2067th meeting

Tuesday, 12 July 1977, at 11 a.m.

President: Mr. L. ŠMÍD (Czechoslovakia)

E/SR.2067

Statement by the Secretary of the Economic and Social Council

1. Mr. CORDOVEZ (Secretary of the Council) said that, at its seventeenth session, the Committee for Programme and Co-ordination, after concluding its review of the proposed programme budget for 1978-1979, had anticipated that there might be a number of proposals originating from various legislative bodies for programmes supplementary to those included in the plan or budget it had just reviewed. Such proposals might be included in resolutions adopted by United Nations organs after the plan or budget had already been considered.

2. It should be borne in mind that the General Assembly, in its resolution 31/93 on the medium-term plan, had urged those organs to refrain from undertaking new activities not programmed in the medium-term plan and the subsequent programme budget unless a pressing need of an unforeseeable nature, as determined by the General Assembly, should arise. It was the understanding of the Secretary-General that, when a report of a subsidiary body or a draft decision

or resolution under consideration by the Economic and Social Council contained proposals for supplementary activities, the Council would, where applicable, indicate in the relevant decision or resolution that the activities envisaged arose from a pressing need of an unforeseeable nature. Subject to confirmation by the General Assembly, such an indication would give the Secretary-General the necessary legislative authority to provide for those activities in revised estimates to be submitted to the Fifth Committee of the General Assembly.

3. It was also the Secretary-General's understanding that if, in response to the recommendation of the Committee for Programme and Co-ordination, and taking into account the views of the Policy and Programme Co-ordination Committee, the Council itself evolved a different procedure to indicate whether or not there was a pressing need for new activities, such a procedure would be applicable to all the resolutions and decisions taken at the current session. Indeed, in view of the importance of the matter, the Policy and Programme Co-ordination Committee might wish to consider it on a priority basis.

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 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)

4. Mr. BLANCHARD (Director-General, International Labour Office) said that he wished to inform the Council of the initial action taken to give effect to the conclusions of the Tripartite World Conference on Employment, Income Distribution, Social Progress and the International Division of Labour (World Employment Conference), adopted in 1976, and particularly to the "basic needs" strategy. The General Assembly had taken note in its resolution 31/176 of those conclusions and had asked the Secretary-General to associate the United Nations system as a whole, through ACC, in carrying out the Programme of Action adopted by the World Employment Conference. In its annual report for 1976/77 (E/5973), ACC had stressed the vital need to focus on action to eradicate poverty and satisfy the basic needs of the very poor when drawing up long-range objectives and programmes of the United Nations system. Those recommendations had already prompted response in many organizations. Support had also been expressed by leaders and by public opinion in many countries. At the recent sixty-third session of the International Labour Conference in June 1977, the government, employer and worker representatives of developing and advanced countries alike had urged that the basic needs approach should remain at the core of the work of the ILO. The representative of Denmark, speaking on behalf of the European Economic Community at the 2963rd meeting of the Council, had expressed the Community's support for that objective and the Chairman of the Development Assistance Committee of OECD had earlier made a laudatory reference to the World Employment Conference and the basic needs strategy.

5. There was thus every reason to believe that the desire to see the development campaign give priority to meeting the basic needs of the poor would not be an ephemeral concern of the ILO but would inspire the international community and the specialized agencies in planning their activities for the years ahead. That was not surprising. The basic needs strategy was not the reflection of a passing phenomenon—far less a mere slogan. It was the outcome of research, thought and action pursued by the ILO since 1969, when it had launched the World Employment Programme, with the support of the most important and active organizations of the United Nations system.

6. The basic needs concept was based on the disturbing fact that the gap between the rich and the poor countries was still widening and the plight of the poorest peoples and groups was growing even more serious. That fact was borne out by economic indicators, household income and expenditure surveys and micro-economic studies carried out by the International Labour Office. The fact that hundreds of millions of men and women were caught in a poverty trap from which there seemed to be no escape had for years been hidden by the formulas used in setting development goals and measuring progress towards them. World economic surveys had sometimes over-emphasized comparison between fairly homogeneous groups of countries, and development strategies and national plans had often set targets in terms of total output, GNP average *per capita* income and average growth rates. Economic data in each country were stated in average terms and were worked out by combining a small modern sector with a fairly high level of growth and much larger sectors suffering from stagnation and poverty. Especially in countries where agriculture was stagnating, the dead weight of the traditional sectors was hampering the progress of the modern sectors of the economy. A concept of development which cared only about the modern sector had proved to be not only unfair but in the long run doomed to failure. Fortunately, that had been realized and many countries had made strenuous efforts to restore a balance sometimes badly upset by reckless development.

