

factors. Their cost, in terms of waste, lower efficiency and reduced productivity, was only just beginning to be realized; to correct that situation was less a matter of expenditure than of designing appropriate programmes and services which would emphasize not curative measures alone but also preventive and environmental measures, such as the provision of clean water supplies, available to all at low cost. In the projects it financed, the World Bank, was paying much more attention to those aspects and was drawing on the experience and advice of WHO.

32. The World Bank had repeatedly stressed, in public and in private, that a larger transfer of resources from the developed to the developing countries was not only possible but also indispensable if the latter were to have any hope of settling the fundamental problems facing them. The World Bank's recent studies showed that economic progress in most of the developing countries had been hindered by the price and trade trends during the past two years. Taking into account those adverse forces and the target growth rate of 6 per cent set by the General Assembly for the Second Development Decade, the World Bank estimated, on the basis of data for some 40 developing countries, that external capital flows of at least \$50,000 million per annum would be needed for the next five years, compared with the \$29,000 million likely to be available under current plans. As a matter of urgency, therefore, the economically advanced countries and those with large financial surpluses should forge a new consensus and commit themselves to new capital-transfer targets. One element might be agreement on a target for correcting the imbalance between countries' need for concessional aid and what they actually got; for example, a substantial proportion, if not all, of highly concessional bilateral aid might be allocated to the poorest countries, according to population. Examination of the situation in those countries with an annual *per capita* income of less than \$200 showed that, in order to raise their growth rates to between 4 and 6 per cent, as little as \$2,400 million per year – or even less – of additional concessional external resources would be all that was required. He therefore suggested that Governments in a position to provide such assistance should give immediate priority to attaining that limited target.

33. Eleven industrialized and oil-exporting countries had already offered contributions to the proposed interest-

subsidizing fund – the so-called Third Window – by means of which it was hoped to provide \$1,000 million per year in assistance at the concessional rate of 4.5 per cent, in addition to the World Bank's other operations. Because of the limited funds available, the eligibility criteria would favour developing countries whose annual *per capita* income was less than \$375.

34. The World Bank planned to lend approximately \$40,000 million between 1976 and 1980, an increase of 58 per cent over the previous five-year period and 153 per cent over the period before that.

35. The fifth replenishment of IDA, would shortly be begun; the fourth replenishment had given IDA authority to commit \$4,500 million up to 30 June 1977, by which time its available resources would be fully committed. Governments must therefore act in good time to ensure replenishment adequate to the poorest countries' unprecedented needs.

36. The World Bank, since its foundation, had played its part in the international community's measures to replace the old order of economic exploitation by schemes of mutual assistance in which the richer helped the poorer. Present demands for a new international economic order made clear the duty incumbent on all members of that community to face up to the needs of the majority of mankind, which were still increasing.

37. Mr. NAVON (Observer for Israel), speaking at the invitation of the President, said that, as a result of an attack in Jerusalem that morning by members of the Palestine Liberation Organization, innocent civilians had lost their lives. The previous day, Mr. Arafat had said in an interview that the Palestine Liberation Organization would further escalate its actions. The act of violence just perpetrated spoke for itself. It had been a sad day for the United Nations when the Council, in allowing members of the Palestine Liberation Organization to sit as observers, had not only failed to observe its avowed aims of promoting peace, progress and co-operation but also implicitly endorsed the crimes of the organization concerned.

The meeting rose at 4.45 p.m.

1958th meeting

Monday, 7 July 1975, at 10.40 a.m.

President: Mr. I. A. AKHUND (Pakistan)

E/SR.1958

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5654, E/5665, E/5681 and Add.1-4, E/5682, E/5692, E/5699, E/5713)

1. Mr. M'BOW (Director-General, United Nations Educational, Scientific and Cultural Organization) said that he was deeply conscious of the Council's role as co-ordinator of United Nations economic and social activities—a role of particular importance at a time when there was general recognition of the need for a change in relations between

States if the tensions that gave rise to conflict were to be avoided and the increasingly intolerable inequalities that afflicted the world were to be removed. The importance of economic and social problems in the world in advance towards a juster and more fraternal order could not be over-emphasized. It was the Council's special responsibility to make proposals for the improvement of the International Development Strategy for the Second United Nations Development Decade and for the preparation of the seventh special session of the General Assembly in the light of the critical analysis of the first five years of the Decade and the evaluation of constraints of a general policy nature on the implementation of the Programme of Action on the Establishment of a New International Economic Order. Like the other specialized agencies, UNESCO attached particular importance to the report of the Group of Experts on the Structure of the United Nations System (E/AC.62/9), since the attainment of justice and peace depended both on the will of Member States to avail themselves of the institutions of the system and on the latter's ability to respond effectively.

2. Information about the steps taken by UNESCO in response to the General Assembly's Declaration and Programme of Action on the Establishment of a New International Economic Order would be found in UNESCO's report to the Council for 1974 (E/5680), the relevant section of the Secretary-General's report (E/5629) and part two of the annual report of ACC for 1974-1975 (E/5675).

