

1961st meeting

Tuesday, 8 July 1975, at 3.10 p.m.

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

E/SR.1961

In the absence of the President, Mr. Longerstaey (Belgium), Vice-President, took the Chair.

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. MWANGAGUHUNGA (Uganda) said that, on the occasion of the thirtieth anniversary of the founding of the United Nations, he wished to renew his country's dedication to the objectives of the Organization's Charter. Hitherto the United Nations had placed the main emphasis on political and security problems, but the international community must not lose sight of the fact that political stability could only be attained when juster economic and social conditions had been established. The Council's present session had opened against a background of grave crisis in the world economy; various solutions had been suggested, but the political will to put them in practice on a global scale was apparently lacking. He hoped that the Council would arrive at a political consensus by avoiding sterile confrontations and manifesting a spirit of compromise; nevertheless, when the strong refused to make concessions, the weak were obliged to revert to the protection of normal democratic procedures. History and recent events had demonstrated that harmony in international economic relations was not to be attained by "survival of the fittest", but by adjustment to changing conditions.

2. The importance of consensus was particularly evident in relation to two main questions before the Council: preparations for the seventh special session of the General Assembly, and the mid-term review and appraisal of progress in implementing the International Development Strategy for the Second United Nations Development Decade (agenda items 10 and 9 respectively). As to the former, the Group of 77 had drawn up and submitted in informal tables a provisional list of areas and concrete questions to be considered in preparing for the special session. The special session was to be preceded by a number of important meetings, including the OAU summit meeting, where the African stand would be worked out. His delegation was ready to participate in formal and informal consultations in order to arrive at the consensus necessary for the success of the seventh special session. At its sixth special session, the General Assembly had adopted the Declaration and Programme of Action on the Establishment of a New International Economic Order, which, together with the Charter of Economic Rights and Duties of States, must provide the basis for a new economic order; at its seventh special session, it would have to assess the obstacles

and constraints in the way of the establishment of the new economic order. In that connexion, it should be noted that some recent pronouncements and statements of intent, as well as the ACP-EEC Convention of Lomé and the achievements of the recent Conference of Heads of Commonwealth Governments in Kingston, Jamaica, seemed to indicate that thinking was moving in an encouraging direction.

3. His delegation was ready to participate in consultations on agenda item 9, on which the Group of 77 had already submitted a preliminary proposal (E/5693, annex IX) that might serve as a basis for discussion with other groups with a view to arriving at a consensus. The first half of the Second Development Decade had proved somewhat disappointing to many developing countries: at its sixth special session, the Trade and Development Board had confirmed that the situation of the majority had scarcely improved during the period and that the situation of some had even worsened.

4. The CDP had come to the same conclusions at its eleventh session in April 1975, and it had taken the view that no country at present on the list of the least developed countries should be removed before the end of the Second Decade (E/5671, para.130). In that connexion, he recalled that there had been those who had wished Uganda to be removed from the list, in spite of the fact that, as a land-locked country, it was among those which had suffered most severely from the current crisis. In 1974, its GDP had declined by 2 per cent in real terms, and although its industrial production had amounted to 9.3 per cent of GDP as compared with only 7.8 per cent in the preceding year, actual performance had declined, mainly as a result of difficulties in obtaining spare parts. In that connexion, he wished to thank UNIDO and UNDP for their endeavours to assist his country, in contrast with other international bodies, whose reluctance was possibly due to pressure from quarters out of sympathy with Uganda's independent economic policy, aimed at ensuring recognition of the sovereignty of States over their natural resources and economic destiny.

5. It was surprising that, instead of negotiations to resolve bilateral differences, there had been resort in some quarters to procedures alien to the Charter of Economic Rights and Duties of States: for example, although severely affected by the economic crisis, Uganda had been considered for exclusion from the list of countries to be granted emergency assistance. Fortunately, a sense of reality had prevailed, and he wished to thank the Secretary-General of the United Nations for the emergency aid given to his country, and to express the hope that more would be forthcoming. The situation of the least developed countries and of the land-locked countries should, in any event, be carefully

reviewed both at the seventh special session of the General Assembly and during the review and appraisal of the implementation of the International Development Strategy.