7. For nearly 60 years, the ILO had been endeavouring to promote social justice and reform. It believed it vital for every country to set minimum standards of living and to enable the poorest sections of the population to reach those standards as soon as the economic development of the country would allow. Such minimum standards could be

specified in many ways–in terms of income, basic material needs, opportunities for gainful and productive activity, education, a minimum level of protection from diseases and occupational hazards and access to medical care, and the right to act without constraint. In adopting those criteria, the World Employment Conference had made it clear that the concept was a relative one which each country would have to define and refine with due regard to the variable factors affecting its development. Each member State should first carry out a census of the sections of the population with the lowest income. The data obtained from such a census were vital in drafting plans for development and in determining the kind of action which would make for sustained growth, create employment and satisfy the needs of all groups in society, particularly the poorest ones.

8. The ILO and the United Nations, in consultation with the other agencies, and particularly UNDP, had agreed to respond to requests for aid already received from countries which were planning to implement the basic needs strategy, linked to growth and employment creation. He hoped that more countries would follow suit, drawing inspiration from the conclusions and proposals adopted by the World Employment Conference and endorsed by the General Assembly.

9. The Conference had been convinced of the need for the international community to back up national policies, in the light of the conclusions adopted by the General Assembly at its sixth and seventh special sessions on the new international economic order, and had pointed out that mass poverty and unemployment were universal problems urgently requiring major shifts in development strategies at both the national and the international levels. Progress towards a new international economic order and the eradication of mass poverty and unemployment were inseparable. If the lot of the poor was to be eased, economic relations between States and particularly between North and South must improve and restraints on trade, the terms of access to the capital market and forms of competition would have to be rapidly changed. That called for closer co-operation between developing countries, and the advanced countries, including those with planned economies, must adapt their own development goals to take account of such reforms and do so on universally acceptable terms, since they were themselves beset with serious economic difficulties and in some cases chronic unemployment. The prospect of readjustment aroused both hopes and fears. The latter were easy to understand and should not be underestimated, for much would have to be done to persuade public opinion in the advanced countries to accept the idea of a new division of labour between rich and poor nations and to formulate policies and measures to protect workers from the consequences of rapidly accelerating competition.

10. On the other hand, it was to be hoped that the countries of the third world, some of which were developing rapidly, might combine development with action to ease the lot of their workers, particularly by respecting the ILO minimum standards on such matters as conditions of work, industrial relations, wages and social security.

11. Current work on an ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, to be applied by multinational enterprises in the interests of their workers, should prove a useful step towards justice and equity. The Governing body of the International Labour Office was to debate the draft declaration in November 1977. The ILO, being a tripartite organization in which workers, employers and Governments were represented, could play an invaluable part in tackling problems on the Economic and Social Council's agenda. It was keenly aware of the need to safeguard the interests of all parties if the North-South dialogue was not to degenerate into confrontation and if protectionism and reprisals were not to recur, the only outcome of which would be a decline in international trade and co-operation and a threat to the success of current painstaking attempts at dialogue and trade liberalization. The danger of a sharp world recession would then be seriously heightened and all, including the poor, would be courting disaster.

12. At a time when people's hopes were great and their fears acute, the debates at the current session of the Council and the discussions at the thirty-second session of the General Assembly on the goals of the third development decade in the context of a new, more generous and fairer economic order were of special importance. The ILO was ready to play its part in the efforts of the international community not only to satisfy basic needs but also to formulate adjustment policies, ensure the full utilization of human rsources, protect migrant workers by means of active manpower policies suited to the interests of both host and home countries and create employment productive enough to generate adequate income and so hasten growth.

13. In that context, the problem of technology was a difficult one. Capital would continue to be too scarce to use only capital-intensive techniques to create employment. ILO manpower projections suggested that in the developing countries, which already had some 300 million unemployed or under-employed, the working population would have grown by over 800 million by the year 2000. It was therefore vital to spare no effort to find technology which required low capital investment to create many jobs and at the same time ensure that advanced technology was made available to the sectors in need of it. In-depth research on the choice of technology had given promising results. It was clear that there was greater scope for combining capital-intensive techniques with simpler and more highly labour-intensive ones than some had imagined.

14. For the ILO, however, employment creation was not enough; the jobs created must be good jobs. It was ready to contribute to efforts by member States to improve the conditions of work and life in the tertiary sector in services and in agriculture. The success of such efforts would largely depend on the action taken to enable all workers to organize themselves freely to defend their interests. The International Labour Conference had recently adopted an international convention[15] the sole purpose of which was to recommend the creation and strengthening of organizations of workers, and in particular rural workers, which was in line with the basic ILO concepts of freedom of

[15] Convention No. 141 concerning organizations of rural workers and their role in economic and social development.

association and collective bargaining. Human dignity and freedom, as well as progress, were at stake. That was one of the fundamental goals which the international community should pursue more vigorously than ever before in its search for an economic and social order which would meet the current aspirations of mankind.