3. As for the place to be taken by UNESCO programmes within the collective effort of the United Nations system toward the requisite establishment of a new international economic order, if a change in the practices at present regulating international economic relations between the developing and the industrialized countries were all that was needed for achievement of that aim, the organization's role—save in science and technology—might at first glance appear to be a marginal one. But development was not merely a matter of more equitable trading relations or of growth as such; it must enable the peoples of the world to live a fuller, better life. The references to economic, social and cultural progress in the Charter of Economic Rights and Duties of States and the importance attached to problems of illiteracy and to education, training and cultural standards in the Lima Declaration and Plan of Action on Industrial Development and Co-operation¹ were therefore a clear recognition of the fact that development must be considered globally, taking into account the manifold needs of the world's peoples. UNESCO saw it as its role not only to help to lay the scientific and technological foundations which would enable each country to utilize its natural resources, but also to make education and communication the instruments by which they could ensure their own progress through the development of their cultural values to bring about changes in accord with their aspirations.

4. The importance of research and experimental development in the transformation of modern economies had to be seen in relation to the fact that nearly 90 per cent of the

world's scientific and technical research potential was concentrated in the industrialized countries. The poverty and threat of famine which afflicted the other countries resulted from their lack of an indigenous science and technology to serve as a basis for the establishment of industry and the modernization of agriculture. In the long term a solution to the crucial problem of the transfer of science and technology and the development of technologies appropriate to each people must be sought through scientific and technical autonomy, which would enable all peoples to participate in the general progress of knowledge, to identify the scientific and technical problems hampering their development and the fields in which science and technology would make substantial progress possible, to devise techniques suited to their conditions and resources, to choose and adapt the knowledge and techniques whose acquisition by transfer would be in line with the national scientific and technological policy, and to develop national machinery for stimulating the dissemination of scientific and technological information and the transfer of knowledge which would operate in co-ordination with the relevant regional and international machinery.

5. Accordingly, UNESCO gave high priority to the building of a scientific and technical infrastructure in developing countries on the basis of genuinely national scientific and technological policies. It was also active in the fields of general and specialized education and the dissemination of information. The development of a world-wide system of scientific and technical information working through regional sub-systems and national centres and compatible with parallel systems in related fields was one of UNESCO's priority tasks under the UNISIST programme.

6. In regard to education and information, one major aspect of the new international economic order, namely, the combatting of poverty, should not be overlooked. Education and communication must help to give the peoples of the world the knowledge and skill they needed not only to fight more effectively against sickness, malnutrition and bad living conditions but also to achieve a fuller awareness of their situation and to acquire the will and the means to take an active part in changing their society. Hence the importance attached by UNESCO to bringing educational systems into line with the economic, social and cultural realities of each country so that development should serve not just a minority but the broad masses of the people. The aim was to make education an instrument of change and a permanent process for both children and adults. Although reading and writing were not a prerequisite for all types of learning, illiteracy cut off millions of human beings from the sources of knowledge of their choice and deprived them of the full exercise of their rights. The scope of the problem was indicated by the UNESCO estimate that the number of illiterates in the world would amount to 820 million by 1980, the majority in developing countries. Although seriously hampered by the derisory means available to it, UNESCO was endeavouring to make its 30 years' experience in methodology and the organization of mass literacy campaigns available to the international community and individual member States. External aid was indispensable, but illiteracy could only be overcome by the political will of individual Governments. Experience showed that whenever a Government tackled

¹ Adopted by the Second General Conference of UNIDO, on 26 March 1975, for the text, see E/5696, chap. IV.

the problem because its solution was a prerequisite for other social transformations, positive results followed.

7. Whatever aspects of development were considered, the most important factor was a recognition of the problems to be overcome and the necessary will on the part of Governments and peoples. An awareness of cultural identity, linked to social mobilization, was of fundamental importance in national independence and development. By developing the riches of its national culture and affirming its own specific values, each country could safeguard its identity from the risk of levelling down, and at the same time contribute to the general progress of mankind. Only when peoples were enlightened, capable of overcoming their problems and rooted in their own authentic cultures, having at once a sense of their own identity and a receptiveness to others, would they be capable of deciding the lines along which they wished to develop and of dealing with others on an equal footing. That was why UNESCO regarded education, science, culture and information as necessarily inter-linked and essential to both the process and the goal of development, and why it had assumed particular responsibility for protecting the right to education, information and culture, the extension of which to all men was one of the major objectives of a new international economic order.

8. Turning to some general aspects of the new international economic order and the problem of devising a new structure for the United Nations system, he emphasized the need for a global approach. There had hitherto been a tendency to consider such matters as population, food supplies, natural resources, science and technology, culture, health, the status of women, the environment, human rights and trade and monetary problems separately, whereas what was required was a consideration of their inter-action from a world-wide point of view as a means of giving effect to the principles of equity and mutual respect fundamental to the new international order.