6. The present crisis had been compared to the crisis in the 1930s: only through major political and sociological reforms could it be hoped to solve problems of such magnitude. Particular interest, therefore, attached to the report entitled "A new United Nations structure for global economic co-operation" (E/AC.62/9). The proposed changes, together with further changes which Governments might wish to make, would give the Council more political will. At the fifty-seventh session (1970th meeting), his delegation had emphasized the need to make the Council more effective and had even advanced the idea that it might consider entering into permanent session.

7. Mr. KEGEL (German Democratic Republic) said that the development of egalitarian international economic relations, the achievement of economic independence by developing countries, and the abolition of all forms of colonialism and neo-colonialism were problems whose solution of the utmost urgency. From that point of view, recent events gave grounds for alarm. The capitalist economic system was passing through its gravest crisis since the end of the Second World War, and the *World Economic Survey, 1974*, part two (E/5681 and Add.1-4) suggested that the crisis had not yet reached its culmination. The crisis, whose causes were to be found in the capitalist system as such, resulted in great insecurity in international economic relations and was damaging to the majority of countries. The observer for India (1958th meeting) had emphasized the deleterious effects of such disturbances on the socio-economic progress of developing countries and had shown where the responsibility for them lay.

8. The baneful influence of transnational monopolies in international economic relations and in the exploitation of developing countries was particularly evident; the monopolies had thrown up numerous obstacles to the independent and harmonious development of those countries and were the great beneficiaries of the current economic crisis. According to a survey by the First National City Bank, the profits of 853 such companies had considerably increased between 1973 and the end of 1974. On the other hand, the majority of the developing countries were experiencing serious difficulties in their balances of trade and payments in consequence of the heavy volume of financial resources extracted from them by various means: the repatriation of profits, interest payments, exchange of goods of unequal value, etc. Such spoliation far exceeded what capitalist States described as financial aid for development.

9. For that reason, the German Democratic Republic supported all effective measures for combating the negative effects of the crisis and the deterioration of the developing countries' balance of trade. It was those who were responsible for and benefited from the crisis who should make good the damage suffered by the developing countries.

10. The reform of the international economic order was not a merely academic question: what was required was to

establish relations genuinely based on equality, respect for sovereignty, non-interference and peaceful co-existence; and, as far as the future of international economic co-operation was concerned, it was vital that a forthright stance should be taken up on that question.

11. The German Democratic Republic supported the struggle of the developing countries against forces standing in the way of development. On the solid basis of economic co-operation when CMEA, the GDR had concluded co-operation agreements with more than 60 States, had diversified its trading relations with developing countries, promoted the development of their resources and formed closer scientific and technical relations.

12. In the view of his delegation, if international economic relations were to be improved, it would be necessary to give new impetus to the relaxation of tension, to bring the arms race to a halt and accelerate disarmament, to implement the decisions taken by the General Assembly at its sixth special session and to put into effect the Charter of Economic Rights and Duties of States. Military expenditure amounted to considerable sums diverted from economic, scientific and technical assistance to developing countries. He recalled in that connexion General Assembly resolution 3093 (XXVIII), calling for a 10 per cent reduction of military expenditures by the States which were permanent members of the Security Council.

13. With reference to preparations for the seventh special session of the General Assembly, he observed that international economic co-operation was only possible on a sound political basis. One of the uses to which the special session should be put was to analyse the implementation of the decisions taken by the sixth special session and the application of the principles laid down in the Charter of Economic Rights and Duties of States, and to identify the obstacles and put forward solutions. It was in that spirit that the German Democratic Republic had submitted proposals at the second session of the Preparatory Committee on the following matters: political prerequisites of economic development and application of General Assembly decisions and provisions of the Charter; socio-economic transformations and the new international economic order; the role of the State sector and the broad mass of the people in the socio-economic progress of developing countries; and non-discrimination, equality and mutual advantage in international economic relations, particularly trade.

14. As to the reorganization of the United Nations system, his Government was studying the proposals in the report concerning United Nations structure in the economic and social fields. Like others, his delegation held the views that the proposals for reorganization designed toward the more efficient implementation of the principles and purposes of the United Nations Charter might be approved. They touched on highly complex problems, however, and required careful study.