15. The ILO was going through a difficult phase. Although it was generally agreed that the recent sixty-third session of the International Labour Conference had done excellent technical work, it had failed to avoid grave differences of opinion on such important matters as the supervision of the application of international labour conventions, particularly those on human rights. For want of a quorum, the Conference had failed to act on the recommendations made to it by the competent conference committee.

16. That outcome was in line with a trend which was gaining ground in all the specialized agencies, namely the growing "politicization" of the United Nations. The specialized agencies had been set up and were well fitted to deal with questions within their sphere of competence. Even when such questions raised political problems, it was proper for each agency to settle them with strict respect for its procedures. The specialized agencies, however, were neither competent nor fitted to deal with major political questions which concerned such matters as the maintenance of peace and which were linked to situations outside their sphere of competence. Just before the end of the session of the International Labour Conference, he had appealed to member States to respect the ILO mandate, procedures and principles and to seek to strengthen the conditions required to preserve its universal character. He fervently hoped that his appeal would be heard not only by all ILO member States but also by the States members of the Council and Members of the General Assembly, so that action could be taken in the agencies and in the United Nations to enable the former to carry out their responsibilities and to enable the political bodies of the United Nations to deal with political problems affecting the system as a whole.

17. Mr. PANOV (Bulgaria) said that détente and the strengthening of peaceful coexistence between States with different social systems, which had continued to be the oustanding feature of international relations since the sixty-first session of the Council, were contributing to the development of economic co-operation and the strengthening of peace. His Government welcomed the progress made and was continuing, in co-operation with the other socialist countries, to work consistently towards the attainment of those objectives. It was convinced that détente in the military sphere was essential if détente in general was to be made an irreversible process. Recognizing that a cessation of the armaments race was a matter of vital concern to all States, whether nuclear or non-nuclear, large or small, Bulgaria had supported the Soviet initiative at the thirty-first session of the General Assembly which had led to the decision to convene a special session of the General Assembly on disarmament,[16] as a step towards the convening of a world disarmament conference.

[16] General Assembly resolution 31/189 B of 21 December 1976.

18. The most historic event in post-war Europe had been the Conference on Security and Co-operation, which had given fresh impetus to the process of détente. The activities of the socialist countries since the Conference reflected their determination to achieve the objective set forth in the Final Act of making that process not only irreversible but increasingly dynamic and comprehensive. International events since the sixty-first session of the Council had shown that there was no rational alternative to détente, which was of equally vital concern to all States, irrespective of their social and political structure. As the predominant material and moral influence upon international relations at the present day, it created favourable conditions for the solution of major international economic and social problems and for the extension of mutually advantageous co-operation in the interests of all nations. It also created a favourable atmosphere for the Council's work at the present session.

19. The growing importance of economic problems was reflected in the *World Economic Survey, 1976* (E/5995), which showed that the so-called market-economy countries had failed to solve the problems created by the worst crisis of capitalism since the Second World War. Although their economies had continued to recover during the first half of 1976, their rate of growth had declined sharply in the second half of the year; rates of inflation had continued to be relatively high and there was widespread hardship as a result of mass unemployment, particularly among women and young people, the number of the totally unemployed standing at nearly 15 million. The result had been an intensification of conflict between capitalist States, more fierce competition and a growth in protectionism. The economic crisis in the developed capitalist countries, the collapse of their currencies and other manifestations of anarchy in the production of the capitalist system, increased the burden upon the economies of the developing countries. In spite of some signs of revival at the beginning of 1976, the economic achievements of those countries during the year as a whole had been modest; the growth in GNP had not exceeded 5 per cent, and in the least developed countries it had even declined to between 3 and 3.5 per cent, while the growth in industrial production had been no higher than 5 to 6 per cent. There had been some reduction of deficits in the balance of trade and payments of non-petroleum-exporting countries as a result of higher commodity prices, but there had been no substantial general improvement in their economic position. One of the main problems facing the majority of the developing countries remained external indebtedness, which had continued to rise in 1976. The rate of interest they paid in the international private capital markets was usually 1 to 2 per cent higher than the prevailing levels, an example of the discrimination practised against them.

20. Agriculture continued to be an important factor in their economic instability; the average rate of growth in that sector, even over the last two generally favourable years, had fallen far short of the figure of 6 per cent estimated by United Nations experts to be essential. In order to overcome the subordinate position of the developing countries under the capitalist system of world economic relations, a radical restructuring was needed on the basis of equal rights and mutual benefit of all countries.