9. The question arose, however, whether the United Nations system, as at present constituted, was capable of carrying out the tasks necessary for the establishment of the new international order. International economic and political relations were based upon power structures of doubtful efficacy for establishing a system of relations to ensure the increasing well-being of all peoples. It was, however, within the framework of the existing system, shorn of its anachronisms, that ways and means would have to be sought to give effect to the General Assembly's resolutions. The best possible use should, of course, be made of existing resources, but their inadequacy had to be recognized. The United Nations should follow up its pre-investment policy by a selective investment policy based on a world system of priorities, which would have to have a regulative function, in other words act as a corrective to the excessive flow of investments to countries or regions where the highest and most rapid returns were expected.

10. In order to satisfy the aspirations of the international community, either existing financing institutions should be given a new scope and orientation, or consideration should be given to the establishment of a fund within the United Nations system for the specific purpose of collecting,

managing and utilizing, in co-operation with the specialized agencies, the resources necessary for that great undertaking. In order to combine efforts on behalf of third world countries and efforts to palliate the effects of the world recession and economic crisis in the industrial countries, resources should be channelled into that new fund, particularly those liberated by a reduction in armaments. The establishment of a new international economic order could only be achieved if it was linked to a planetary strategy for peace founded on respect for the sovereignty of all peoples and the renunciation of all types of interference in the internal affairs of nations. The fund might, in that context, adopt as its objective to link the reconversion of a war economy into a peace economy with the development of activities relating to the new order. The fund might also be financed by other means, such as an undertaking by the developed countries, as suggested by France, to allocate to a medium-term development aid programme a substantial part of the appreciation in value of the gold returned by IMF to its members, or the profits from off-shore and other mineral resources.

11. If the United Nations system was to be equal to the demands made upon it by the new international order, structural changes would be necessary. States should be given increased representation on the governing bodies of United Nations institutions in order to strengthen the legality of those bodies as they assumed the wide and sensitive functions required to build the new order. There would also be a need for improved co-ordination among United Nations institutions in order to increase their effectiveness and their authority concerning economic relations among the international community.

12. In his opinion, the United Nations system should assume three new functions forthwith: firstly, it should carry out exhaustive studies of the present situation, unrestricted in any way, to establish the nature of all types of problems facing developing countries, taking both internal and external factors into account, and prospective studies to identify the basic options open to the international community, which might serve as a means of directing the flow of resources; secondly, it should facilitate agreement between States or groups of States on certain aspects of the Programme of Action, such as economic and financial flows, the flow of science, technology and information, and the mobilization of resources; and thirdly, it should draw up long-term plans on a more elaborate basis than that adopted for the setting of global quantitative targets under the International Strategy.

13. He had already had occasion at the Joint Meetings of PPCC and ACC to state his views on the report by a group of experts entitled "A new United Nations structure for global economic co-operation". While paying a tribute to the work of the experts, he found it regrettable that, as was indicated in the preface, there had not been sufficient time for them to consult executive heads or representatives of the agencies, which would, he felt sure, have resulted in a clearer understanding of some matters.

14. For the General Assembly to exercise in full its governing role within the system as a whole, it was, in his view, essential that the specialized agencies should be

enabled to participate, in the fields within their competence, in the preparation for special sessions of the Assembly devoted to major world problems and in the implementation of the decisions reached. If, however, as the Secretary-General appeared to think would be the case, those major problems were to continue to be discussed in *ad hoc* conferences, the specialized agencies ought to play a leading role both in their preparation and their proceedings. As far as the Council was concerned, it could only discharge its basic responsibilities to define global policies and priorities and to co-ordinate the activities of the specialized agencies if, as was implied by paragraph 52 of the Experts' report, the agencies were able to participate fully in drawing up its decisions. At times, however, there appeared to be a tendency for the United Nations Secretariat to interpose itself between the Council and the agencies, with the result that the latter felt themselves reduced to a subordinate role or even to that of mere spectators. All too often, the Council and the General Assembly adopted resolutions assigning specific tasks to the agencies without considering how the resources needed for implementation could be secured.

15. Paragraph 150 of the report, in which the Group of Experts suggested that operational projects might be entrusted not only to the specialized agencies but to various other bodies, with a view to achieving the maximum economy, puzzled him. To begin with, he knew of no cases within UNESCO's sphere of action in which costs had been lower when projects had been entrusted to private organizations. There was also the question of quality and of political safeguards. Without disputing the need to review the methods used in operational activities to break away from a paternalistic approach, he did not think that the true interests of Member States would be served by disregarding the existence of the competent specialized agencies.

