effective for dealing with such problems. The economic difficulties of 1974-1975 showed the vulnerability of the present system and its inability to cope with today's economic and financial problems. In the past two years, the industrialized countries had been able to regain their momentum. However, the effects of the spiralling inflation and recession in the West on the economies of the developing countries had been almost irreparable.

52. It was clear that the broad development objectives of the Second United Nations Development Decade had not been achieved. The growth targets envisaged for developing countries by the International Development Strategy were modest to start with; even if they had been reached, the gap between the industrialized and developing countries would have continued to widen. Regrettably, not only had they not been reached, but some developing countries had even been suffering zero or negative *per capita* growth rates. With a few exceptions, the developed countries had failed to achieve the official development assistance target of 0.7 per cent and, the figure for those countries as a whole was less than half that. It was ironical that for many of the richest countries the level of official development assistance in relation to GNP had constantly declined since the early 1960s and, according to OECD projections, would continue to decline in the future.

53. The oil-exporting countries, as part of the developing world, were in no way spared the repercussions of the inflationary and recessionary trends in the economies of the West. Even so, those countries had not reduced their flow of resources to other developing countries. The OPEC Special Fund had been reinforced in 1977 by additional pledges of financial support. In an effort to make IFAD operational, Iran had made a further pledge in addition to its original contribution. The total participation of OPEC countries amounted to 45 per cent of the capital of the Fund. In general, OPEC countries were contributing about 2 per cent of their combined GNP for development aid to other developing countries.

54. Amongst other measures to promote economic co-operation and collective self-reliance among developing countries, his delegation welcomed the Conference on Economic Co-operation among Developing Countries, which had been held in Mexico in September 1976, the

<sup>11</sup> See *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I, *Report and Annexes* (United Nations publication E.76.II.D.10), annex VIII, sect. A-F.

establishment within UNCTAD of a Standing Committee, the Committee on Economic Co-operation among Developing Countries, and the holding at Buenos Aires in April 1978 of the United Nations Conference on Technical Co-operation among Developing Countries.

55. Within the ESCAP region, steps were being taken to promote closer economic ties among developing countries, while subregional and interregional efforts at co-operation were being further strengthened. One example was RCD, in which Pakistan, Turkey and Iran were working in close co-operation to promote trade, shipping and transport among themselves.

56. The developing countries, with their limited resources, could not possibly meet the financial requirements for their development objectives. Without positive action by the developed countries, future prospects for the developing countries would be bleak indeed. It was therefore essential to achieve positive results in the negotiations now under way. For example, the negotiations being conducted under the auspices of UNCTAD on the Integrated Programme for Commodities and the common fund were vital for the stabilization of commodity prices. The ninth special session of the Trade and Development Board to be held in September 1977 should achieve positive results in dealing with the debt and debt-servicing problems of developing countries. He noted with satisfaction that the Board's Committee on the Transfer of Technology was making progress, and hoped that the negotiating conference scheduled for 1978 would adopt a legally binding code of conduct. The work being undertaken by the Commission on Transnational Corporations, and particularly the drafting of a code of conduct for transnational corporations and the regulation of their activities, should be speeded up. He fully endorsed the recommendation of the *Ad Hoc* Intergovernmental Working Group on the Problem of Corrupt Practices concerning the convening of a diplomatic conference of plenipotentiaries to conclude an international agreement on that matter (see E/6006, chap. II). He was encouraged by the results of the recent United Nations Water Conference (Mar del Plata, March 1977) in furthering international co-operation.

57. With regard to the question of energy, his Government had maintained that steps should be taken to conserve and rationalize the use of petroleum and to explore new and alternative sources of energy, particularly indigenous sources in developing countries. That view was supported by studies from various sources, which had indicated that there would be a world-wide shortage of oil from 1985 onwards. The question of energy could not be considered in total isolation from the problem of commodities and development in general. The energy question had been one of the stumbling blocks in Paris at the Conference on International Economic Co-operation and, no doubt, would be taken up, along with other questions, in early September 1977 at the resumed thirty-first session of the General Assembly and at its future sessions. It was his delegation's hope that the Council's deliberations would lead to a better understanding of the problems and challenges facing the world and, despite past failures, help towards the establishment of a new economic world order.

