

# 1910th meeting

Wednesday, 10 July 1974, at 3.15. p.m.

President: Mr. A. KARHILO (Finland)

E/SR.1910

## AGENDA ITEM 3

**General discussion of international economic and social policy, including regional and sectoral developments (continued) (E/5479, E/5486, E/5490, E/5502, E/5517, E/5521 and Add.1-3, E/5532 and Corr.1)**

1. Mr. HEYER (International Confederation of Free Trade Unions), speaking at the invitation of the President, said that the world today was confronted with a chaotic economic system characterized by rampant inflation which could bring about a general depression if Governments reacted by adopting protectionist policies. The developing countries were in a desperate situation, which presented the international community with its greatest moral obligation.
2. In view of that situation, the call by the General Assembly, at its sixth special session, for a new world economic order was like a touch of new life. The International Confederation had always supported the United Nations and particularly the Economic and Social Council in demanding the establishment of a fairer international economic order and a more equitable distribution of wealth among nations. In fact, even prior to that special session on the problems of raw materials and development, ICFTU had issued a statement which, among other things, suggested the creation of an international solidarity fund to help the countries which were worst hit by the rise in oil prices. It unreservedly supported the creation of a \$4,000 million special Fund, as proposed by the General Assembly, moreover, the Executive Board of ICFTU, at its meeting held in Brussels in May 1974, had unanimously adopted a resolution to that effect.
3. In the view of his organization, the OPEC countries and the industrialized countries had a role to play in the world rescue operation envisaged by the General Assembly. It was necessary to find a way of recycling the funds created by increased oil revenues, within the framework of IMF; and the struggle for a new world economic order should not in any way distract from the fundamental obligation of the industrialized nations to help the developing countries by allocating 1 per cent of their GNP to them. But the fact that development assistance was constantly decreasing in terms of real value was a source of grave concern to ICFTU.
4. Dismay must also be expressed at the lack of real progress in reforming the world monetary system. The Committee of Twenty of IMF which was to be congratulated on establishing new guidelines concerning floating exchange rates, had again postponed the crucial question of establishing a direct link between the allocation of SDRs and development assistance.
5. Also, there had been no effective challenge to the power of the transnational corporations, at a time when the profits of the major oil companies were achieving unprecedented levels. It was only now that countries were beginning to question the notion that the oil crisis had been entirely initiated by the OPEC countries, a notion which the free trade union movement had always rejected.
6. In his view, Governments had been complacent about the causes of inflation, one of which, it was said, was trade union wage claims. It was only now that public opinion, enlightened by the role of transnational corporations during the oil crisis, was becoming aware of some of the real, more subtle, reasons for inflation.
7. It was no good complaining about higher oil prices, which had previously been manifestly too low. An attempt must be made to offset the serious inflationary effects which the new prices were having and, in the view of his organization, the industrialized countries – or at least the more powerful among them – should take a joint initiative and promote a co-ordinated counter-inflationary programme.
8. The International Confederation was pleased that the Council would be discussing collective economic security, although it regretted that the succinct report by the Secretary-General on the matter (E/5529) did not sufficiently stress the role of trade unions, which had always been in the forefront of the struggle for world economic reform. More thought obviously had to be given to the idea of collective economic security; but it was generally in line with the Confederation's own thinking on international co-operation. Close international co-operation was essential if there was to be any solution to world problems, protection of employment, improvement of standards of living and assurance of a more equitable distribution of income and wealth. That was why ICFTU was urging its affiliated organizations to exert all possible pressure to ensure that the industrialized countries did not lapse into trade restrictions or thoughtless exchange-rate manipulations, which might lead to a major world slump on the scale of that of the 1930s. It was firmly hoped that the Economic and Social Council would support that call, which was an appeal for economic sense as well as for moral reflection.
9. In view of the gravity of the situation, ICFTU proposed closer international consultation on policies and greater world-wide solidarity. It wished to make three specific proposals. First, that price controls and surveillance should be introduced at the national and international levels to prevent companies from abusing their oligopolistic powers and forcing up prices in order to reap record profits.

Secondly, that revenue from particular commodity sales should return to the producing countries and that an attempt should be made to prevent the multinational companies from engaging in commodity speculation, which brought no benefit either to producer or to consumer countries. Thirdly, international rules should be established to prevent massive speculation which, in the past, had threatened domestic stabilization policy.