15. The present climate of *détente* was favourable to the seventh special session of the General Assembly, in spite of certain elements which favoured the cold war. The success of the Conference on Security and Co-operation in Europe should help to further *détente*. It was for the Economic and

Social Council to make its contribution to the application of the principles of peaceful coexistence. The Council must also contribute by constructive proposals to the implementation of the General Assembly's decisions on disarmament and arms limitation.

16. Mr. JARAMILLO (Colombia) said that five years after the adoption of the International Development Strategy, most countries had still done nothing to implement it and the problems of the third world were worsening: the growth of GDP was slowing down, food production was falling and not enough agricultural produce was being produced and exported.

17. The developing countries' foreign trade situation also left much to be desired: no agreement had been reached on the principles of a prices policy or of access to commodity markets. Only one international agreement had been concluded -- on cocoa; the developed countries' schemes of generalized preferences gave little advantage to the developing countries, particularly those of Latin America, because of the exclusion of agricultural products and certain manufactured products, and the application of non-tariff barriers.

18. It was essential, therefore, that at the present session the Council should consider the documentation transmitted to it by the Committee on Review and Appraisal in its report on its third session (E/5693), particularly the preliminary proposal of the Group of 77, contained in annex IX to the report, which called for the revision of the International Development Strategy in the light of the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States.

19. It would be premature to comment on the Programme of Action, but his delegation noted with satisfaction how the Secretariat and the specialized technical bodies were preparing for their new tasks under the Programme.

20. So far as concerned the seventh special session of the General Assembly, he said that his delegation, which belonged to the Preparatory Committee, deeply regretted that the different groups had not yet been able to agree even on the agenda for the session.

21. He thanked the Secretariat for the useful documents it had prepared, in particular the report of the Group of Experts on the Structure of the United Nations System and the report of the Secretary-General on development and international economic co-operation (E/AC.62/8), concerning appropriate changes in international economic relations in the light of constraints on the implementation of the Programme of Action. The latter report gave a comprehensive picture of the world economic situation and would be of great help to his delegation in preparing for the forthcoming special session of the General Assembly.

22. Mr. NIKOLOV (Bulgaria) said that the fifty-ninth session of the Council was taking place against the background of an acute crisis in the market-economy countries. The crisis was having serious effects on inter-

national economic co-operation, on the economies of a large number of developing countries, and on the achievement of the objectives of the International Development Strategy. Many developing countries were still in a state of dependence on former colonial powers. The monopolies and multinational corporations were trying to shift the burden of the difficulties caused by the crisis and by inflation on to the peoples of the developing countries. Nevertheless, a genuine economic co-operation would ultimately have to be established, based on the principles of respect for the sovereignty of States, non-interference in internal affairs, equality of rights, mutual advantage and non-discrimination. All those principles were embodied in the Charter of Economic Rights and Duties of States, a basic instrument of economic decolonization the scrupulous application of which would enable developing countries to build up independent national economies and take a more active part in the international division of labour.

23. His country was systematically intensifying its economic co-operation with the countries of the socialist community, in particular the Union of Soviet Socialist Republics, in accordance with the socialist programme of economic integration adopted by CMEA. That kind of voluntary integration did not require the establishment of supranational bodies. Bulgaria was also developing its economic relations with the market-economy countries as well as with the developing countries, with which it was continually expanding its economic, commercial and cultural relations. It was particularly seeking to further the industrialization of the developing countries by setting up processing industries, and to promote the diversification of their economies, the training of national manpower and the consolidation of the public sector as the principal instrument of their industrialization.

24. His delegation hoped that at its seventh special session the General Assembly would give a new impetus to international economic co-operation. The proposed structural changes in the United Nations bodies concerned with economic and social affairs were designed to strengthen the co-ordinating function of the Council, increase its operational effectiveness and avoid duplication of activity.

25. In order to speed up development by means of genuine economic co-operation, every effort should be used to make the process of international *détente* irreversible and to restructure international, political, economic, commercial and other relations on the basis of the principle of the peaceful co-existence of States with differing economic and social systems. In particular, the Geneva and Vienna negotiations on the big problems of disarmament must be brought to a successful conclusion. His country supported the USSR efforts for the conclusion of an agreement between the great Powers on the prohibition of the development of new types of weapons of mass destruction. Efforts should also be intensified to secure implementation of General Assembly resolution 3093 (XXVIII) calling on States permanent members of the Security Council to reduce their military budgets by 10 per cent and to allot part of the funds thus released for the provision of assistance to developing countries.