58. Mr. MINAI (Regional Co-operation for Development), speaking at the invitation of the President, said that events in the RCD region over the past two years had not only been significant for the member States of RCD but had also been of importance for the promotion of regionalism and economic and social co-operation among nations. Individually, the member States of RCD had made impressive progress in the economic field. For the past decade, Iran had maintained its growth rate in GNP of 17 per cent per annum. Turkey, with substantial growth in the agricultural and industrial sectors, had maintained a growth rate of about 8 per cent in GNP in the past two years. Pakistan, despite adverse circumstances, had made good progress in agriculture and industry.

59. An RCD Summit Conference of the Heads of States of Iran, Pakistan and Turkey had been held in April 1976 at Izmir. That Conference had been a turning point in the 13 years' history of RCD. It had been decided to expand its aims and objectives and place the co-operation of the three nations on a new foundation. As the creation of RCD had been based simply on a declaration by the Heads of State of the three member countries, a treaty embodying the decisions taken at the Izmir Summit Conference had been signed in March 1977.

60. With the signing of the Treaty of Izmir, a great leap forward had been taken in the field of intra-regional trade. The Treaty provided for the establishment of an RCD free trade area through the gradual reduction of tariffs and non-tariffs barriers. A protocol outlining the arrangements for the free trade area was attached to the Treaty. As a first step, it was envisaged that a 10 per cent reduction in tariffs should be made for a selected list of commodities as soon as a separate protocol of trade had been signed by the three Ministers of Commerce of the member countries.

61. The Treaty of Izmir provided a new guideline for the promotion of industrial collaboration among RCD countries. Such collaboration would be carried out in future through the establishment of joint ventures based on regional markets and inter-industry co-operation and specialization in the production of components. RCD joint enterprises would be given the same fiscal privileges as national industries of a similar nature. An integrated approach to trade and industry would also be evolved, so as to achieve complementarity in the production and exchange of industrial products. An RCD Investment and Development Bank for initiating, promoting and financing projects of a regional character was among the new regional institutions envisaged in the Treaty.

62. The member countries of RCD had greatly expanded their co-operation in the field of insurance and were moving towards the establishment of a fully-fledged reinsurance company. Co-operation of the member countries in the tourist industry had expanded, with the assistance of United Nations experts. The Ministers of Tourism of the three member countries had prepared a programme for co-operation and were taking measures to promote intra-regional tourism. Great progress had also been made in the technical co-operation programme of RCD. The Izmir Summit Conference had decided to establish new institutions in the countries of the region, including an RCD

Institute of Science and Technology in Iran, an RCD School of Economics in Pakistan, an RCD School of Tourism and Hotel Management in Turkey, and an RCD Science Foundation in Pakistan. An active programme of co-operation among member countries in cultural fields had been established, and the activities of the RCD Cultural Institute had been considerably expanded.

63. Special attention had been given to telecommunications and transport. In addition to measures to establish an efficient and effective telecommunications system, work on the railway linking the three member countries was being speeded up; the railway link between Iran and Turkey was already in operation. The RCD highway joining the three member countries was almost finished; through Turkey, it connected the Asian and the European highway systems. The whole programme was to be completed by 1978.

64. The RCD shipping services, providing for the pooling of cargo on intra-regional routes and between the United

States of America and the region, had been in operation since 1966. The Treaty of Izmir provided for a shipping company to be formed by the member States of the region.

65. Great progress had been made in the field of economic planning. The Treaty provided that the member States should give due consideration to regional co-operation in formulating their development plans, with a view to identifying areas of co-operation and giving a long-term perspective to RCD collaboration. There was clearly a similarity between the aims and objectives of RCD and those of the economic organizations of the United Nations. In fact, the Treaty of Izmir provided for close co-operation between RCD and other economic bodies of the United Nations. RCD had already established useful contacts with UNCTAD, UNIDO and ESCAP; it would be glad to share its experience and expertise with other bodies of the United Nations at the regional and subregional levels.

*The meeting rose at 12.45 p.m.*