10. The International Confederation also called on the United Nations and its specialized agencies to make long-term forecasts and analyses of energy and raw material supplies with a view to promoting rational investment policies designed to ensure an optimum use of the World's resources. That was one of the most pressing tasks on which action would have to be taken if a truly new international economic order was to be established.

11. In that task, the role of the United Nations, and in particular that of the Economic and Social Council, was of vital importance, and equally Governments, trade unions and employers must be aware of their responsibilities. For its part, the free trade union movement, as represented by ICFTU, had a proud record. It was among the first to promote the idea of a link between GNP and development aid; in the field of world monetary reform it had for long advocated the creation of a direct link between SDRs and development assistance, with regard to trade policy it had championed the need for tariff concessions to the third world, and it was now determined to raise the banner of world economic reform and fight for a system of collective economic security.

12. The International Confederation believed, however, that no international economic reform could be achieved without the full association of workers in the conception, implementation and follow-up of all projects; the workers should also reap some of the benefits. The tripartite structure of the ILO was showing how Governments and both sides of industry could meet and take action on some of the great problems facing the world; and tripartite structures should be introduced into the United Nations system. Meanwhile, ICFTU earnestly hoped that ways would be found to ensure, at both the national and the international levels, the full participation of representatives of the working people — that is, of the free trade union movement.

13. Mr. G. O. MARTÍNEZ (Argentina) thanked the delegations present for the deep sympathy they had expressed at the death of Mr. Perón, President of Argentina.

14. He emphasized the vastness and complexity of the problems which the international community had to face at a time when the over-all economic situation was particularly critical and when it called, more than ever before, for the practical application of the concepts of co-operation, solidarity and interdependence between developing and developed countries. At the sixth special session of the General Assembly, the Argentine delegation had declared its willingness to contribute to the establishment of a just and equitable new economic order.

15. In the early 1960s, the accelerated process of decolonization had obliged the international community rapidly to modify its structures in order to avoid the emergence of tensions and imbalances which would subsequently become uncontrollable. Nevertheless, the importance of the political problem caused by the birth of what later came to be called the third world was no excuse for overlooking the magnitude of the economic problem which had gone hand in hand with it. While not claiming that the political problem had been fully solved, he felt that the basic transformations which should have been introduced in the currents and mechanisms of the world economy, in order to keep pace with the political changes, were far from having been carried out. It was that imbalance between political progress and economic progress which the third world countries could not accept.

16. It was not enough to prepare or approve declarations or resolutions aimed at establishing a concerted strategy for development or a programme of action, if the developed countries and the international institutions were not truly and firmly determined to implement a comprehensive series of specific measures and policies for the establishment of the new economic order. Such policies and measures must, moreover, be kept continually up-to-date and strengthened, and periodic studies and evaluations made, in order to correct possible distortions and ensure maximum efficiency. His delegation would like to believe that, even though the first evaluation of the International Development Strategy for the Second United Nations Development Decade had shown that the efforts made by the developing countries had not been sufficiently bolstered by co-operation from the developed countries, that was not to be regarded as showing a trend. The evaluation scheduled for the middle of the current Development Decade would throw light on that question. The 1975 special session of the General Assembly, to be convened in accordance with resolution 3172 (XXVIII), would provide a good opportunity to assess what had been done by then and to decide on positive action for coping with what would still be left undone.

17. In connexion with the Declaration and the Programme of Action on the Establishment of a New International Economic Order and the Special Programme for the countries most seriously affected by the economic crisis, it was in the interests of all developing countries to give their first attention to measures for removing the structural barriers to their economic growth, without underestimating the priority which, for the least-developed countries, should be given to resolving, with the assistance of the international community, the problems caused by the present economic situation.

18. As the results of the sixth special session of the General Assembly showed, the world seemed to be coming out of an era of international confrontation and entering one of negotiation and concerted action based on interdependence. That seemed to give proof of a political will to overcome the constraints of the present world economic system, which was a brake on the sustained growth of the developing countries. The time had come to face an unstable and constantly evolving situation with dynamic and progressive action.

19. His Government believed that high priority must be given to the implementation of the Declaration and the Programme of Action. It was to be hoped that the various agencies, especially IAEA, would show awareness of the urgent need to identify those aspects of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) which fell within their respective fields of competence, and that they would be able to submit proposals concerning the required machinery at the next session of the Council. His delegation attached particular importance to the role of the regional economic commissions in implementing those resolutions, and intended to submit a draft resolution on that subject during the present session.