26. Mr. KHANE (Executive Director, United Nations Industrial Development Organization) said that significant

first moves had been made in the course of the previous year towards establishing a new international economic order. UNIDO's contribution had been embodied in its Second General Conference, held at Lima in March 1975. Noting that the developing countries' share in world industrial production was still extremely small, the participants in the Conference had established as a target that their share should be increased to at least 25 per cent of total world industrial production by the year 2000. That would call for adjustments and improvements throughout the international community and would also imply that the developing countries should increase their industrial growth at a rate considerably higher than the 8 per cent recommended in the International Development Strategy. At the national level, the achievement of the target would necessitate a new surge in investment, and in many fields it would constitute an enormous task in view of the present limited technological capabilities of the developing countries. The developing countries must also be on their guard against overlooking the human aspects of industrialization and avert the disintegration of their sets of values and cultural identity. The establishment of new industrial activities could not be governed solely by production statistics or econometrics, for industrialization was not truly successful unless the advantages it offered were properly digested by the population and fairly distributed.

27. The Lima Declaration and Plan of Action on Industrial Development and Co-operation (E/5696, chap. IV) did not merely identify problems and set targets but also indicated solutions and methods of reaching targets. In particular, the drafters of the texts had given particular attention to agro-related and agro-based industries, thus lifting the traditional strict division between industry and agriculture. It was henceforward acknowledged that agriculture and industry were of necessity complementary and that there was a close interrelationship between the various production sectors.

28. The same was equally true of the organizations in the United Nations system. Research and activities in the industrial sector had to be closely co-ordinated with many other activities which were the responsibility of sister organizations. The Lima Conference had consequently requested UNIDO to establish closer links with the other organizations of the United Nations system in order to promote industrial development, and a first exchange of views on the subject had recently taken place at Geneva between the executive heads of the organizations concerned. He was confident that that form of co-operation would grow and would make it possible to realize the concept of an integrated and multisectoral approach to industrial development.

29. The Lima Declaration also made it quite clear where industrialization priorities lay by stating that "developing

countries should devote particular attention to the development of basic industries such as steel, chemicals, petrochemicals and engineering, thereby consolidating their economic independence while at the same time assuring an effective form of import-substitution and a greater share of world trade".

30. At the regional and global levels, the authors of the Lima Declaration regarded co-operation between the developing and industrialized nations as the basic principle to put into practice, particularly in the form of consultations with a view to facilitating the redeployment of certain productive capacities from industrialized countries and the creation of new industrial facilities in developing countries. Such consultations should lead to agreements, not only between countries, but also between individual enterprises.

31. Furthermore, the redeployment of productive capacities might well include the redistribution of technology, know-how, equipment, capital and other essential production factors. The success of such consultations, however, was contingent upon the willingness of all the parties to gauge the issues involved and to co-operate with each other. In the past few years, the world had seen numerous examples of certain productive capacities in the industrial field being redeployed from one industrialized country to another, including those of differing socio-economic systems, on the basis of agreements between enterprises of countries. By making that kind of industrial re-structuring more general and by establishing a new division of labour, interdependence in the world would certainly be increased. In that context, UNIDO, while maintaining a strictly catalytic role, would be instrumental in the process of consultation through a variety of measures. Initial studies carried out by the organization had indicated the willingness of certain industrial enterprises to co-operate with each other forthwith. Regional consultations would also be held to enhance co-operation among the developing countries themselves, and at that level it was imperative that UNIDO and the regional commissions should co-operate as closely as possible.

32. In the Lima Declaration, a strong plea was submitted for the strengthening of UNIDO itself, with the recommendation that it should be converted into a specialized agency. The Economic Committee had before it a draft constitution (E/5711) which the General Assembly would consider at its seventh special session. The General Conference had also reaffirmed the essentiality of establishing an Industrial Development Fund which would enable UNIDO to meet the needs of developing countries promptly. He hoped that the Council would reach favourable decisions on all those points, which were important for the establishment of a new international economic order.

The meeting rose at 5 p.m.