

1909th meeting

Wednesday, 10 July 1974, at 10.10 a.m.

President: Mr. A. KARHILO (Finland)

E/SR.1909

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. BLANCHARD (Director-General, International Labour Office), introducing his organization's report (E/5553), said that the Council's recent in-depth study of the activities of the ILO should make the information in that report all the clearer. He would refer essentially to three problems which had claimed the attention of the Council at its recent sessions: problems of employment and migration and the activities of the multinational corporations.

2. His comments on employment problems would necessarily touch on the complex questions related to the establishment of a new international economic order. The economic phenomena which had developed in recent years and months showed how urgent and timely it had been for the United Nations system to give a social dimension to the International Development Strategy for the Second United Nations Development Decade and for the ILO to launch its World Employment Programme in 1969.

3. Population growth, unemployment, inflation, increased commodity costs and the breakdown of the international payments system continued to press hard upon the world employment situation. Council resolution 1808 (LV) on the problem of mass poverty and unemployment in developing countries not only remained topical but called for renewed efforts on the part of the United Nations system. In that resolution, the ILO was urged to continue its work in the field of employment planning and promotion, pursuing its catalytic action as far as the entire United Nations system was concerned, and other specialized agencies and organs were urged to continue their co-operation in the World Employment Programme and to give close attention in their short-term and medium-term plans to the promotion of concerted and meaningful action-oriented programmes and projects with respect to employment policy.

4. The figures he was about to quote should be used with caution as orders of magnitude only, since it was impossible to give precise figures.

5. Between 1960 and 1970, the total population of the developing countries of Africa, Asia (excluding China) and Latin America had increased from some 1,400 million to 1,800 million, corresponding to an annual population growth of the order of 2.5 per cent, or double that of the industrialized countries. That rapid population increase had naturally been accompanied by an increase in the number

of persons entering the labour market, amounting to 123 million persons over the decade in question, of whom about 110 million had found more or less productive employment, the remaining 13 million having been added to the mass of unemployed which was now estimated at 50 million. That enormous figure was equivalent to the active population of France and the Federal Republic of Germany combined. Moreover, it did not take into account the number of under-employed, which could be estimated at between 200 and 300 million. It could therefore be considered that in many developing countries roughly one in every two persons of working age was either unemployed or under-employed.

6. That situation had serious consequences in terms of income and it was not surprising that the average *per capita* income in 1970 had still been only in the region of \$190 compared with \$150 in 1960. The most striking fact, however, was that since 1960 the rate of unemployment had risen in all areas. In 1970, the first year of the Second United Nations Development Decade, it had approached 10 per cent in Africa, 6 per cent in Latin America and 7 per cent in Asia.

7. That deterioration in the employment situation was largely due to the acceleration of urban migration. In 1970 less than 60 per cent of the labour force had been employed in the agricultural sector as against more than two-thirds ten years earlier. The situation was also due to the small absorption of labour by the industrial sector, which, in 1970 as in 1960, employed barely 10 per cent of the labour force.

8. If that development continued, the situation in 1980 could be explosive. The world population was expected to increase by some 830 million between 1970 and 1980 and the active population by nearly 300 million, of whom 175 million would be in the developing countries. If present employment rates were to be maintained, unemployment would increase by 35 million, bringing the total number of unemployed in the developing countries to 85 million in 1980.

9. Another factor influencing the situation was the increased cost of energy and raw materials. It was still too early to gauge precisely what the consequences might be. While the transfer of resources resulting from that phenomenon could accelerate the development of producing countries, the employment situation in low-income countries lacking in energy resources would have deteriorated sharply by the end of the decade. It was possible, however, that the severe pressure of that situation on the balance of payments of those countries would encourage them to resort to a greater extent than previously to techniques employing more labour and less capital. The ILO, which

advocated that course, had drawn up a number of practical suggestions based on various research activities.

10. In the face of the alarming situation to which he had referred, it should be pointed out that, while the development of modern sectors was an essential factor for economic expansion, the importance of developing sectors which had hitherto been neglected should also be emphasized. The time taken for the economy to respond to development efforts devoted exclusively to modern and well-structured activities in urban areas had often been underestimated while the benefits which the poor and under-employed masses of the population could draw from them had been over-estimated.

11. It was encouraging to note that a growing number of countries were endeavouring to direct their economic and social policy towards greater development of the rural areas. The comprehensive employment strategy missions sent by the ILO to a number of African, Asian and Latin American countries had enabled it to make complete diagnoses and to propose measures that were in accord with the changed ideas of various countries with regard to employment policy.