20. Turning to the subject of collective economic security, he observed that the approach to that essential principle adopted in the relevant report of the Secretary-General (E/5529) showed a certain lack of imagination. Apart from the idea of interdependence, as analysed in the report, collective economic security embraced many concepts, including the sovereign equality of States, economic independence, non-intervention, self-determination, the prevention of coercion, and the need to maintain equality and equity in economic relations between States. Those various principles should be distilled into an internationally accepted text, giving particular attention to the needs of the developing countries and leading to the creation of a system of collective economic security for development which must be one of the pillars of the new international order to which all aspired.

21. As for the principle of the full, permanent and inalienable sovereignty of States over their natural resources, that principle had been enunciated and recognized by the international community 20 years previously, but no solution had been found to the problem of applying it. In view of its great complexity, that principle should be elaborated in depth in such a way as to highlight all the problems involved and to enable developing countries to exercise their full sovereignty freely and totally. In that connexion, the report of the Secretary-General on permanent sovereignty over natural resources (E/5425 and Corr.1 and Add.1) analysed the right of nationalization, the priorities required by national development and the possible effect of foreign investment and multinational corporations on the exercise of full national sovereignty over natural resources. In his delegation's opinion, the report should be adjusted and expanded in the light of the resolutions adopted at the sixth special session of the General Assembly. For instance, paragraph 4 (e) of the Declaration on the Establishment of a New International Economic Order should encourage the Secretariat to prepare a new report which would include studies of each of the problems which might hamper the developing countries in the exercise of their full sovereignty over their natural resources, and suggest solutions for those problems. In line with Argentina's stand as a sponsor of General Assembly resolution 3171 (XXVIII) on the same question, his delegation had already requested a revision of the kind at the sixth special session (2208th plenary meeting); it therefore considered that an expanded report meeting the considerations he had mentioned should be prepared for submission to the General Assembly at its next regular session.

22. His delegation had read with great interest the report (E/5500/Add.1) of the Group of Eminent Persons convened to study the role of multinational corporations on development and on international relations, and considered that the Group's recommendations should be thoroughly analysed by the Council. His country wished to state its solidarity with those developing countries which had to cope with such corporations seeking to infringe their sovereignty and violate the principles of non-interference and self-determination. His country had endeavoured to regulate foreign investment and tailor the activities of transnational corporations to the national interest. In 1948 and 1953 it had adopted measures which, while favouring foreign investment, directed it as a function of the national development policy. In June 1973 the Argentine Government had adopted a new foreign investment law which, while promoting foreign investment where a positive effect on national development would be exercised, did not limit the decision-making power of the country or entail an onerous repayment burden. The report of the Group of Eminent Persons covered an aggregate of aspects relating to the activities of multinational corporations, including the problems of transfer of technology and of restrictive trading practices. In view of the generally inadequate and onerous nature of transfer of technology by those corporations to developing countries, the United Nations was envisaging the possibility of drawing up a code of conduct in that field and of revising the international patents system with a view to adapting it to the needs of the developing countries. So far as restrictive trading practices were concerned, the importance and scope of some of them as applied by transnational corporations would justify international action intended to protect the external trade of the developing countries against the negative effects of such practices.

23. His country's interest in environmental problems was well known. Improving the quality of life, implementing development systems which safeguarded the environment, and conserving natural resources, among others, were for his country matters of the first priority. At the first session of the Governing Council of UNEP, the Argentine delegation had said that a revolution in man's thinking in the field of the environment was necessary, and that the rational use of natural resources must be a fundamental objective. In a new international economic order, it was of the utmost importance to put an end to environmental aggression which could represent a danger to the survival of many countries.

24. As was stressed in the report of the Governing Council of UNEP on its second session (E/5485), the Environment Programme should be compatible with the International Development Strategy and the *World Plan of Action for the Application of Science and Technology to Development*<sup>1</sup> it should, moreover, take account of the Programme of Action and the Declaration adopted by the General Assembly; in other words, give priority consideration to the needs of the developing countries. It might perhaps be advisable to adopt intensive plans based on the ideas of eco-development and eco-regions.

<sup>1</sup> United Nations publication, Sales No. E.71.II.A.18.