16. With regard to science and technology, a field of great importance to several specialized agencies and particularly to UNESCO, he agreed that it was desirable to harmonize action. The UNESCO Executive Board had declared itself in favour of working out "a harmonized and gradually integrated United Nations science and technology policy" and, further, had taken the view that "science and technology should be selected as one of the programme areas for an experimental exercise in joint inter-agency planning". In addition, it had invited the Director-General to attach particular importance to the need, in conformity with the organization's constitutional responsibility in that field, for the UNESCO secretariat to remain closely associated in the preparation and working out of activities and programmes relating to science and technology as a whole within the United Nations system, in particular in the framework of the establishment of the new international economic order. UNESCO's action in that field could not be fully effective without close co-operation not only with other United bodies but also with the world scientific community, with which, indeed, UNESCO had always maintained close contacts. On the more specific subject of inter-agency co-ordination, UNESCO had issued a standing invitation to its fellow agencies to participate not only in the implementation but also in the preparation of some of its programmes in which the multi-disciplinary

aspects were of particular importance. Examples of that kind of co-ordination were to be found in the ACC report on marine science and its applications (E/5676). He was consequently astonished at the suggestion that new institutions should be set up to deal with science and technology, nor could he see why the Secretary-General should be assisted by an adviser on scientific matters and not in other specialized fields, such as health, education, industry or agriculture. The responsibility for advising the Secretary-General lay with the competent specialized agencies and, as far as science generally was concerned, with UNESCO. If the United Nations Secretariat and the Economic and Social Council felt the need to seek the advice of men of science, they could surely turn to the competent agencies rather than have recourse to groups of specialists gathered together on an *ad hoc* basis. In any event, UNESCO was quite capable of providing, if necessary in collaboration with other agencies, any advice the Council might need on scientific matters. The success of the United Nations system as a whole would be short-lived unless the various sub-systems played their part, each one making its specific contribution to the common cause on the basis of its particular competence. At the political level, harmonization and co-ordination were the responsibility of the Council; at the technical level, they were the responsibility of ACC. But the planning and contents of the programme of each agency were the responsibility of member States, through the intermediary of the delegations that they sent to the various deliberative bodies. It should perhaps be suggested that each Member State of the United Nations should endeavour to harmonize the points of view of its various delegations with a view to achieving greater coherence and better utilization of resources.

17. The United Nations had come into being 30 years before, following upon a murderous war responsible for devastating many countries, making millions of victims and destroying vast resources; nevertheless, that war had shown that brute force was not insuperable and that the will of the people was paramount in the march of time. The idea of establishing international relations based on tolerance, mutual understanding and co-operation had come to be accepted and, with the creation of the United Nations, the hope had been engendered of building a just and peaceful world in which individual rights would be recognized and the benefits of progress would be enjoyed by all. Thirty years later there was, from many points of view, a credit balance. War had been averted and great progress had been achieved in every sphere of life. Nations long under colonial domination had achieved independence, demonstrating once again that no force could hold back the will of the people. Yet the recognition of mankind's right to freedom had been attained at a fearful price. And to-day, how much accumulated misery, gratuitous violence and breaches of human rights still existed in so many countries, even in the so-called best regulated of societies.

18. It was to be wondered whether more deaths, more ruins would be needed before the peoples still enslaved regained their freedom; whether more cruel struggles would have to take place in order that those still subjected to racial prejudice, to *apartheid*, and those imprisoned within limits recovered their human dignity; whether there would have to be other and even stronger tensions, other more

murderous confrontations to make it possible for mankind, free at last from all thoughts of domination and exploitation, to stride forward in conditions of freedom and justice towards universal well-being. It was to be hoped that the world would be wise enough to remedy the injustices and to show real determination in doing away with the serious disparities between the areas of prosperity, abundance, and indeed wastefulness, on the one hand, and the areas of poverty and misery on the other. He was firmly convinced that only by that means would the world enter an era of peace based on mutual appreciation and a real sense of solidarity between peoples and nations. In order to respond to the aspirations of peoples, the international community and all national communities would have to raise their capacity for self-analysis to an unprecedented level so as to gain a clear understanding of the changed conditions and to have the will to take the necessary action. That attitude, reflected in the form of strategies and programmes, would make it possible for a transformed world society to move forward. The successes and even the failures of that undertaking would generate deeper reflections and mankind would at last find itself in the position of being able to write its own history.

19. Mr. ÅLGÅRD (Norway) said that this Government considered that, at the present important session, delegations should move away from declarations of a general nature to statements which indicated clearly what they were willing to contribute to make the seventh special session of the General Assembly a success and what changes they thought should be made in the International Development Strategy in order to make it an effective instrument in establishing a new international economic order. That could be achieved better in informal consultations than in formal plenary meetings. His delegation therefore thought that delegations should begin to tackle the practical and constructive work awaiting the Council now that it had been entrusted with the main role in the preparations for the year's most outstanding event in the field of international economic and development co-operation, namely the seventh special session of the General Assembly.

20. Careful preparations should be made for the seventh special session if it was to take decisions that could be arrived at with a broad consensus, although, as he had said at an informal meeting of the Preparatory Committee, if there was no political will even the best preparations would be unavailing. In view of the work that had already been performed, there was no further need for statements of position. Governments that had wished to explain their position on matters of principle had had ample opportunity to do so. The time had now come to put the political will of delegations to the test and to establish whether anything of substance could be achieved on the limited number of high priority issues which it had been agreed to place before the General Assembly at its special session.