12. The progress made, however, had been sparse and isolated. The International Labour Conference at its recent (fifty-ninth) session had adopted a resolution which gave the central place in development activities to unemployment problems, thus echoing the Declaration and Programme of Action on the Establishment of a New International Economic Order, drawn up by the sixth special session of the General Assembly. In that resolution, the Conference invited the Governing Body to instruct the International Labour Office to convene as early as possible a world tripartite conference on employment, distribution of income, social progress and the international division of labour as a specific contribution of the ILO to the review and appraisal of the International Development Strategy. The resolution also urged the Governing Body to arrange for the preparation of a report on the repercussions of inflation on the security and distribution of income, on guaranteed employment for workers and on the basic objectives of the ILO. It set forth two basic principles which should guide the ILO in carrying out that vast project. The first was to intensify its co-operation with the competent organizations of the United Nations system. The ILO would have no difficulty in following that principle; the programmes it had carried out in Latin America, Asia and Africa together with other members of the United Nations system had shown how the various agencies could co-operate in tackling problems. The second principle was to encourage the full participation of workers' and employers' organizations in the various activities. If a world employment conference was to be organized, it should be on a tripartite basis, since the solution of the problems of unemployment and under-employment obviously required the direct participation of employers and workers.

13. It would rest with the Governing Body to determine the conditions in which the resolution should be applied and, in particular, the conditions in which a world tripartite conference on employment might be convened as soon as possible. The Governing Body would, of course, take note

of the Council's wishes and conclusions with regard to the application of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI). He had submitted a complete report on the sixth special session of the General Assembly to the Governing Body in May 1974. The ILO would spare no effort to participate in the vast enterprise of establishing a new economic and social order, the more so in that it was already working along those lines. A study for defining the shape of a new international division of labour, the objective of which would be to reduce the level of unemployment in the developing countries while maintaining the level of employment attained by the industrialized countries, was already well advanced. Such a difficult and complex study was indispensable for a thorough knowledge of employment policy problems.

14. A decisive factor for the realization of good employment policies was the development of human resources. The recent session of the International Labour Conference had outlined two international instruments to which it was to give further study in 1975 and which were designed to regulate vocational training in the light of present-day requirements.

15. The Conference had also closely studied the question of migrant workers and had begun to draw up texts designed to make illicit or clandestine traffic in labour an international crime and to ensure its suppression, and to give migrant workers full equality of opportunity and wages in the countries in which they were employed. The Conference would proceed with the second reading of those texts in 1975 and would, he was sure, adopt instruments designed not only to end the reprehensible practices in question but also to ensure that that category of workers obtained a fair share of the prosperity which they were helping to create.

16. The ILO had for some time been studying the social aspects of the activities of multinational corporations. In 1972 it had held a meeting of experts on the subject. A first work of synthesis had been undertaken and a report,¹ which he would make available to members of the Council, had been drawn up. As a result, the ILO Governing Body had requested his Office to undertake various research activities, which were now in progress. The first step was to study the effects of the activities of those corporations on employment in the broadest sense, particularly in the developing countries but also in the industrialized countries; to consider, by reference to country studies, whether or not the firms in question were using labour-intensive techniques, and to develop appropriate ways and means of encouraging them to do so both in their own interests and in the interests of the countries concerned.

17. Secondly, comparative studies limited to certain branches of activity were being carried out on the practices of the multinational corporations with regard to general working conditions, wages, working hours and paid holidays. The question of the transfer of technology by the multinational corporations and its effect on the labour force

¹ International Labour Office, *Multinational Enterprises and Social Policy* (Studies and Reports, New Series, No. 79).

in the receiving countries was also being studied and should yield useful information for future training activities.

18. Lastly, the ILO was endeavouring to analyse the way in which collective negotiations were conducted in the new groupings and the problems they raised for the labour inspection services.

19. The report of the Group of Eminent Persons convened to study the role of multinational corporations on development and on international relations (E/5500/Add.1), in section VII dealing with questions of employment and labour, was sketchy and its conclusions on job security based on the ILO studies were premature. The report proposed the establishment of a commission on multinational corporations assisted by an information and research centre, but failed to stipulate the conditions in which the activities of the specialized agencies would be related to those of the commission, to which they would be invited to submit reports. For all those reasons, which applied equally to the suggestion for the drafting of a code of conduct, it was essential, in the face of the complex problem of the activities of multinational corporations, to make an effort first to establish the facts and secondly to distribute the specific responsibilities among the international organizations which could contribute to a better understanding of the problems and to a search for solutions. The ILO was among those with a close interest in the subject. Unwarranted condemnation or undue praise of the corporations in question should be avoided.

20. The ILO was aware of the need to go further in its efforts. It was endeavouring to do so by taking full account of the steps taken by the Council to raise international co-operation to the necessary level to meet the needs of a world still marked by poverty and misery. The joint task was a vast and ambitious one and the need for adequate resources should be constantly kept in mind. The international organizations were experiencing difficulties brought about by inflation and currency fluctuations and were finding it increasingly difficult to deploy their resources as would be desirable if they were to deal adequately with the increasingly urgent tasks confronting them. That comment was made in the conviction that the joint effort would be based both on generosity and on realism.