25. The interdependence of economic development and an appropriate environmental policy required more careful examination. Eco-aggression could trigger a chain-reaction, the reversal of the process of desertification could benefit even areas far from the spot, while river pollution could affect large areas of the planet. In view of the multi-disciplinary nature of the ecological problem, countries must have comparable data at their disposal. For that reason, the Global Environmental Monitoring System and the International Referral System for sources of environmental information must be implemented forthwith; Argentina was ready to offer all necessary data and expressed its satisfaction at the holding in Nairobi of the first Inter-governmental Meeting on Monitoring. On the operational side the work of UNEP must be supplemented by the establishment of activities centres for programmes at the regional and subregional levels. Through those systems and centres, the international community could help developing countries to strike an ideal balance between development and environmental conservation. Argentina had offered itself as host country for one of those centres and was prepared to give its fullest support to the undertaking.

26. If the United Nations Conference on Human Settlements could define new criteria for the development and construction of model human habitats which were ecologically, socially and culturally acceptable, and if those models enabled countries to solve, with limited means, their urgent urbanization problems, that would be a great step forward.

27. The question of natural resources, like all others related to the environment, must be approached in a spirit of co-operation if those resources were to be exploited rationally. In accordance with resolution 1761 F (LIV), the Council was called upon, at the current session, to define the details of co-operation between the Committee on Natural Resources and the Governing Council of UNEP. His delegation believed that the Governing Council and the Committee should first of all co-operate in cataloguing natural resources from the environmental standpoint. There were three possible groups: renewable and non-renewable, living and non-living, owned and shared.

28. In collaboration with the group of non-aligned countries, Argentina had submitted to the General Assembly at its twenty-eighth session a draft resolution providing that co-operation between States sharing natural resources must be based on a system of information and prior consultation. In accordance with that text, adopted as resolution 3129 (XXVIII), the Council had requested the Executive Director of UNEP to prepare a study and to formulate proposals for submission to the General Assembly at its thirtieth session.

29. His delegation was persuaded that the drafting of international environmental legislation was indispensable to a world fit to live in, which would be one of the pillars of the new international economic order.

30. He recalled that it was the group of non-aligned countries which had launched an appeal for a World Food Conference, an idea echoed subsequently by Mr. Kissinger, the United States Secretary of State. Thanks to studies prepared, in the main, by FAO, UNCTAD and WFP, it

should be possible to find effective solutions for the food problem, provided that Governments had sufficient political will. His delegation felt that the international community should bear certain points in mind in order to ensure success: first, the Conference could not limit itself to an examination of the problems already analysed by FAO, UNCTAD and WFP; the question as a whole must be analysed within the widest of development frameworks, and the lines of action to which the developed countries, in particular those producing and exporting foodstuffs, committed themselves, should stimulate rather than impede greater production, consumption and trade in foodstuffs by the developing countries. Secondly, the effective commitment of the developed countries should result in measures for international action. The policies and measures adopted by developing countries for determining their own needs and possible means of meeting them would be ineffective if unaccompanied by agreements and commitments involving definite international backing. Thirdly, the international community would fail to seize a golden opportunity if the measures to increase production and consumption were taken independently of steps to guarantee access to markets for efficient producers in developing countries.

31. In the political field the sign of the times was a relaxation in the tensions which during the post-war period had made it difficult to recognize the increasing interdependence between States and its logical consequence, the need for close international co-operation. The Secretary-General, in addressing the Council (1900th meeting), had made the point that some of the most critical decisions with which the world community was faced lay in the economic and social fields and had stated that there was a clear indication of profound malfunctionings in a global economy whose efficiency had been taken for granted, even while its inequity had been deplored.

32. The time had come for the world community to adapt itself to new circumstances and come to grips with the fundamental and pressing problems of development. Now that relations between the blocs were directed towards *détente* and progress was being made in finding solutions to the major political problems of the world leading to a just and lasting peace, the time had also come to face international economic realities in a new spirit.

33. Mr. THAYEB (Indonesia) said that one of the main tasks of the Council at its present session was to formulate measures on economic and social co-operation pursuant to the decisions of the General Assembly at its sixth special session and to decide on the preparatory work for the next special session on development and economic and social co-operation. It was therefore to be hoped that the developed nations would withdraw their reservations on certain of the decisions, so that the new concept of international economic order could rapidly become a reality.

34. To meet the present economic crisis the Council should first of all identify its most urgent priorities. In view of the material situation of most developing countries, action should first be directed towards matters of finance, food and population.