21. His own Government had participated actively in the preparatory work and the informal consultations and agreed that there appeared to be grounds for cautious optimism. Nevertheless, there was undoubtedly a considerable amount of hard bargaining to be done if it was hoped to achieve results that would contribute to the basic changes in the relations between the rich and the poor

nations of the world. Even in a world of growing interdependence, there were still national interests, for which Governments had a primary responsibility towards their own peoples. The task of the Council was to avoid a narrow interpretation of such national interests and to help to foster a better understanding of the enlightened self-interest of all States in a world community from which the causes of confrontation were being progressively removed by means of a process that would lead towards greater equality and social justice.

22. His Government fully approved of the basic principles of the new international economic order. Those principles had been fundamental features of his Government's policy, which was committed to creating a maximum of equal opportunities for all its population. Consequently, Norway had no difficulty in associating itself with and actively supporting initiatives, plans of action and programmes that were based on the morally justified demand of developing countries for a redistribution of existing wealth and an increased share of continued economic growth. His Government had always been committed to the objectives of the International Development Strategy, which had provided the guidelines for over-all policies in the field of international economic development co-operation. The Strategy had been the first serious attempt by the international community to approach the manifold problems of development systematically and comprehensively. It was particularly encouraging that the development process had come to be recognized as a joint responsibility of all nations - rich and poor. His delegation therefore deeply regretted that, at a time when the Strategy was subject to a mid-term review and appraisal, it had become clear that the original expectations had been too high. As far as official development assistance was concerned, the position was worse now than it had been at the beginning of the Decade. Moreover, CDP had concluded, at its eleventh session, that the trade policy measures called for in the Strategy had not yet been implemented (E/5671, para. 97). His delegation therefore agreed with the statement by the President, at the conclusion of the fifty-eighth session of the Council (1952nd meeting), that the world had to put its priorities in order.

23. His Government tended to regard the decisions taken at the sixth special session of the General Assembly as a reaction to the inadequacy of the International Development Strategy. Yet it did not feel that the Declaration and Programme of Action on the Establishment of a New International Economic Order or the Charter of Economic Rights and Duties of States made the Strategy superfluous. On the contrary, his Government agreed with the view expressed by CDP that those decisions had invested the problem even greater urgency (E/5671, para. 12). In the implementation of the new international economic order, the Strategy had an important role to play and it now lay with the Council to revise it in the light of the recent decisions without allowing it to lose its operative character. The preliminary draft prepared by the Group of 77 (E/5693, annex IX) would be an excellent basis for such a revision.

24. His Government attached particular importance to the emphasis that the International Development Strategy

placed on the social aspects of development. In a country such as Norway, which was dedicated to an egalitarian concept of society, it would be impossible to rally public support for development efforts that were not for the dual purpose of eliminating social injustice between nations as well as within nations. The call for a new international economic order should therefore be combined with efforts to create new national economic orders that would promote social justice in both developing and developed countries.

25. His Government had recently submitted to the Norwegian Parliament a report on its economic relations with the developing countries. Although Norway was strongly committed to the attainment of the Strategy target for official development assistance, his Government recognized the broader scope of the problems as reflected in the newer Programme of Action. It fully realized that a fluctuating political will in the developed countries was an unsatisfactory basis for the transfer of resources needed by developing countries for the implementation of their development programmes. It was therefore necessary to seek more automatic ways of transferring resources.

26. His Government had no difficulty in accepting an agenda for the seventh special session based on the subjects put forward by the Group of 77 in informal talks. His delegation had participated in consultations on the basis of that list and was ready to do so again. In the report submitted to the Norwegian Parliament, all the substantive issues listed were taken up. His delegation would be happy to join others in endeavouring to provide the basis for a broad consensus decision at the special session. There was no time to waste. If the Council failed to lay a basis on which a broad consensus could be reached, a unique opportunity might be lost. The result would be—at best—the adoption of resolutions to which important parties would not feel committed or—at worst—an outright confrontation which would benefit no one. He therefore hoped most sincerely that a sufficient number of delegations would share the sense of urgency to enable the Council to take definite steps forward at the present session.

27. His Government's immediate reaction to the report of the Group of Experts on the Structure of the United Nations System was that it had a grand design well suited to strengthening the United Nations role in the economic and social field. Many of the specific proposals were in line with his Government's thinking, particularly in the case of the proposals for strengthening the role of the Council. The report was being closely studied by his Government, which shared the view that it would be a mistake to miss the opportunity of overhauling the United Nations structure so as to ensure greater efficiency and a system better equipped to serve Member States. In the last instance, however, everything depended on substantive results. The burning political issues of the time called for political action; they could not be settled through structural reform.

28. The Council should be doing the necessary groundwork to ensure that the seventh special session became a broad meeting of minds. It should concentrate on defining the basic aims in the areas listed by the Group of 77. It should leave to subsidiary and more specialist bodies the

task of seeking ways and means for the practical implementation of those policies. There was no need for more declarations of principles: what had now to be undertaken was the long and strenuous process of integrating in the day-to-day life of ordinary people all over the world the declarations of principles, programmes of action, the strategies and the charters which held out the promise of a new and better international economic order.