21. Mr. VEJVODA (Czechoslovakia) said that world problems of economic and social development such as the supply of raw materials and energy and the attainment of a just social system were gaining increasing importance and the present international situation made it possible to pay more attention to them. There was no longer a threat of immediate armed conflict or of a new major crisis which could divert the resources and attention of nations from the task of securing their peaceful development. The lessening of international tension created favourable conditions for achieving the basic goals of the United Nations Charter. It was encouraging to see a growing appreciation of the need to develop international co-operation still further so that the lessening of tension in international relations could continue and ensure peaceful development for present and future generations. The steps recently taken to achieve a political settlement of the Middle East situation, the results

of the Paris Conference on Viet-Nam and the negotiations taking place between the new Portuguese Government and the representatives of the people of the dependent African territories demonstrated the importance of solving urgent international problems by negotiation, without detriment to the just struggle of the nations for independence, democracy and progress.

22. His delegation attached special importance to the work of the second stage of the Conference on Security and Co-operation in Europe, which should contribute towards the creation of new relations among all European States on the basis of agreement on specific measures. Broad economic co-operation should foster the strengthening of peace and security in Europe and the economic and social progress of all nations. His delegation was confident that the implementation of a number of the specific measures adopted by the General Assembly at its sixth special session would make a significant contribution to the further strengthening of co-operation among nations for the preservation of world peace.

23. A number of bilateral and multilateral agreements recently concluded with a view to solving the remaining problems of the Second World War, as also the efforts to settle disputes by peaceful means, likewise indicated a growing conviction that the attainment of a just and lasting peace corresponding to the interests of all nations was coming to the forefront of the efforts of the majority of nations.

24. His delegation was glad to note that under present conditions war could not be considered a means for the settlement of major disputes. That, however, was not enough: what was needed was the promotion of active economic, scientific, technological, cultural and other co-operation among nations, without discrimination and without interference in the internal affairs of sovereign States. Only such a fruitful co-existence could ensure the establishment of relations among States which would make it possible to utilize to the full the natural resources of countries and the economic potential created by their labour and to influence the solution of the most important international problems. His delegation was convinced that only in that way could all States, and first and foremost the developing nations, decide freely their own destiny, without fear of outside interference, and devote their strength and means to securing social and economic progress and improved standards of living for the broad masses of their people.

25. The fact that the sixth special session of the General Assembly had been held on the initiative of the developing, and particularly the non-aligned, countries testified to the timeliness of the present international situation for the settlement of commodity and development questions and to the changing position and important role of the non-aligned countries in international economic relations. In evaluating the results of the sixth special session of the General Assembly, stress should first be placed on its contribution to the just struggle of the developing countries for their national independence and economic and social progress. In the resolutions it had adopted at its special session, the General Assembly had stressed the need to

secure the necessary financial and material resources for initiating a number of measures for the benefit of developing countries. In that connexion, the importance of compliance with General Assembly resolution 3093 (XXVIII) which recommended the five permanent members of the Security Council to reduce their military budgets by 10 per cent and to utilize part of the funds thus released to provide assistance to developing countries, should not be overlooked. His delegation firmly believed that world disarmament should become the material force of world development and it saw in the results of the sixth special session of the General Assembly a contribution to the development of economic and trade co-operation among countries with different social systems. Various principles of the Declaration on the Establishment of a New International Economic Order, particularly the principle of sovereign equality and equal co-operation, strengthened the tendency for the principle of the most-favoured-nation clause to become the generally recognized principle of economic relations among those groups of States. Such development would be one of the significant prerequisites for the speedy attainment of an irrevocable lessening of world tension.

26. In General Assembly resolution 3172 (XXVIII), the Council had been requested to discuss the preparatory work for the 1975 special session of the General Assembly. Disparities in economic development both between individual States and between the developing countries and the rest of the world continued to increase. Although the imperialist colonialist world had been crushed, economic decolonization had not been completed and imperialism, particularly through multinational monopolies, continued to use its economic superiority to exploit the developing countries. Such monopolies controlled more than one half of the world commodity markets and continued to export profits from the mining of raw materials to the same developed countries whose colonies the developing countries concerned had been. The international division of labour was still keeping developing countries in a state of economic dependence. The Declaration and the Programme of Action adopted at the sixth special session of the General Assembly provided a good basis for the fundamental solution of international economic problems. Czechoslovakia had always promoted, at all international levels, the principles of the sovereign equality of States, international co-operation on the basis of equality, equal participation of all countries in the solution of international problems and the right of every country to permanent sovereignty over its natural resources and freely to choose its economic and social system.