35. Outlining his reasons for that view, he said that, firstly, world-wide inflation had increased the import bills of many developing countries. As the Executive Secretary of ECAFE had pointed out (1905th meeting), the prices of essential commodities and services in the developing countries of the region had gone up by more than 50 per cent in 1972 and by 25 per cent since the beginning of 1974. He had also mentioned other adverse effects which fiscal and monetary policies in the developed countries might have on the balance of payments and therefore on the economic growth of the developing countries.

36. Secondly, though their main occupation was agriculture, most of the developing countries were unable to meet all their food requirements from domestic production. The heavy increase in imported food and fertilizer prices was nullifying their export gains.

37. Thirdly, in the more populous developing countries, rapid population growth had generated an increasing demand for food.

38. Fourthly, there was a tendency to exaggerate the extent of the price increases of some basic commodities exported by developing countries; moreover, those prices had previously been at very low levels.

39. His delegation had welcomed the suggestion by the representative of the Netherlands (1901st meeting) that a group of experts should be commissioned to study certain aspects of world-wide inflation. However, should the Council agree to establish such a group, its terms of reference should not in any way contradict or overlap the work of IMF. In order to reduce the rate of inflation from its 1973-74 level of 47 per cent to 20 per cent in 1974-75, Indonesia had taken a number of steps including the lowering of import duties on essential goods, the restricting of bank credits, the introducing of higher bank rates and deposit rates, etc.

40. With regard to the food problem, it was gratifying to note that the preparations for the World Food Conference were making good progress; in that connexion, he welcomed the initiative of the Director-General of FAO in drawing up proposals for a world food security policy (E/5477, annex I). Indonesia considered that immediate action should be taken to overcome the shortage of fertilizers in developing countries, *inter alia*, by stimulating and expanding fertilizer production.

41. With regard to population, it was to be hoped that the results of the Second Asian Population Conference would be fully reflected in the world population plan of action to be considered by the World Population Conference at Bucharest in August 1974. Indonesia, whose population stood at 126.1 million at the end of 1973 and was expected to increase to 141.6 million by the end of 1978, was making considerable endeavours to check its rate of population growth. A national commission on population was at present preparing an integrated population policy, and the Government was undertaking family planning activities which were supported by several industrialized countries and international organizations. Satisfactory results were being achieved.

42. In the present-day context, the increasing importance of regional co-operation needed no elaboration. It was therefore gratifying that the members of ECAFE, at the Commission's thirtieth session, had been unanimous in endorsing the promotion of sub-regional co-operation as part of ECAFE's task. ASEAN, which had recently decided to establish a permanent secretariat in Djakarta, had over the years played an important part in such co-operation; in particular it had undertaken studies on a number of projects for rationalizing investment decisions within the regional market formed by member countries. That would be the beginning of a common industrialization programme. ASEAN had also established and institutionalized a dialogue on a continuing basis with EEC.

43. With regard to the report of the Group of Eminent Persons on the role of multinational corporations on development and on international relations, he commended the Group's work and welcomed its recommendation to establish a commission on multinational corporations, with terms of reference that his delegation found satisfactory. It was also in favour of setting up an information and research centre on multinational corporations.

44. His delegation also endorsed the concept of collective economic security, as put forward by the Secretary-General in his report on the question (E/5529). In that connexion, the adoption of the Charter of Economic Rights and Duties of States would be highly significant.

45. With regard to Indonesia's second five-year development plan, which had started on 1 April 1974, increased agricultural production and the development of agro-allied industries and infrastructure remained the central elements of the development strategy forming the basis for the plan. Increased efforts would also be made towards growth in the exploitation of natural resources, but without endangering the environment. Involvement of the people in the development process and social welfare development would remain important, and health, family planning, education and rural work programmes would be expanded. Indonesia would mobilize its domestic financial resources for those endeavours and at the same time try to increase export earnings.

46. To enable the Economic and Social Council to implement the mandate given by the decisions of the sixth special session of the General Assembly, the Yugoslav proposal (1905th meeting) to hold ministerial meetings of the Council would be a positive initiative. In general the Indonesian delegation would lend its full support to any constructive proposal leading to implementation of the mandate given by the General Assembly.

47. Mr. CAICEDO AYERBE (Colombia) said that the recent special session of the General Assembly had produced a feeling of world solidarity, consolidated third world unity and avoided confrontation between the poor and the rich countries. He was happy to note the positive attitude taken at that session by some developed countries, including the Federal Republic of Germany, the United Kingdom, Switzerland and the Netherlands. Canada had subsequently announced that with effect from 1 July 1974 it was putting into force its generalized system of preferences in favour of developing countries.