29. Mr. HASHMI (Observer for India), speaking at the invitation of the President, said that the statements made to the Council had emphasized the validity of certain basic premises on which it was essential to reach agreement. His delegation considered that, in reviewing and appraising the International Development Strategy and in preparing for the seventh special session of the General Assembly, there were four incontrovertible elements that should always be kept in focus: the interdependence of nations, collective responsibility, the international democratization of the decision-making process, and an integrated approach to the solution of the various problems.

30. The economic crisis had once again underlined the interdependence of the modern world, in which decisions by one State were bound to have repercussions on others. The corollary of such interdependence was the collective responsibility of all States, but that responsibility had to be exercised in accordance with the principle of sovereign equality of all States, for decisions would not be viable without the voluntary agreement of all States based on complete equality. Recent events had also shown that piecemeal therapy in times of crisis was inadequate and ephemeral. It was therefore important to consider the problems, whether or not they had reached a critical point, from a global point of view, so that solutions to one problem would not be thwarted by unforeseen developments in another sector.

31. The United Nations was undoubtedly the best forum in which the four elements to which he had referred could be taken into account, for it was democratic and universal. Only in the United Nations would States allow their narrow, short-term interests to give way to the broader view and the long-term interests of the world as a whole.

32. Much had been said about the need for global structures to be harmonized with changing needs and contemporary consciousness. One idea that had been put about was that States which had recently acquired some reserves should part with them if the world was to be re-designed. Others believed that the protection of the environment in itself was a matter of such over-riding importance that the development of the poorer nations could be postponed, while yet others had their own proposals for overcoming difficulties. He proposed to outline certain basic facts of contemporary life in order to rid the discussion on the changing of global structures of the plethora of inadequate or unnecessary remedies.

33. The first element of global economic reality was that 70 to 80 per cent of global trade was still in the hands of 16 leading industrialized OECD countries, most of it taking place among those countries themselves although some cheap, irreplaceable or exotic commodities were purchased

from developing countries in amounts which, except for oil, were more than offset by exports to developing countries. Secondly, nearly 95 per cent of the flow of private capital to developing countries originated in the same group of 16 countries and represented a profitable source of income to their investors. Thirdly, for historical and technological reasons, the exports of developing countries were dependent on the markets of the developed countries, to which access was therefore of crucial importance to the external trade of developing countries. Fourthly, at the end of 1974 115,000 million of the total global reserve of 181,000 million SDRs had been in the hands of developed countries. It had recently been shown that it was not so much the increase in the price of oil as the fact that 97 per cent of such reserves had gone to 27 developed countries and only 3 per cent to 99 developing countries that had been responsible for fuelling the world-wide inflation in human history. Fifthly, despite their newly acquired reserves, all OPEC members were still developing countries on the basis of such criteria as *per capita* income, share of manufactures in GNP, net imports of agricultural goods, vulnerability of import/export structures and literacy rates. Their newly acquired liquidity, based on diminishing natural resources, was therefore needed primarily for their own development. It was not merely the possession of liquidity that made a country rich, but a whole infrastructure of economic, industrial and technological goods and services.

34. The main responsibility for changing global economic structures lay with those who controlled them rather than with those who lacked the economic or technological strength to improve the situation. Those facts had to be borne in mind when reviewing and appraising the International Development Strategy at its mid-point; the preliminary proposal submitted by the Group of 77 to the Committee on Review and Appraisal (E/5693, annex IX), had been drawn up in that light. It had been hoped that adherence to the targets and time-table of the Strategy, as the first global exercise undertaken jointly by rich and poor countries, would be automatic, but many of the targets voluntarily agreed upon had failed of attainment because developed countries had chosen to disregard them. His delegation in the Council and at the thirtieth session of the General Assembly would endeavour to see that the lost ground was retrieved and that a renewed pledge was made to attain the targets.

35. The Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States had been described by some as radical: they were undoubtedly so in questioning the conventional basis on which global structures had so far been designed. The present situation called for drastic action. What developing countries were seeking was not a redistribution of existing wealth but merely a right to share in future growth. Recent events had proved that the unviability of existing structures could not be ignored. The process which had begun with the sixth special session of the General Assembly should be given great impetus at the seventh special session.

36. Students of economic history were aware of the struggle which workers in western industrialized countries

had had to wage to secure their right to organize themselves and to share in the fruits of economic growth. Collective bargaining, social security, unemployment compensation and guaranteed wages had been regarded as conspiracies to sabotage capitalism. It had recently been shown, however, that such phenomena did not necessarily threaten the well-being of those whose position in the hierarchy was being challenged. The economies of the western industrialized countries had only flourished as the production and consumption base of their participants had increased. A system based on social justice meant prosperity for all rather than simply depriving the élite of their privileges.