27. His country had had experience in solving the problem of ensuring a balanced economic development of the various national regions, in which long-term economic planning played a decisive role. The economies of many developing countries still bore the signs of former colonial dependence, since their development was still oriented towards dependence on the former metropolitan Power. In his view, the main task of planned development was to obliterate such traces of the past by introducing economic and social structural changes, embarking upon the rational utilization of natural resources, mobilizing human and

material resources for development and attaining economic independence.

28. Co-operatives could play an important part in ensuring food supplies. The increase of agricultural production by means of agrarian reforms and mass production methods, together with improvements in soil and water economy, was a prerequisite for effecting a permanent improvement in nutritional standards in the developing countries.

29. His country's experience proved that industrialization based on planning and the rational utilization of domestic resources was a significant factor in social and economic development. It was, however, important that the State should play a part in specific activities aimed at broadening the industrial base, such as training of local cadres, measures to control foreign investments, the mobilization of national resources and the development of regional and sub-regional co-operation.

30. Czechoslovakia had actively participated from the beginning in UNIDO, whose activities were important in that connexion. His delegation considered that UNDP, too, was an important forum for developing multilateral economic co-operation and rendering technical assistance to developing countries. Attention should be given to formulating UNDP assistance programmes which supported national industrialization policies and favoured the introduction of progressive changes in the economic and social structure of developing countries.

31. Under the United Nations Charter, the Council had the task of dealing with world economic and social problems and promoting international economic co-operation. With its increased membership the Council had become a representative body fully competent to deal with those tasks. His delegation considered that the adoption at the forthcoming session of the General Assembly of the Charter of Economic Rights and Duties of States would help, in conjunction with the resolutions adopted at the sixth special session of the General Assembly, towards the establishment of a new international economic order which would solve the main problems of readjusting economic relations among all States irrespective of their social systems. The Charter of Economic Rights and Duties of States would provide the necessary prerequisite for equitable economic co-operation between States and reaffirm the principle of co-operation based on mutual benefit in the economic, commercial, scientific and technological fields, the principle of the most-favoured-nation treatment and the right of all countries to choose the social and economic system which best fitted their interests, without any external interference. The Charter would promote the development of international trade on the basis of sovereign equality and help to remove obstacles to the development of international economic co-operation.

32. Positive results had already been achieved through the adoption of a more realistic attitude on the part of a number of capitalist States towards economic co-operation with socialist States. The volume of trade between the States members of CMEA and the advanced capitalist States had tripled in 1973 as compared with 1960. It was

important to realize that policies of discrimination and the imposition of quantitative and credit restrictions on trade had not achieved their purpose. The Contracting Parties to GATT were in the habit of modifying its principles for their own political ends, but increasing mutual co-operation among member States had confirmed that no purpose was served by such a policy. In his opinion, the world was at the beginning of a new era in international relations; continued *détente* created favourable conditions for the liquidation of all the discriminatory practices which had hitherto been applied by certain States.

33. Since its establishment 25 years previously, CMEA had become an important factor in the development of the national economy of the individual member States and of the socialist community as a whole. It had contributed significantly to a gradual diminution in the disparities in economic levels inherited from the past, to increased productivity and to a planned and permanent improvement in the living standards of the population. Its member States had practised mutual co-operation without upheavals or crises. Its strength lay in the fact that it secured the harmonization of national and international interests by making it possible to serve the legitimate national interests of individual member States subject to the principle of respect for the interests of other members and collective management of economic co-operation and integration.

34. It was not the aim of CMEA economic policies to create a closed economic group; on the contrary, socialist economic integration made it possible to develop economic, scientific and technological contacts on the basis of equality and mutual benefit even with States having different social systems. That fact had been proved by the expansion of economic co-operation between States members of CMEA and the developing countries. The foreign trade of the CMEA countries had more than quadrupled in 1972 as compared with 1960 and over half the trade was based on long-term agreements at fixed prices. States members of CMEA had broad economic, scientific and technological contacts with over 80 developing countries, thus contributing to the development of their economic potential. In order, however, to accelerate the pace of their economic development and social progress, the developing countries should adopt the requisite politico-economic measures such as the introduction of development planning, the implementation of progressive social and economic reforms, the building up of important sectors of the national economy and the general subordination of development to the national interest.

35. The positive solution of the serious economic and social problems before the Economic and Social Council would undoubtedly improve international economic co-operation. His country had always actively supported the concept of international co-operation and was developing its economic contacts in conformity with the principles of its peaceful foreign policy. His delegation was prepared to contribute to the achievement of positive results at the current session.