48. It had been alleged that at the sixth special session of the General Assembly reality had been abandoned for Utopia. But if a new economic order was to be established, the old mentality had to disappear. Also, the discussions at the session had not been in the abstract but had been subject to the pressures of reality. There was at the present time a general distortion of price systems and terms of trade; inflation was affecting virtually the whole world, with serious consequences for the developing countries, in that, increased raw materials prices could not offset their rising import bills. Those phenomena were the result of a crisis in international co-operation.

49. The old economic order had now been overtaken by developments, in particular by a revolutionary energy situation. From that aspect the urgent measures proposed to benefit the countries most affected were praiseworthy, but structural changes were needed too. According to the economist Peter Drucker, the present world was based on institutions whose disappearance would leave no other choice but totalitarianism, which would destroy social and individual freedom and reduce economic efficiency. In that connexion, he, himself, considered that transnational corporations, although they might often do invaluable work thanks to their vast resources and know-how, would have to place their own interests second to national interests. The recommendations made by the Group of Eminent Persons on multinational corporations were a valuable framework for action, particularly with regard to the formulation of a code of conduct. In particular, multinational corporations must not be allowed to impair the natural resources of developing countries, for in the last analysis natural resources were the only wealth on which those countries could rely; they were the key to their future. Also, it was perfectly reasonable that countries producing basic commodities such as wheat, sugar and coffee, or copper, bauxite and tungsten, should set up associations; international law recognized free association for lawful purposes such as the protection of prices and market stability.

50. At the present time, when so many human beings were in difficult circumstances, there had to be a political will for large-scale, rapid and far-reaching action. He recalled the terms of reference given to United Nations bodies by General Assembly resolution 3202 (S-VI). The importance of item 15 of the Council's agenda, operational activities for development, should be stressed in the context of those terms of reference. The item covered different programmes which had to be focused on a single objective, and so the Council should consider it with a view to revision and simplification. However, there did not seem to be any conflict between the desire to simplify and the proposal to appoint a group of eminent persons to study some aspects of world inflation; the group would be a small, temporary body, which would report in the near future.

51. Short-term solutions were not enough to cope with the present crisis; once again the need was to devise a new economic order which, unlike the present one, would not conflict with everyday international politics, justice in economic relations and national aspirations.

52. Dr. MAHLER (Director-General, World Health Organization) said that, in the field of health, there was an

enormous gap between the industrialized and the other countries, since the former invested roughly five hundred times more *per capita* on health promotion than did the poor countries, which nevertheless needed such investment much more because of the high leverage that a healthy population exerted on a country's socio-economic development. Ever since its inception, WHO had collaborated with the developing countries in the search for methodologies and technologies whereby each dollar spent on health would have an effect on productivity several hundred times greater than that obtained in the rich countries. The contribution of WHO to the health of human communities over the past 25 years had been an important one, as the spectacular increase in life expectancy during that period showed. The task now was to improve on a permanent basis the quality of health of that extended life cycle and that required new dedication, unity of effort and a recognition of the primordial role of member States in addressing themselves to their own health problems. It was necessary to embark on a difficult questioning of long-, medium- and short-term approaches, a radical new look at co-ordination between member States and WHO and to ensure the requisite coherence between the programmes of the members and those of the organization as a whole. A fundamental re-examination had therefore been initiated the year before, one that involved the participation not only of the secretariat but also of Governments.

53. Referring to some of the features of that self-appraisal, he said that, since 1973, WHO had been operating under a medium-term programme with four main objectives: strengthening of health services, development of health manpower, disease control and promotion of environmental health. Within each of those broad objectives, the WHO Executive Board and the World Health Assembly had outlined areas for priority action. The organization was now moving towards the formulation of a more detailed medium-term programme with more specific objectives and was endeavouring to rectify a regrettable tendency to separate the two main streams of its activities, on the one hand, the central technical support services continuously available to all member States, and on the other, direct technical assistance to individual countries. It wanted to act both with more flexibility and with a more integrated approach and was engaged in a fundamental re-examination of its research programme in order to respond better to immediate social needs and to be more goal-oriented within a specific time and resource frame. As one consequence of that re-thinking, WHO was making efforts to increase the research potential in the developing countries themselves, where the research input in solving the priority health problems of those countries accounted for less than 1 per cent of global investment in medical research.