The prominence given to that issue in recent years was due above all to a radical change in the balance of world forces in favour of socialism and peace, to the strengthening of the national sovereignty of newly independent States and to a significant increase in their role in international political and economic relations. The developing countries were no longer content to be suppliers of raw materials to the industrially-developed Western countries, realizing that the consequences of that status were hunger, mass poverty, unemployment and under-employment, illiteracy and social inequality. There was a growing determination among them to seek new ways and means of changing the external trading conditions on which the development of the third world depended. Their legitimate aspirations were, however, encountering stubborn resistance from certain forces that were unwilling to accept the changes that had come about and sought to preserve the old order in international economic relations. At international meetings, those forces pursued a delaying policy, as had been evident from the outcome of the recent "North-South" dialogue. The demands of the developing countries, as embodied in the resolutions of the sixth and seventh special sessions of the General Assembly and in the Charter of Economic Rights and Duties of States, reflected their determination to liquidate colonialism and economic exploitation by the developed capitalist countries and to create favourable conditions for overcoming their economic backwardness.

21. The problem of establishing appropriate external economic conditions for the development of the newly independent countries could not be separated from the need to create favourable internal conditions. Without radical internal socio-economic reforms, a restructuring of international economic relations could make only a limited contribution to increasing the productive potential and accelerating the progress of the developing countries.

22. Bulgaria, in association with the other socialist countries, whole-heartedly supported the legitimate aspirations of the developing countries and their determination to free themselves from imperialist exploitation and assert sovereignty over their natural resources. Problems of international economic relations had occupied a prominent place in the deliberations of the Eleventh Congress of the Bulgarian Communist Party. Bulgaria supported the Programme of Continuing Struggle for Peace and International Co-operation and the Freedom and Independence of Peoples adopted by the Communist Party of the Soviet Union and had decided, in accordance therewith, to redouble its efforts to remove discrimination and all artificial barriers to international trade and to eliminate all manifestations of inequality of rights and exploitation in international economic relations.

23. Bulgaria's trade with the developing countries was characterized by stable and sustained rates of growth. Between 1964 and 1975, it had increased by more than seven times while Bulgaria's over-all volume of trade had increased by only 2.5 times during the same period. His Government had recently decided to revise its tariff preferences system, which had been in existence since 1972 and fully incorporated the Customs Co-operation Council Nomenclature (formerly the Brussels Tariff Nomenclature), by raising the preference in favour of the least developed countries by 100 per cent. Over 3,000 Bulgarian specialists were engaged in scientific and technical co-operation activities with the developing countries.

24. The development of economic co-operation between the socialist countries and other countries was closely connected with the economic development of the member countries of CMEA. The national revenue of the CMEA countries as a whole had risen by 5.5 per cent in 1976, industrial production by 6 per cent, gross agricultural production by 3 per cent and over-all capital investment by almost 5 per cent, the industrial sectors exerting a decisive influence on that growth. In the European countries of CMEA, the share of the industrial and building sectors in the production of the national revenue reached between 60 and 77 per cent. Increasing attention had been devoted to energy and raw materials, a regular supply of which was an important factor in stable development and the achievement of a dynamic balance in the national economy. In that connexion, agriculture had made an important contribution in 1976 to meeting the requirements of the CMEA countries.

25. The Bulgarian economy had continued to develop satisfactorily in 1976, which was the first year of the current five-year plan; productive and scientific potential had been considerably raised, as had national prosperity, and there had been further advances in the fields of culture and public health. The fuel and energy base of the country had been strengthened and growth in that sector had been more rapid than in industrial production as a whole; there had been technical advances in the utilization of fuel and materials. There had been an increase of 3.2 per cent in over-all agricultural production, which was due in large measure to the strengthening of the material and technical base and improvements in the organization of production. The growth in the national income and its equitable distribution among social groups had resulted in the attainment of higher educational, health and housing standards. There had been a resulting increase in real income of 4.4 per cent.

26. Bulgaria attached great importance to regional co-operation in the framework of the regional commissions. ECE had become an important instrument for the development of co-operation between the countries of Eastern and Western Europe. His delegation also valued its contributions to scientific and technological co-operation, environment activities, long-term planning and projections and other fields of economic activity. The long-term programme adopted at its thirty-second session augured well for the further development of co-operation between European countries with different social and economic systems.

27. The Council's sixty-third session was being held in the year that marked the sixtieth anniversary of the establishment of the first socialist State, the Union of Soviet Socialist Republics, whose first decree had, significantly, been concerned with peace. The October Revolution had transformed the lot of mankind and had prepared the way for a profound restructuring of the whole system of international relations on a basis of quality, democracy and justice.

28. He hoped that the sixty-third session of the Council would make a positive contribution to solving the problems of international economic co-operation and consequently to the strengthening of peace and security throughout the world.

29. Mr. IBRAHIM (Malaysia) said that the conclusions which had emerged from the Conference on International Economic Co-operation, held in Paris, the Meeting of Commonwealth Heads of Government, held in London from 8 to 15 June 1977, and the London Economic Summit Meeting, held on 7 and 8 May 1977, of the leaders of the major developed market-economy countries, would make it easier to assess the progress made in implementing the four fundamental General Assembly resolutions aimed at bridging the North-South gap and to decide on the appropriate course of action to be pursued.