36. Mr. PHAN VAN PHI (Observer for the European Economic Community), speaking at the invitation of the President, said that the international economic climate had

profoundly changed since the fifty-fifth session of the Council. All countries, developed and developing, both exporters and importers of raw materials, were facing serious economic difficulties. The imbalance which had become apparent in recent months, both within different countries and internationally, and of which the energy crisis was but one example, had profoundly affected national economies, although it was as yet difficult to measure the impact. The crisis had been accompanied by a rapid increase in the prices of certain raw materials which was currently posing problems to which no solution had yet been found.

37. The main elements of the current problems were simultaneous economic developments in most countries, which had caused an overheating of the world economy; uncertainty and instability in the world monetary system; continued difficulties with regard to supplies; and the appearance of fresh shortages in the fields of energy, industrial raw materials and foodstuffs.

38. In the case of EEC, for which processing constituted one of the principal means of increasing the foreign trade of developing countries, the crisis was liable to act as a brake on economic expansion and make the fight against inflation more difficult. The competitiveness of the Community, which was heavily dependent on imports of a large number of raw materials, had been seriously undermined by the increase in commodity prices. It had been estimated that in 1974 it would have an adverse balance of payments of \$15,000 million as compared with a surplus of \$7,000 million in 1973. That was a measure of the impact of the present crisis on the Community's economy.

39. The Community had nevertheless repeatedly expressed its readiness to support solutions based on closer international co-operation and not to have recourse to protectionist measures which in the long run would only aggravate the present difficulties. The Community considered that it was essential to maintain an international economic system based on the liberalization of trade and that valid long-term solutions to balance-of-payments problems could only be found at the economic and monetary level and not through measures of trade policy. It was convinced that it was not sufficient to maintain the *status quo* since such a supine attitude not only would put at risk what had already been achieved but was inadequate to solve the development problems of the third world and particularly the difficulties of the developing countries which had been most seriously affected by the present crisis. It was in that light that the measures as adopted by the Community should be judged.

40. At the recent ministerial meeting of the Council of OECD, a Declaration² had been adopted affirming the determination of member States to refrain for a period of one year from imposing new trade restrictions or artificially stimulating their exports; such a declaration could not fail to have beneficial effects on world trade and particularly for exports from the developing countries. Furthermore, the Community attached great importance to the multi-lateral trade negotiations initiated in 1973, which should

² For the text, see OECD Press Release of 30 May, 1974.

induce participating countries to seek solutions to their economic problems within the framework of increased liberalization of international trade.

41. The Community also attached great importance to the adoption of a system of compulsory convertibility of all currencies, which would guarantee equality between national currencies with regard to rights and obligations, and to the adoption of a system based on multiple intervention of currencies which would tend to correct previous imbalances.

42. The States members of the Community had actively participated in the deliberations of the sixth special session of the General Assembly and had affirmed their readiness to associate themselves with the emergency special measures in favour of the most seriously affected countries. Subject to the other members of the world community which had been asked to participate contributing their quotas, the Community had decided upon a target contribution of one-sixth of the total amount up to a sum of \$500 million. It would make a contribution as soon as agreement had been reached on the ways and means of granting emergency assistance and on the criteria for selecting the recipient countries.

43. Acting on the principle of international solidarity, EEC and its member States would endeavour to maintain and expand their bilateral development assistance and their contributions to multilateral institutions, in spite of their own urgent economic problems. The Community would continue to assist the countries associated with it under the second Yaoundé Convention.³ At the end of its third year of operation, the third European Development Fund had committed about 631 units of account, which was over two-thirds of its total resources. The Community was currently negotiating with 43 countries agreements of association in which financial and technical co-operation would play an important part. It had confirmed its intention of guaranteeing to all associate States benefits equivalent to those they already enjoyed and of putting new associate States on an equal footing.

44. At their meeting in October 1972, the Heads of State or Government had invited the institutions of the Community and its member States to put into operation progressively a policy of co-operation on a world scale. To that end the Council of the Community had adopted a series of resolutions, in one of which member States undertook to reach as soon as possible the target contribution of 0.7 per cent of their GNP in official aid, as proposed in the International Development Strategy. Furthermore, member States would endeavour, particularly within the framework of the Community, to achieve greater harmony in their terms of aid, especially to the poorer countries, and had declared themselves ready to give aid to the 25 least-developed countries in the shape of grants and loans on very favourable terms. Member States would also endeavour to increase the proportion of grants in their

programmes and in appropriate cases to apply the procedure of "two-tier" loans.

45. During 1973, the Community had contributed food-stuffs to the value of 120 million units of account and had provided 173 million units of account of assistance to a number of developing countries; in particular it had provided emergency assistance to famine-stricken countries such as Bangladesh, the Sudano-Sahelian countries, Ethiopia and Pakistan.