54. The Constitution of WHO emphasized the organization's co-ordinating role, which implied, essentially, technical leadership aimed at providing the right solution for a particular problem with the right amount of resources at the right time and place. It was not bureaucratic harmonization of activities — co-ordination started at country level. But progress along that path would not be possible if member States treated their organization with indifference or as a marginal partner. So long as bilateral assistance, for example, was regarded by donors and

recipients as a *chasse gardée*, the external inputs to the health sector would have a poor cost/benefit ratio. The organization was making great efforts to build up confidence in its role as a co-ordinator by means of joint country health programming with ministries of health and by strengthening the technical and managerial capabilities of WHO representatives' offices.

55. With respect to operational activities at regional and country levels, he emphasized the importance that he attached to multisectoral and multidisciplinary use of the United Nations system as a whole and to the principle of national and regional self-reliance. In reviewing the Second United Nations Development Decade in 1973, the General Assembly had noted in resolution 3176 (XVIII) that education and health facilities were still far short of needs and had recommended further steps to improve health services both quantitatively and qualitatively, as also their accessibility to the total population. It was in precisely that area that WHO had encountered the most difficulties. There had been a strong tendency to apply expensive and complex health technologies to a small minority of the population and to underestimate the potential for leadership and innovation which could be turned to account by mobilizing energies through community participation. The organization had been pioneering in new, simple and effective approaches in the field of health, but many of them had fallen by the wayside in the absence at the country level of a minimum of supporting financial, educational and social reforms. Consequently, action in that area had to be reconsidered and new methods had to be found. In January 1975 the Executive Board of WHO would be reviewing and appraising in detail the goals of the International Development Strategy, with a view to providing the Economic and Social Council and the General Assembly with an objective assessment.

56. The organization was thus far from having solved many of those problems, but there were grounds for some optimism if one analysed the results of a substantial portion of its recent activities. For example, thanks to the global smallpox eradication campaign, in which all member States had accepted the co-ordination role of WHO, it was likely that within the next 18 months the world would see the last case of smallpox. If that proved to be true, the cumulative contributions of the major contributors to WHO's budget would be "returned" with interest less than ten years later through direct savings from the reduced costs of routine immunization programmes.

57. In conclusion, he pointed to the urgent need for the Economic and Social Council to provide the system with the firm political will and the over-all strategy required to meet true social development objectives. Health promotion was inextricably bound up with progress in other social and economic sectors. Therefore, WHO had to become more and more prepared, psychologically, to shed the last vestiges of health isolationism and had to be able to work together with all other multilateral and bilateral organizations concerned with social and economic development. In the area of rural development, for instance, it was obvious that there had been a lack of the multisectoral and multidisciplinary activity needed to raise the level of the health and welfare of the peoples. There had been an

enormous waste of knowledge and effort, and recycling of that waste was required in the interests of development. Human and social development must continue to be the basic objective and it was essential not to be blinded by econometric considerations or by the material energy crisis. More imagination was needed, more willpower and enthusiasm to apply the resources, knowledge, experience and ability that were evident everywhere. The United Nations system was a viable, flexible and potentially highly effective intergovernmental system, but its capacity was far from being fully exploited. Nevertheless, it could be no better than the Member States collectively wished it to be; such was the challenge the Economic and Social Council had to meet.

58. Mr. TEMBOURY (Spain) said that the analyses made and information gathered over the years on the world economic situation had been most valuable. That was, however, merely a first step, which should lead on to the next - the taking of decisions. The sixth special session of the General Assembly had shown that the only solution to the current crisis in the world economic system was to adopt the short-term measures needed to correct current imbalances and to take innovative action.

59. The reason for the ever-widening gap between the developed and the developing countries and for the fact that the efforts deployed so far had not had the expected results lay in the continuance of practices which were not based on a true spirit of co-operation. He was referring in particular to the anarchic increase in commodity prices with all its consequences, the serious currency fluctuations which were doing great harm to the developing countries, and the general inflation, which had serious repercussions for the most disadvantaged social categories. At the sixth special session of the General Assembly (2218th plenary meeting), the Spanish delegation had drawn attention to a series of urgent measures that should be taken, which could be grouped into three categories.