37. The time had come to make a global compact which gave the poorer nations and the poorer sections of each society the possibility of leading a life worthy of human dignity. That was the real meaning of freedom from want. His delegation was prepared to help in reaching that global compact. The General Assembly at its seventh special session must state clearly and unequivocally that the broad outline of the new structure was worthy of attainment and that the political will for attaining it existed. Technical negotiations in other forums would be meaningless in the absence of discernible and rapid progress towards achieving that political will and drawing up the broad outline of the global compact. No issue was intractable if there was a will to resolve it. If there was agreement on the facts, and if the correct lessons were drawn from history, the seventh special session would undoubtedly be successful. Failure would aggravate the problems and bring the credibility of the United Nations into question. His delegation looked forward to working with all other delegations in a spirit of candour and objectivity.

38. Mr. HJORTH-NIELSEN (Denmark) said that his delegation endorsed the comments made by the Italian representative (1956th meeting) in describing the approach of EEC to the seventh special session of the General Assembly with a view to contributing to the establishment of a more just international economic order. The Secretary-General had rightly stated in his report to the Preparatory Committee concerning development and international economic co-operation (E/AC.62/8) that the prospects for international co-operation for development depended not only on the way in which the International Development Strategy and the Programme of Action were implemented but also on the range and intensity of problems of concern to the more advanced countries (para. 21). The early foreboding that the present recession would prove severe and long-lasting had unfortunately become a reality. The sharp fall in economic activities would probably lead to a decline in real GNP for most western industrialized countries in 1975, while the growth outlook for 1976 was modest in relation to post-war trends in most parts of the world.

39. That development had had far-reaching consequences for small industrialized countries such as Denmark, which, after a long period of almost full employment, was now experiencing unemployment at a level unknown since the end of the Second World War a level which could be accepted only for a brief period of readjustment and with great political reluctance. At the same time, the sharp increases in import prices, including those in the energy

sector, had made it difficult to control the balance-of-payments deficit, which could be maintained only for a limited period and only by means of extensive borrowing and a heavy increase in service charges. That had made reduced expenditure in the fiscal budget, including that for the educational sector and the social services, unavoidable.

40. Despite those severe strains on its economy, Denmark had increased its official development assistance in 1974 to 0.54 per cent of GNP and it intended to reach the 0.7 per cent target set in the International Development Strategy by the end of the decade. That increased assistance was planned not only because of Denmark's desire to reach the agreed target but also because it considered development assistance to be a form of international co-operation which would long continue to be the main instrument for assisting the least developed and most seriously affected developing countries.

41. His delegation fully agreed with the Secretary-General that the International Development Strategy had fallen short of achieving two key quantitative targets, one international and one domestic (E/AC.62/8, para. 12). The failure at the international level, namely the shortfall in official development assistance, which had failed at mid-term to reach even half the target of 0.7 per cent of GNP laid down in the Strategy, was of great concern to his Government.

42. The fact that it had been possible marginally to exceed the aggregate target of 8 per cent industrial growth per annum was all the more important because, as the report of CDP (E/5671) rightly stated, it was largely through industrialization that traditional societies found the means to expand, diversify and modernize their economics, to provide their peoples with increased employment opportunities and supplies of some basic goods, and to augment trade and thereby promote a better international division of labour (para. 89). The progress made by a number of developing countries throughout the first half of the decade had laid the foundation for a breakthrough in the industrialization process. While some developing countries had exceeded the quantitative target in industrialization, over-all production, trade expansion and domestic savings, others had been unable to do so. Attention during the second half of the decade should be concentrated to a great extent on the problems of the 24 countries which represented 45 per cent of the population of developing countries and whose annual growth rate had been less than 2 per cent.

43. The agricultural sector presented the most disappointing picture, total agricultural production having risen at only 2 per cent per annum — a lower rate than the rate of population increase. There appeared to have been a move away from the target of substantial self-sufficiency in food production, the increase in which had been only half the 4 per cent rate laid down as the Strategy target, and the actual *per capita* decline in which had contributed materially to the world food crisis. The creation of employment opportunities in agriculture had failed to keep pace with the over-all annual increase in the labour force of developing countries and the problem of unemployment had thus been accentuated. The failure to achieve the agricultural

production target was a grave problem because of its serious economic and social repercussions.

44. While more had probably been achieved during the past five years than could realistically have been expected at the time of the adoption of the International Development Strategy, special efforts and priority treatment would be required during the second half of the decade in such areas as rural development, food production, population questions, transfer of resources, and assistance to the least favoured countries. His delegation agreed that the Strategy required to be brought up to date in the light of experience but it was convinced that the Strategy had proved its value and that its main goals had been shown to be essential and realistic ones for development co-operation. In the further discussions on the question of its revision, therefore, the need for continuing the broad agreement behind the Strategy should be carefully weighed.

45. The fact that no agreement had been reached at the second session of the Preparatory Committee on an agenda for the seventh special session of the General Assembly had been due less to any fundamental disagreement on the scope of the discussions at the special session than to a measure of general unpreparedness and a desire not to prejudge matters. His delegation looked forward to the Council's formal and informal discussions on the provisional list of areas submitted in informal talks by the Group of 77. Negotiations and, wherever possible, the drafting of resolutions and other preparations for the seventh special session would have to be pursued actively during the present session if a sufficient measure of agreement was to be reached to enable a number of specific decisions to be adopted by consensus at the special session. Only such a demonstrative of unity could prove the ability of the United Nations system to deal with central economic questions. The Council could reasonably hope for success if it followed the President's advice (1953rd meeting) on the moderate, attainable and precise goals which should be set for the special session, namely, to define the elements for negotiations, agree on principles and decide on the forums for such negotiations.