46. The Community's imports from the developing countries as a whole had continued to increase during 1973, assisted by the implementation and expansion of the EEC, generalized system of preferences. The Council of the European Community had decided to conduct another review of measures to improve the EEC generalized system of preferences when the Community regulations for 1975 were drawn up. With regard to industrial goods, other than textiles, coming under chapters 25-99 of the BTN, it would endeavour to reduce the list of products subject to quotas and tariff barriers after an examination of each group. With regard to goods coming under chapters 1-24 of the BTN, it proposed to consider, again on the basis of each group, ways and means of improving preferences by increasing both the number of products covered and the preference margins, taking into particular account the interests of the least-developed countries. At the same session of the Council, the States members of the Community had once again confirmed their interest and support in appropriate cases for international commodity agreements in order to stabilize markets and increase exports from developing countries. They had expressed their readiness to adopt a common attitude in order to improve the functioning of existing agreements, facilitate their renewal and make it possible in appropriate cases to conclude new agreements.

47. The Community had taken an active part in the negotiations within GATT leading to the Arrangement regarding International Trade in Textiles; the agreement in question was of considerable importance since it provided a general framework for an orderly reduction of restrictions on trade while ensuring appropriate measures to safeguard industry and trade. In the absence of such an agreement, there would be a danger of individual measures being adopted which would inhibit the orderly development of the textile trade. The Council of the Community would shortly adhere formally to the Arrangement. The Community had also concluded trade agreements with a number of developing countries which provided practical proof of its readiness to develop relations with the countries of the third world.

48. Mr. MAINA (Kenya) said that the Council was meeting at a time when the economic problems created by inflation and the oil crisis had not yet been resolved, when the increase in world population was outstripping food production and when raw materials were becoming increasingly scarce. His delegation was firmly resolved to co-operate with all members of the Council in the hope of achieving successful solutions to the problems on its agenda.

³ Convention of Association between the European Economic Community and the African and Malagasy States associated with that Community, signed at Yaoundé on 29 July 1969.

49. There was no need for him to point out that the social and economic policies taken by individual Governments to deal with domestic problems soon precipitated problems elsewhere and that a concerted effort was required if the interdependence of nations was to have any practical value. There was also an urgent need to review priorities in order to ensure progress along the desired path.

50. Many developed countries had demonstrated a lack of effort in fulfilling their undertakings to the developing countries. Not enough progress had been made towards achieving the target for the flow of capital resources which had been set in the International Development Strategy. It was disheartening to note that in 1971 the net flow of financial resources, including official development assistance, had been substantially less, as a percentage of the GNP of developed countries, than the annual levels recorded ten years previously.

51. Whereas the economies of the developed countries had been sufficiently strong to absorb the impact of the energy crisis, Kenya, like other non-oil-producing developing countries, had had to divert its scarce resources from development projects in order to meet the bill for oil imports. The adverse effects of the oil crisis were very grave, since Kenya's agriculture and a number of its manufactures were heavily dependent on oil and oil-based raw materials.

52. Apart from the prolonged economic instability of the previous three years, which had been brought about by monetary crises, inflation and, more recently, the energy crisis, there was the threat of a major world food shortage and a deficiency in raw materials, which was symptomatic of probable future problems. Another gloomy portent was the current problem of encroachment by the desert in the Sudano-Sahelian zone; in that connexion science and technology might play an important role. The developing countries had been the most seriously affected by the world-wide problems of inflation and rising prices because they were heavily dependent on imports of agricultural machinery and essential agricultural inputs, the increased prices of which accelerated their already high rates of domestic inflation which was further aggravated by the rising prices of imported manufactures, while the prices for their own agricultural products continued to fall. Such trends increased their balance-of-payments problems, which had already been intensified by the current monetary instability.

53. It was well known that the share of developing countries in trade was not expanding as fast as that of the developed countries because, although there had recently been substantial price increases in some commodities, other commodities were still facing serious difficulties. It was therefore essential that commodity prices should be reviewed with the object of maintaining them at remunerative levels. His delegation also hoped that there would be a rapid response to the appeal for liberalization of trade, since the current restrictive trade practices nullified the efforts of developing countries to diversify their economies through industrialization. Those countries were unable to sell their manufactures and semi-manufactures in the lucrative markets of the developed countries. They should not suffer losses through preferential arrangements among

developed countries. The generalized system of preferences for manufactures and semi-manufactures from developing countries should be implemented by the developed countries which had not yet done so and the scheme already in operation should be improved.

54. He welcomed the Secretary-General's prompt appeal for emergency relief measures to assist the countries in the Sudano-Sahelian zone and Zambia and Ethiopia. His delegation appreciated the quick response to that appeal by certain developed countries.

55. He hoped that the Council's co-ordinating role in the economic and social field would be strengthened and that the Council would recognize the need for re-organizing existing institutions and the means they used, in order to remedy inconsistencies and weaknesses in the United Nations systems. Science and technology, for example, could offer solutions to most development problems, yet little progress had been made in certain sectors of that field because of inter-agency rivalry. Time and scarce resources were wasted as a result of disputes over competence. Efforts should be made to review the structure of certain United Nations institutions in order to eliminate the overlapping of functions.