30. He agreed with the view that the prospects for the world economy in the current year, which IMF had characterized as one of transition, did not appear to be bright. Recognizing the importance of price stability, his delegation considered that strongly expansionary policies should be avoided, in order to ensure steady and sustainable growth, for inflation, while temporarily increasing the demand for primary products, also increased the import bills of the developing countries. In order to overcome North-South problems it was imperative that the reality of economic independence should be recognized and that economic relations should be radically restructured. The report of the Secretary-General on long-term trends in the economic development of the regions of the world (E/5937 and addenda and corrigenda) gave many instances of adverse effects on the developing countries of actions by, and developments in, the developed countries. In spite of the efforts of the developing countries over the past decades to seek dialogue and economic co-operation predominantly through the United Nations, which had culminated in the International Development Strategy for the Second United Nations Development Decade, and General Assembly resolutions 3202 (S-VI), 3281 (XXIX) and 3362 (S-VII), the progress achieved had on the whole been disappointing.

31. The recent specialized conferences had re-emphasized the point made at the Interim Committee of the Board of Governors of IMF at its 8th meeting, held on 28 and 29 April 1977, that the sustained economic growth of the developing countries depended on two major factors: greater access to the markets of the industrialized countries for their primary and manufactured products and a larger flow of official development assistance. He noted with appreciation that the official development assistance of a number of smaller donor countries had reached the target of 0.7 per cent of their GNP in 1976, but the fourth session of the Committee on Review and Appraisal had shown that total of such assistance had gone only half way to reaching the target set in the International Development Strategy for the mid-point of the Second Development Decade. The report of the Secretary-General entitled *Economic and Social Progress in the Second Development Decade* (E/5981) attributed that disappointing result to the relatively poor performance of the major donor countries. Furthermore, resort by the developing countries to borrowing from multilateral institutions and private sources had been able to make up only partially for shortfalls in official development assistance. A larger flow of such assistance was therefore vital, particularly to the less developed and the non-oil-exporting developing countries, the increase in whose external borrowings had helped to reduce the severity of the recent economic recession, thus placing a moral obligation on developed countries to find more comprehensive solutions to problems of indebtedness. The magnitude of the problem was indicated by the fact that, even if the official development assistance target of the Strategy was achieved by the end of the Decade, the current account deficit of the non-oil-exporting developing countries had been estimated as likely to total $100 billion by 1980.

32. His delegation did not think that any structural changes in the existing aid machinery were necessary, but major structural changes in the pattern of international trade were required to bring it into line with the principles of the Tokyo Declaration of September 1973. The developed countries had not given sufficient priority in the multilateral trade negotiations to improving conditions of access for products from developing countries. Instead, they attached primary importance to reciprocity among themselves, and some had persisted in imposing further restrictions on imports of agricultural and semi-manufactured products which were vital sources of income to the developing countries; in fact some of those actions were discriminatory. There had been little progress in reducing or eliminating tariffs and non-tariff trade barriers to imports from developing countries. The multilateral trade negotiations would be meaningless unless there was a genuine desire on the part of the developed countries to fulfil the spirit and letter of the Tokyo Declaration which had launched them.

33. Very limited progress in overcoming commodity problems had been achieved in Paris by the Conference on International Economic Co-operation, although he was encouraged by the political impetus achieved for the establishment of a common fund to finance commodity stocks. The adoption of the concept of the Integrated Programme for Commodities would lead to a more efficient use of resources, and all measures relating to raw materials agreed upon at the Paris Conference should be accepted as reinforcing elements of the Integrated Programme. He considered that the common fund should serve as a major source of finance for the Integrated Programme and should aim primarily at financing international buffer stocks of appropriate commodities important to the economies of developing countries. He hoped that the positive spirit shown in the preparatory meetings on natural rubber would communicate itself to the meetings on other commodities, progress in discussing which had so far been variable.

34. The Integrated Programme for Commodities was only one of the strategies designed to correct the persistently inequitable balance of trade between developed and developing countries. An equally important strategy was the improvement and maintenance of market accessibility for manufactures and semi-manufactures from developing countries. The effectiveness of the implementation by the developed countries of the GSP had been greatly reduced

by various built-in constraints, particularly restricted product coverage, insufficient tariff cuts, the application of quotas and ceilings, the presence of escape clauses and restrictive rules of origin. His delegation therefore welcomed the London Summit Meeting decision in favour of strengthening the international trading system and against resorting to protectionist measures.