46. While dealing with the issues outlined in the above-mentioned provisional list, the Council would also have to discuss the report of the Group of Experts on the Structure of the United Nations System, to which his Government's preliminary reaction was generally favourable. It was in favour of a concentration of the work of the United Nations system and found the proposals for improving the approach to economic matters constructive. The proposals on the working methods of the Council and its subsidiary bodies also deserved close attention. The General Assembly at its seventh special session should, as a priority task, establish machinery for further examination of the proposals with a view to carrying out the reorganization over a transitional period, as recommended by the Group of Experts. It was also desirable for decisions to be taken on some of the recommendations at the seventh special session itself.

47. The recommendations of the Group of Experts could be applied independently of the progress to be achieved in economic and other fields, but the desired beneficial effect

of any structural changes would largely depend on the extent to which agreement could be reached on the substantial issues. The report of the Group of Experts rightly observed that the prerequisite for the functioning of every institutional structure was that the member States

should be willing to forgo some short-term interest in favour of a long-term interest in a workable international economic order.

The meeting rose at 12.10 p.m.

1959th meeting

Monday, 7 July 1975, at 3.15 p.m.

President: Mr. I. A. AKHUND (Pakistan)

E/SR.1959

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (continued) (E/5664, E/5665, E/5681 and Add.1, E/5682, E/5692, E/5699, E/5713)

1. Mr. DUMAS (France) said that the present world economic situation would have appeared improbable only five years earlier. Many countries were experiencing stagnation or recession, unemployment was increasing and inflation in member countries of OECD had risen from an average of 3.9 per cent in 1962-1972 to 13.4 per cent in 1974. Those trends had disastrous effects on developing countries, which were also affected by sharp variations in commodity prices. Currency floating and the establishment of vast reserves by certain commodity-producing countries were other abnormal factors.

2. The causes of that situation were more varied and complex than was generally believed; indeed, the French delegation had pointed out six years earlier that basic economic postulates had not been fully verified beyond a certain level of *per capita* GNP and that countries passing that level could be expected to experience economic disorder. Such disorder and insecurity now characterized the world economic situation, threatening to perpetuate the very evils the international community was endeavouring to combat: poverty, inequality and injustice. Under those circumstances, there was an urgent need for the international community to set aside its differences and undertake a concerted effort to regain control of events. France, for its part, had clearly proclaimed its advocacy of a more just and effective economic order. It wished to continue the dialogue with developing countries in a realistic and sincere effort of co-operation, and believed that countries could, together, master change and direct progress. To do so would require time, application and resources.

3. The efficiency of the Council's work depended on two basic conditions: awareness of the world scale of the problems, and a renewed international effort to solve them. The concept of economic interdependence was not new, but had been less clearly recognized in the period of general growth. Now, relative stagnation in developed countries affected not only the developing countries' markets but also the amount of public assistance they received. The use made by some commodity-producing countries of their

sovereignty over natural resources could lead to serious disturbances in the economies of consumer countries. Inflation was increasing and spreading rapidly. Because of rising unemployment in the developed countries, the flow of labour from developing countries was being restricted and in some cases immigrant workers were even being forced to return to their countries without hope of finding jobs there. Each country's economic and social problems must therefore be solved in a world-wide context; interdependence could be the basis of future prosperity as well as the cause of present difficulties.

4. Even before the present crisis, new fields of universal interest had emerged, such as the preservation of the environment and the exploration of oceans. The concept of the "common good" referred to by the President of the French Republic as early as the third session of UNCTAD could no longer be denied, and Governments must therefore not only take account of the impact of their domestic decisions on other countries but also combine to tackle the problems of an increasingly interdependent world.

5. Four points must be remembered in such world co-operation. Firstly, all possible opportunities must be explored; he had in mind in that connexion such developments as the ACP-EEC Convention of Lomé and the proposals made by the French President on certain urgent problems. Secondly, negotiations on specific points must be carried on simultaneously with wider discussions; the seventh special session of the General Assembly should therefore concentrate on questions on which quick agreement could be expected. Thirdly, all clinging to the past, whether nostalgic or vengeful, must be avoided. Fourthly, there could be no true dialogue unless the partners realized the sacrifices they must make as well as the advantages they could obtain. It must, however, be admitted that the rigidity and complexity of national economies precluded sudden change; his own country, for instance, could not accept much greater sacrifices at a time of slackening growth and high unemployment.

6. The Preparatory Committee had wisely limited the provisional agenda for the seventh special session of the General Assembly to five topics, but the field covered remained a wide one. Since the session was so short, the Assembly could not think of establishing a system of