56. The African Regional Plan for the application of science and technology to development and the recent Conference of Ministers of African member States responsible for the application of science and technology to development had helped African countries to identify priority problems for which new techniques needed to be developed or tested in pilot projects. It was time for the United Nations to assume a more practical role in that crucial field.

57. His delegation had raised that issue at the Council's fifty-fifth session and had subsequently announced that it would submit a draft resolution on the subject at the present session (E/AC.6/L.550). The opposition in some quarters to action in that field led him to surmise that the purpose of Kenya's proposal had been misunderstood. The proposal was not for the creation of a new United Nations body or agency, but basically for the re-organization of existing United Nations bodies concerned with science and technology, whose mandates at present overlapped. They should be brought under a central authority to ensure that United Nations efforts in that field would be harmonized and consequently more effective. Nothing should be allowed to obstruct the immediate and systematic application of science and technology to development. As the Under-Secretary-General for Economic and Social Affairs had pointed out at the last session of the Committee on Science and Technology for Development, United Nations action in that field would not be plausible until there was a nucleus of stimulation and initiative with resources which would enable an intensive effort to be made to mobilize the necessary external co-operation. It was illogical for the United Nations to proclaim the crucial importance of science and technology in its resolutions and yet be unwilling to establish more effective institutional machinery than the present inconsistent and unsatisfactory arrangements. He was sure that any doubts about the proposed re-organization would be dispelled by the study which was being prepared.

58. Mr. ARIM (Turkey) said that, while the policy of *détente* appeared to be leading to an era of peace, for the developing countries real peace would come when the present imbalances in international economic relations were redressed. The Declaration and Programme of Action adopted at the sixth special session of the General Assembly, itself a landmark in United Nations efforts to deal with the problems of raw materials and development, laid down principles for a just world economic order and would influence international economic relations. The emergency which had prompted the convening of that session still dominated the economic scene and, unless urgent action was taken, the situation might get out of control. The whole world was undergoing a profound transformation, due to the constantly evolving rules of economics and changing political and social values. The dimensions of the economic crisis placed it beyond the capacity of individual countries to control and required concerted action by the world community as a whole. The concept of collective economic security, as presented for the Council's consideration, appropriately expressed the need for such a global approach to common economic problems. It also underlined the insecurity felt by everyone in the present-day world.

59. Isolationism was now an outdated concept; interdependence and interrelationships had become the dominant factors. Despite the close relationships now linking all nations, the gap between the poor and the rich, the developed and the developing countries, was widening. That tragic pattern must be corrected without delay. The peoples of Asia, Africa, Latin America and some parts of Europe were fighting for their economic and social development. An equitable division of labour, fair prices for exports, and development assistance on favourable terms would, in the long run, bring about that development. The co-operation and understanding of the developed countries was essential for the process. The monetary crisis and the steep rise in oil prices had hurt all countries, but the developing countries were more vulnerable. The United Nations was the only institution that could effectively help to preserve the dignity of mankind in the face of the present global threat. Collectively and individually, countries must respond to the urgent needs of the developing world, while developed and developing countries alike must strive to establish a new, just economic order. The developing countries should participate in all decisions affecting international relations and their special needs should be taken into account in the reform of the international monetary system and in the multilateral trade negotiations.

60. The forthcoming World Population Conference and World Food Conference were signs of the new awareness of the need for a global approach to the world's problems. Some parts of the world were already faced with the threat of starvation and recent increases in the prices of fertilizers and pesticides had lowered subsistence levels. His delegation had supported Council resolution 1836 (LVI) concerning, *inter alia* the establishment of a fertilizer pool.

61. The complex nature of the problems facing the world also required concerted action by the various organs of the United Nations system. The Council had an effective role to play in that process. The vast number of problems in

international economic relations should not make countries lose sight of the basic objectives.

62. Mr. MILLS (Jamaica) said that the economic events of the past two or three years were the product of circumstances rooted in the very nature of the present economic system, which was geared to the interests of the rich and technologically advanced countries and would lead to increasing frustration for the poorer countries and ever greater disparities in wealth and opportunity. Those events had brought into question the capacity of international institutions to comprehend and deal with the issues and problems involved. The commendable if qualified achievements at the international political level represented a sharp contrast. In recent years, developing countries had come to realize that real progress could be achieved and a viable system of international co-operation and security established only by fundamentally restructuring the international economic system. That realization had been dramatically expressed at the sixth special session of the General Assembly. The Council had been assigned a special role in the implementation of the Programme of Action adopted at that session and should lay down guidelines at its present session for ensuring that the implementation of that Programme would be the dominant factor in the work of the United Nations system in the years ahead.