35. His delegation realized that the expansion of the trade of developing countries was contingent not only on the policies of the developed countries but also on those of transnational corporations, which would continue to be an important factor in the development process. On that premise, his Government had continued to encourage the legitimate operation of the corporations in its territory. The corporations should, however, eliminate their restrictive business practices and recognize the national interests of the countries in which they operated, to the mutual benefit of both parties. Such recognition implied, *inter alia*, the need to support efforts to strengthen and broaden the technological infrastructure of developing countries. They should supplement the efforts of UNDP, the regional commissions and bilateral technical assistance programmes, where appropriate, to meet the industrialization target of the Lima Declaration on Industrial Development and Co-operation,[17] in accordance with the objectives of the new international economic order.

36. An aspect of industrial co-operation of particular interest to countries with an expanding manufacturing sector related to the transfer of technology generated by the redeployment of industries. There should be greater concentration on the redeployment issue, particularly on the part of UNIDO, with a view to identifying the industrial projects that could, when redeployed, support the economic development of developing countries. UNIDO had identified more than 200 projects for the purpose and should take prompt action to arrange for the detailed studies which were required to formulate the action to be taken for early redeployment within a given target.

37. The objectives of the International Development Strategy were also far from being met in the area of invisibles, including shipping. To enable the developing countries to expand their mercantile marines, the Strategy had called for the adoption of certain measures so that shipowners from developing countries could compete in the international freight market and thus contribute to a sound development of shipping. Such measures implied an element of cargo-sharing, which formed an important component of the Code of Conduct for Liner Conferences negotiated in UNCTAD. The objective of profit-sharing could not be implemented, however, since 24 countries, with 25 per cent of world merchant tonnage, were required to be contracting parties and up to April 1977 only 21 countries, all of them developing countries with a total of only 4 per cent of world tonnage, had become contracting parties.

38. The rate of expansion, particularly in the bulk and tanker tonnage owned by developing countries, was exceedingly slow. The fleets of developing countries had expanded by slightly over 19 million deadweight tons between 1970 and 1976, while the tonnage of the developed market-economy and open-flag registration countries had expanded by 240 million deadweight tons during the same period. There had, moreover, been a continuing increase in liner freight rates which had adversely affected the trade of developing countries. The results of consultations on freight increases between the liner conferences and shippers remained unfavourable to the developing countries, and the liner conferences appeared unwilling to improve the situation.

39. The issues to which he had referred had been the subject of co-operation among the member countries of ASEAN. Intra-ASEAN trade would increase substantially as a result of the signing of a preferential trading arrangement in February 1977 and the forthcoming establishment of ASEAN industrial complementation projects. The ASEAN countries had also held regular consultations with Japan, Australia, New Zealand, Canada and the European Economic Community on a broad spectrum of interests covering the trade, agriculture, forestry and industrialization sectors. Malaysia welcomed the co-operation those countries were extending to ASEAN, thus contributing to co-operation among developing countries. It hoped for an intensification of co-operation within ASEAN and between that body and the developed countries, and for the commencement of co-operation between ASEAN and other regional economic groups. Much would depend on the co-operation of the developed countries and their support for national economic policies in which rural development and the eradication of poverty were paramount. He hoped that considerable progress would be made at the forthcoming ASEAN summit meetings.

40. There should, above all, be a comprehensive approach by all concerned to meet the needs of developing countries both for balance-of-payments support and for long-term development finance. While he welcomed the decision by the developed countries at the Conference on International Economic Co-operation to provide $1,000 million in a special action programme for individual low-income countries facing general problems of transfer of resources, that should not be envisaged as the final answer. Any long-term reform of the international monetary system should provide for the satisfactory control of world liquidity, adjustment as necessary by both surplus and deficit countries, adequate international facilities for short-term finance to meet balance-of-payments deficits and the effective participation of developed and developing countries in the management and control of the system. Immediate steps should be taken, firstly, to increase IMF quotas substantially at the seventh general quota review and to increase the voting strength of the developing countries; secondly, to implement the supplementary credit facility of IMF; thirdly, to modify the provisions relating to the conditions on which the Fund's credit facilities were extended and to recognize the need for greater concessionality in all the Fund's facilities for specially disadvantaged countries members of IMF; and, lastly, to increase the share of

[17] Adopted by the Second General Conference of UNIDO (for the text, see UNIDO, *Lima Declaration and Plan of Action on Industrial Development and Co-operation* (Vienna, 1975), publication PI/38)).

developing countries in subsequent allocations of SDRs and to redistribute existing SDRs in their favour.

41. Except for limited areas, the broad picture of the current trend with regard to the establishment of equitable and just international economic relations was thus unsatisfactory. The Committee on Review and Appraisal at its fourth session had drawn attention to the inadequate response of the developed countries. His delegation supported the preliminary position of the Group of 77 as annexed to the report of the Committee on Review and Appraisal on that session (E/5994) and earnestly hoped that all concerned would be guided by the high ideals proclaimed in the Charter of the United Nations.

