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*President:* Mr. DRISS (Tunisia)

## AGENDA ITEM 2

**General discussion of international economic and social policy (*continued*)** [E/4942, E/4984, chap. III; E/5004, E/5005, E/5007, E/5009, E/5010, E/5016, E/C.2/726]

1. Mr. ANGELOV TODOROV (Observer for the Council for Mutual Economic Assistance), speaking at the invitation of the President, said that international co-operation was playing an increasingly important part in the solution of economic and social problems and that CMEA was therefore following the work of the Economic and Social Council and other United Nations organs closely. The CMEA secretariat thought that its own experience might be very instructive for the members of the Economic and Social Council and the regional economic commissions.

2. During the last five-year period (1966-1970), the economic potential of the countries members of CMEA and their economic and social relations with the other regions of the world had developed. In a number of sectors, the growth rate had speeded up and the national income of the countries as a whole had risen by 7.3 per cent annually compared with 6.1 per cent during the 1961-1965 period. The period 1966-1970 had been characterized by a striking expansion of 50 per cent in industrial production and a more moderate growth of 20 per cent in agricultural production. Those figures were indicative of the pre-eminent part played by industry in the economy of the CMEA countries. Qualitative changes had taken place in the structures of industry. There had been growth in industries in various sectors such as electronics, chemical products and machinery. There had also been an improvement in the standard of living and a 30 per cent increase in real *per capita* income in the countries as a whole. The acceleration

of the growth rate had been due mainly to the measures adopted by those countries to increase their possibilities of co-operation within CMEA itself. He said that he was circulating detailed information about CMEA activities in 1970.

3. The principal objective for the period 1971-1975 was a further raising of the standard of living and a rational expansion of the economy based on co-operation among the member countries. The problem of economic co-ordination had been studied at the twenty-third session of CMEA, at which the broad lines of socialist economic integration -- which was the main form of co-operation among the members of CMEA -- had been mapped out. Increasingly close and continued collaboration was envisaged for the years 1971-1975 in order to co-ordinate both bilateral and multilateral plans more effectively. Such co-ordination would also make it possible to study economic development trends. The members of CMEA projected high rates of economic growth for 1971-1975. As a result of the co-ordination of plans, the CMEA countries had concluded long-term trade agreements for 1971-1975. Under those agreements, their trade would increase by about 50 per cent. Intra-area trade would show the growing proportion of manufactures, including machinery and equipment, the specific share of which reached 40 per cent in 1970. He considered that the planned-economy system within which that progress was taking place was a stabilizing and stimulating factor which promoted the development of the member States. In questions of trade, the members of CMEA had great experience in the matter of long-term agreements which could be of value to the developing countries.

4. He drew attention to the fact that for assessing the growth of the CMEA countries' foreign trade it was necessary to take into account, besides the increase in trade envisaged by long-term trade agreements, the increases in commodity exchanges under annual protocols and other agreements. As such long-term trade agreements covered only the main lines of trade and did not reflect it as a whole, deliveries made under annual protocols had to be taken into account as well. Consequently, the section devoted to the USSR and the socialist countries of Eastern Europe in the summary of the *Economic Survey of Europe in 1970* (E/5007) did not give an accurate picture of the foreign-trade prospects of the countries members of CMEA.

5. Representatives of the CMEA secretariat had often had occasion to inform the Economic and Social Council of planned measures for the development of socialist economic integration, which, being a systematically regulated process in the international socialist division of labour, had as its aim to bring the member countries closer together to form an up-to-date and highly effective structure of

national economies, to develop profound and stable ties in all major sectors of the national economy, science and technology, and to promote the expansion and consolidation of those countries' international markets. It had recently been decided that CMEA should be called upon regularly to consider a complete draft programme for the further growth and improvement of co-operation and the development of socialist economic integration which constituted a strategy for the development of intra-area economic, scientific and technical ties in the long-term future. He said that the CMEA Executive Committee had recently decided to submit the draft comprehensive programme for consideration at a regular CMEA session.

6. In promoting that process of co-operation and integration, the member countries were not concerned solely with strengthening their mutual relations but also with strengthening the already solid ties that they had established with the developing countries, founded on respect for the sovereignty of national interests and in accordance with the principle of mutual advantage. CMEA countries were systematically developing co-operation with developing countries in scope and depth. At present, the CMEA countries' economic and technical assistance went into the construction of over 2,500 industrial and other projects in more than 60 developing countries. More than half of those projects were in the field of heavy industry, and in 1970 the CMEA countries had concluded more than a hundred aid and trade agreements with those countries. During the last decade, trade between the CMEA countries and the developing countries had increased by more than 200 per cent, while intra-regional trade had increased only 130 per cent.

7. For some years it had been apparent that closer economic ties were developing between the CMEA countries and the industrialized countries, which made for a better understanding of their problems and for a relaxation of tension at the international level.