60. First, it was important to identify and classify the least advanced countries which were particularly affected by the current crisis, to make a clear estimate of the damage suffered and the difficulties facing them in the short and the long term; and to give them rapid and effective aid to make good the damage done. Secondly, a more accurate classification of the relatively less developed countries should be prepared on their actual level of development. In that connexion, the work begun by the Committee for Development Planning should be continued. Spain, for its part, was at an intermediate stage, coming among the most advanced of the developing countries. It considered, nevertheless, that priority should be granted to the countries at the bottom of the ladder, those which were the most vulnerable and which were suffering the most from the current economic crisis. Thirdly, measures should be taken to determine the modalities of international co-operation, to guarantee production of raw materials and basic commodities, by organizing the market, making provision for access to resources, ensuring supplies for all members of the international community, and fixing fair and stable prices for trade between producers and consumers. The price structure should enable producing developing countries to obtain the financial resources needed for

their progress, while also ensuring adequate supplies for the importing countries which constituted the main customers and driving force in the world economy.

61. Spain noted with satisfaction that a large-scale joint programme of action had been launched on several fronts at the same time. First, the World Population Conference, to be held at Bucharest in August 1974, would make it possible to establish at government level policies and guidelines for demography.

62. Secondly, the World Food Conference, to be held in Rome in November 1974, would list resources and needs, and that would make it possible to tackle the serious problem of the food deficit in a spirit of co-operation. The Rome Conference could use the population projections to be made at the Bucharest Conference as a basis for the necessary restructuring in respect of food and agriculture: development of unused agricultural potential, rational use of fertilizers, "the green revolution", development of the resources of the sea, with the object of putting an end to hunger – that great failure of our society.

63. Thirdly, the second General Conference of UNIDO to be held in Lima in 1975, would make it possible to analyse in depth general economic trends and the influence of questions of industrialization, the salient aspects of market machinery and the means of establishing new methods of consultation. At the eighth session of the Industrial Development Council, the Spanish representative had taken the view that encouragement should be given to the activities of technical research institutes with a view to selecting those foreign techniques that were best adapted to the needs of the beneficiary country and to developing indigenous technology so that such institutes might serve other developing countries.

64. Fourthly, the new task entrusted to the Economic and Social Council, in accordance with the mandate it had been given at the sixth special session of the General Assembly was to serve as the point of convergence, the analytical centre for all the above activities in the spheres of population, agriculture and industry. In 1975, the Council would have to carry out its mid-term assessment of the Second Development Decade so as to be able to present a complete picture of the situation to the General Assembly at the 1975 special session.

65. Fifthly, recognition of the principle of the sovereignty of States over their natural resources should not obscure the fact that there were other interests which also deserved respect. The economic co-operation which was indispensable at the present stage of economic development must be based on international law if the various interests involved were to be reconciled.

66. Lastly, there was a controversial issue that illustrated the complexity of the present situation, namely the growing importance of multinational corporations. The Council had included an item on the subject in its agenda and for its consideration had before it the report of the Group of Eminent Persons convened by the Secretary-General. Since the report had been published only recently, his Government had not yet had time to study it in detail but was in favour of establishing a permanent commission with the task of examining the activity of such companies.

67. In the particular case of Spain, foreign investment had played an important role in the country's economic expansion, and he felt that Spain's experience in that respect might be of interest to the Council. If a multinational corporation was to be in perfect harmony with the machinery of the national economy, without interference or abuse, legislation was needed that would impose a legal and territorial framework – legislation on foreign investments that would serve as a code of conduct setting out rights and duties for both parties.

68. The duties could be summed up in one word: loyalty towards the host Government; in other words integration in the economy of the country, the fullest possible exploitation of local resources, and a human approach to the staff together with a fair distribution of profits. As to rights, they included a guarantee for the multinational company that partial or total nationalization would take place in accordance with the law and would be subject to fair compensation, while at the same time reasonable repatriation of profits would be ensured.

69. Concluding his survey of the international economic situation, he said that the seriousness of the situation 13 years after the launching of the First United Nations Development Decade led him to seek the reasons for the disappointing results that had been achieved. Could they be explained merely by an error in drawing up the International Development Strategy? Unfortunately, it would seem that the problem was much more serious: there was an obvious gap between the main guidelines of the International Strategy and the reality to which it was meant to apply. A radically different attitude was needed in order to adapt to reality, to be able to foresee future trends, because the dynamic nature of technology made it more and more likely that new and troublesome situations would be created for which no solution had been provided. Notwithstanding those somewhat pessimistic views, his delegation believed that the international community would be capable of taking up the challenge and that, despite uncertainty and discouragement, it would come to recognize the interdependence of its members and would provide the developing countries with effective aid.

*The meeting rose at 5.15 p.m.*