42. Mr. VELKOV (Council for Mutual Economic Assistance), speaking at the invitation of the President, said that 1977 marked the sixtieth anniversary of the great October Socialist Revolution, the major event of the twentieth century, which had opened up a new epoch of transition from capitalism to socialism and of the struggle of peoples for complete liberation from all forms of exploitation and oppression. The revolutionary process, begun in October 1917 in Russia, had reached a new stage with the victory of socialist revolutions in a number of other countries and with the formation of the world socialist system.

43. The establishment of CMEA had resulted from the consolidation of a new type of inter-State economic relationship among socialist countries. At the thirty-first session of CMEA, in June 1977, the heads of Government of its member countries had favourably assessed the experience they had gained in applying the general objective laws governing the building of socialist society and in shaping a new type of international relationship.

44. The Comprehensive Programme for the further extension and improvement of co-operation and development of socialist economic integration by the CMEA member countries, adopted in June 1971, was being implemented successfully. Side by side with the economic growth of each socialist State there was increased evidence of the interaction of the national economies of fraternal countries and of a gradual equalization in their economic development levels. As an international organization ensuring genuinely equal economic co-operation, CMEA was playing an important role in the achievement of those aims. The economic development of its member countries in 1976 had shown that they had confidently entered on the new five-year plan period. During that year, they had achieved considerable success in economic, scientific and technological development and had again convincingly demonstrated the dynamic development of their economies—a fact reflected in the growth of national income, which had increased by approximately 5.5 per cent over the previous year and was 9.5 times of that of 1948.

45. The decisive role in the growth of the national income of CMEA member countries was still played by industry, whose share in the creation of national income had considerably increased. During the past year, the volume of industrial output in CMEA member countries as a whole had risen by 5.9 per cent. Such structurally fundamental industries as engineering, radioelectronics, electric power and the chemical industry had registered higher rates of development than industry as a whole. Approximately 80 per cent of increased industrial output was due to higher labour productivity. During the past year, CMEA member countries had continued to carry out an extensive capital construction programme and a large number of major industrial and other modern technological projects had been commissioned. The successful fulfilment of the plans for the extraction of coal, oil, gas and raw materials for the metallurgical and chemical industries and for electricity generation were the most important results of the past year. Co-operation among member countries in that field had made it possible to meet requirements in basic sources of power and raw materials.

46. In 1976, CMEA member countries had achieved good results in the development of agriculture, despite unfavourable weather conditions in some countries. The increased agricultural output had been promoted by the further consolidation and expansion of the material and technical base of agriculture, the intensification of production through the introduction of modern agrotechnical methods, the expansion of specialization, the concentration of production and the creation of agro-industrial complexes. The application of mineral fertilizers and land improvement had made it possible to attenuate the unfavourable effects of weather conditions. The volume of gross agricultural output in 1976 had exceeded that of the preceding year by approximately 3 per cent, while other branches of the national economies had also developed at high rates.

47. The successful fulfilment of economic development plans, and the achievement of the planned socio-economic targets in 1976, had further improved the material well-being and cultural level of the population of member countries; there had been a growth in the monetary income of the population, the volume of retail trade had increased, living conditions and services had improved and budgetary expenditure on social security, education, culture and the health services had increased considerably.

48. The significant increase in the volume of foreign trade of CMEA member countries in 1976 testified to the further development of economic, scientific and technical co-operation among them and to the expansion of their external economic links with developed capitalist and developing countries. The CMEA foreign trade turnover as a whole had increased in 1976 by 11.2 per cent compared with 1975 and the reciprocal trade turnover among member countries had shown a similar increase.

49. The level of economic development attained and the consequent fuller satisfaction of the material and spiritual requirements of the people provided a solid foundation for the successful attainment of the targets approved in the national five-year development plans of the CMEA member countries for 1976-1980 and would make possible a more rapid implementation of the Comprehensive Programme for the further extension and improvement of co-operation and development of socialist economic integration among the countries concerned.

50. The co-ordination of economic development plans was an important aspect of mutual co-operation among

CMEA member countries. Five five-year plans had so far been co-ordinated within the CMEA framework, beginning with the period 1956-1960. At its thirty-first session, CMEA had approved a programme of work for the co-ordination of the economic plans of its member countries for the period 1981-1985. Plan co-ordination in no way infringed the national independence and sovereignty of the co-operating countries, but it helped individual countries to make fuller use of all the opportunities for promoting the development of their economies and furthering the economic progress of the countries as a whole.