63. At the recent session of the Governing Council of UNDP, many countries had acknowledged the significance of the General Assembly's sixth special session and its implications for the future role of UNDP. Nevertheless the magnitude of the effort needed in the field of technical co-operation was not yet fully appreciated, although some developed countries seemed ready to endorse the general objectives and conclusions adopted at the sixth special session of the Assembly and recognized the inevitability of a new economic order. Meanwhile, in view of the increasing hardship in many developing countries, he urged that the United Nations should take prompt and effective action to implement the special emergency measures provided for in the Programme of Action and hoped that member countries would respond generously to the Secretary-General's appeal for funds.

64. Some countries clearly did not recognize the need for a new economic order. He wondered how they envisaged the future world, with its vastly increased population concentrated in the poorer countries, if no fundamental change was made in an economic system which favoured the rich countries and would make them richer. Many developed countries had already set a good example in responding to the Secretary-General's appeal for funds to finance the special emergency measures on behalf of the countries most seriously affected by recent economic events, but such emergency action must not be regarded as a substitute for the main and ultimate objective of changing the system itself. The inevitable result of such an error would be a gradual deterioration in international relationships and increasing recourse to expedients serving the interests of particular countries or groups of countries. It would also lead to the rejection of United Nations institutions as a possible means of effecting real change. The Netherlands representative (1901st meeting) had rightly pointed out that, while emergency operations could

relieve suffering, nothing fundamental could be achieved unless real changes were made in the distribution of power, income and property. Such a change would require the good will, ingenuity and unstinting efforts of all countries. He hoped that the discussions in the Council and elsewhere would lead to full acceptance of the need for a new economic order and give an indication of its probable nature.

65. In the past 25 years, much had been learned about the economic, social and political systems of countries and about development. Increasingly detailed statistical information was becoming available and international organizations had the services of highly competent economists and other experts to analyse it. There was a dangerous tendency, however, to oversimplify some of the factors and problems of development and to allow wishful thinking to influence the approach to certain issues. An institutional system such as the United Nations inevitably suffered even more than national institutions from fragmentation, compartmentalization, inadequate co-ordination and a propensity for snap diagnoses and solutions. There was often the implicit assumption, for example, that a particular package of economic and social measures – technical assistance, industrial and agricultural development, promotion of education, etc. – would eventually get a developing country out of its difficulties and that emergency programmes and increased aid of the conventional kind would save the really poor countries. While many countries, including his own, had benefited from such international action, it was not in itself the key to development problems and the development gap, nor was it the means by which fundamental economic change could be effected. One cherished oversimplification was the division of countries into development categories. The division of the world into developed and developing countries had an obvious practical basis, but it tended to exclude effective contact and exchanges of ideas between developing countries and the poorer regions of many so-called developed countries. Authorities trying to establish a new economic order for the benefit of the poor regions of a country would have a better understanding of the problems of developing countries and would be able to provide them with useful information. There could in fact be a useful two-way exchange of ideas. The very persistence of poverty in some of the rich countries was a salutary reminder of the complexity of development problems.

66. Developing countries were also divided into sub-categories based on degree of poverty and lack of

resources, again with some justification. He was entirely in favour of devoting special attention and a significant part of the available resources of the assistance of the countries in greatest need. However, there was now a tendency to apply arithmetical tests of development and viability based on one or two indicators, especially *per capita* income. He knew from experience that any Government which equated in simple terms the growth of *per capita* income with the real social and economic condition of the mass of its people would be taking a grave political risk. Development was more complex than that. The persistence of mass poverty and mass unemployment in many countries with creditable improvements in *per capita* GNP was a measure of the failure of generally accepted techniques to affect significantly the lives of a large part of the population. That fact had been mentioned in reports on Latin America, and especially in the 1973 annual report of the Administrator of UNDP.⁴ The Swedish representative's reference (1904th meeting) to development processes which generated poverty while bringing benefits to a few was very cogent.

67. Countries like Jamaica had been trying for a long time to find new approaches to development which would provide a tolerable way of life for the mass of their people, in the face of all the usual problems of under-development. They recognized that the result would depend to a large extent on their own efforts, but they looked to the international community and to the United Nations system for assistance in finding new ways, not only of relieving poverty, but of using the potential of the mass of the people who did not know how to help themselves. The growing tendency to make comparisons among developing countries in order to measure progress or viability should be discouraged, since no purpose was served by measuring development from the bottom. The purpose of the new economic order should not be to narrow the gap between various developing countries, but to change the relationship between all countries and in particular to narrow the gap between the rich and the poor countries. What the Council did at its present session would show whether or not its members had the will, the courage and the vision to move towards the creation of a better world.

The meeting rose at 12.10 p.m.

⁴ DP/48.