51. The adoption by the CMEA member countries of an agreed plan of multilateral integration measures for 1976-1980 had marked the further development of co-operation in planning and had become an effective means of implementing major integration measures. The national economic plans provided for the appropriation of the necessary material, financial and labour resources for the implementation of the agreed plan. About 9,000 million transferable roubles were being allocated for the creation of projects through joint efforts and for the execution of other tasks provided for in the agreed plan, the implementation of which was proceeding. Major projects such as the Orenburg-Western border of the USSR trunk gas pipeline, the Ust-Ilimsk paper and pulp mill, the Kiembai asbestos-dressing plant and the 750 kV power transmission line linking Vinnitsa in the USSR with Albertirsha in Hungary were being carried out through joint efforts, which were also being applied to the construction of nickel producing facilities in Cuba and a polyisoprene rubber plant in Romania. Other projects included in the agreed plan were also being carried out. Action was envisaged to implement a number of major specific measures for specialization and multilateral co-operation in industry and agriculture, and to solve, through joint efforts, a number of large-scale scientific and technological problems, particularly those of crucial significance for economic development.

52. The present stage of co-operation among CMEA member countries represented a step forward in the development of socialist economic integration. New conditions had been created for a fuller use of the opportunities offered by the Comprehensive Programme and for the joint solution of a number of vital economic problems of CMEA member countries. Long-term programmes of co-operation in the most important branches of material production for a 10-15 year period were also being elaborated with those purposes in mind. The programmes would identify specific measures to satisfy the requirements of the CMEA member countries in the main types of energy, fuels and raw materials, to promote the development of engineering on the basis of specialization and co-operation in production, to satisfy requirements in basic foods and industrial consumer goods and to develop transport links among member countries.

53. The joint solution of key economic problems identified during programme elaboration would expand the basis for the development and co-ordination of economic plans of member countries for forthcoming five-year periods. The long-term programmes of co-operation would promote the acceleration of economic development and the provision of higher living standards for the population of member countries.

54. CMEA member countries were successfully developing and extending economic co-operation with other socialist countries. Their fruitful co-operation with Yugoslavia was being improved and expanded. They were giving bilateral and multilateral assistance to the Socialist Republic of Viet Nam in its economic rehabilitation and development and had established multilateral co-operation with the Lao People's Democratic Republic and with Angola. The agreement on co-operation between CMEA and Finland was being successfully implemented and implementation of the agreements with Mexico and Iraq had begun.

55. The economic links between the CMEA member countries and the developing countries were being constantly expanded. The planned economic system of the CMEA member countries and bilateral intergovernmental agreements promoted the harmonization of long-term action and, in a number of cases, the joint solution of questions of co-operation with developing countries. They also ensured the reliable fulfilment of obligations, which was particularly important for developing countries in consolidating and further developing their economies.

56. The main trends of economic and technical co-operation of the CMEA member countries with developing countries were in the development of national industry, the expansion and strengthening of the public sector and the acceleration of production. The CMEA member countries were giving economic assistance to 75 developing countries of Asia, Africa and Latin America in the construction of more than 3,000 industrial enterprises and other projects, of which 2,300 had been put into service. By 1 January 1976, CMEA member countries had granted credits to the developing countries totalling some 15,000 million roubles. The assistance provided to newly independent States in industry and other branches of the economy had been followed up by the transfer to them of advanced technology and expertise.

57. The CMEA member countries supported the aspirations of developing countries for improved living standards for their people. The many years of experience of socialist countries had proved that the basic needs could be satisfied only by a more equitable distribution of income and through international co-operation carried out on a basis of equality. The CMEA member countries, which were successful in solving the major economic and social problems of the development of their national economies and in satisfying the needs of their peoples, were guided in their co-operation by the principles of respect for national sovereignty, independence and national interests, non-interference in the internal affairs of countries, full equality, mutual benefit and mutual assistance based on socialist internationalism. They attached great significance to the implementation of the provisions of the Final Act of the Conference on Security and Co-operation in Europe, held at Helsinki in 1974, and were taking steps to expand their economic co-operation with developed capitalist countries on a mutually beneficial and equitable basis. At the thirty-first session of CMEA, it had been noted that the

further development of constructive co-operation with capitalist countries would be promoted by the convening of all-European congresses, or international conferences, on environmental protection, transport development and the power industry, and by the elimination of attempts to discriminate against socialist States or interfere in their internal affairs. Participants had emphasized that an agreement with the European Economic Community on the basic principles of relations that would create favourable conditions for equal and mutually beneficial economic co-operation between the two bodies could contribute to the development of trade and give material content to the process of détente and the strengthening of peace in Europe in the spirit of the provisions of the Final Act of the Helsinki Conference. The links between CMEA and the international organizations were expanding and acquiring an increasingly practical character.

58. The constantly developing and expanding economic, scientific and technical co-operation among CMEA member countries would continue to promote the solution of economic and social problems of the countries concerned and the growth of the socialist community's international prestige. He was confident that the links between CMEA and the Economic and Social Council would help to make international public opinion aware of the activities and experience of CMEA and would serve the interests of international co-operation.

The meeting rose at 1 p.m.