8. He agreed with the Secretary-General's view that the United Nations should be of a universal nature and thought that its universality would undoubtedly contribute to the success of the Economic and Social Council's work. In that connexion, he had to regret the fact that the German Democratic Republic had still no possibility of participating in the activities of ECE with all the rights of a full member.

9. In conclusion, he said that the CMEA secretariat collaborated with numerous United Nations bodies, including UNESCO, FAO, the regional economic commissions and UNIDO, and hoped by so doing to promote international co-operation.

10. Mr. HILL (International Chamber of Commerce), speaking at the invitation of the President, said that relations between the United Nations and ICC were constantly developing. In particular, a dialogue was successfully continuing in the ICC/United Nations/GATT/Economic Consultative Committee between the heads of the intergovernmental agencies dealing with economic questions and a representative group of businessmen from all parts of the world. At its second session, in December 1970, the Consultative Committee had discussed, among

other things, the climate for private international investment and development aid, concentrating in particular on proposals to link the IMF system of SDRs with development aid programmes. At its third session, to be held in December 1971, the Committee would focus its attention on the transfer of technology and the problems of environment.

11. ICC had recently concentrated on three important issues. The first was the transfer of technology, on which a Special Committee of ICC was preparing a report which would make it easier to judge the extent to which direct private investment was stimulating economic growth through the spread of technological and managerial skills. Ways must be sought to ensure that the whole world could benefit more quickly from modern developments in science, technology, and business methods.

12. The second important question was that of the financial operations of international companies. ICC planned to publish a factual report on the subject early in 1972. Governments and companies could not take satisfactory decisions if they were inadequately informed, as was the case with regard to the financial operations of international companies. Speaking at the recent ICC Congress (Vienna, April-May 1971), the Under-Secretary-General for Economic and Social Affairs had referred to the increasingly realistic dialogue initiated under the auspices of the United Nations Department of Economic and Social Affairs between international investors and the Governments of countries acting as host to them. ICC was glad to be in a position to co-operate with the United Nations in organizing investment panels to provide opportunities for such a dialogue.

13. The third question of concern to ICC was the desirability of drawing up an internationally agreed code of behaviour for international corporations. ICC favoured a more flexible and possibly more realistic system, which would consist in providing guidelines for the relationship between international investors, the Governments of their home countries and the Governments of the countries in which they invested. ICC was at present drawing up guidelines which would be comprehensive in that they would deal with all financial, fiscal, administrative, commercial or legal problems that might arise and would propose a complex of recommendations to the three parties involved which, if followed, would lay the basis for a mutually acceptable relationship that would be conducive to economic development.

14. The ICC Congress had had two main themes: the environment and trade liberalization. On the subject of the environment, the Congress had considered that the general objective to be pursued by Governments, by industry and by the scientific community should be the rational and harmonious utilization of human and material resources throughout the world, and had welcomed the decision by the United Nations to convene in 1972 at Stockholm a Conference on the Human Environment, which could be expected to pave the way for the solution of environmental problems through international co-operation. The need for permanent co-operation between ICC and the United Nations in that field, which had been stressed at the

Congress, had subsequently been translated into fact, since ICC was arranging to appoint some ten industrialists to serve on the committee of consultants which was to assist in the preparations for the Stockholm conference. Those industrialists might, in effect, form the nucleus of a committee which ICC intended to establish to follow up the recommendations which it had adopted at Vienna on such problems as the use of natural resources, the striking of a proper balance between economic advance and the social cost of economic and technical progress, co-operation between Governments and industry, the organization of research and the application of technology in the developing countries.

15. With regard to trade liberalization – the second major theme discussed by the Congress – the programme recently adopted by the ICC Council provided for the progressive elimination of tariffs on manufactured goods, new agreements for the elimination of non-tariff obstacles to trade in manufactured goods and the adoption of protective measures against factors distorting free competition, a programme for the liberalization of trade in agricultural products, measures in favour of the developing countries and practical measures to promote the harmonization of economic and monetary policies in the developed countries. After many years of inaction in the field of commercial policy, there were signs that the political will to resume negotiations existed, so that the ICC programme for trade liberalization was timely.

16. Again on the subject of trade, ICC was currently co-operating with United Nations regional bodies on two important issues. Firstly, in collaboration with ECE, it was seeking ways of overcoming the obstacles hampering East-West trade. At the request of the Executive Secretary of ECE, the ICC Liaison Committee and the chambers of commerce of the socialist countries had launched an inquiry into the difficulties encountered by exporters and importers in the market-economy countries and the socialist-economy countries of Europe; the results of the inquiry would be available in November. Parallel to that survey, ICC had been represented at the preparatory meeting for the Seminar on East-West Trade Promotion, Marketing and Business Contacts. Lastly, at the suggestion of the Secretariat of ECAFE, ICC was obtaining the views of exhibitors and trade buyers who had attended the second International Fair at Teheran, with a view to making preparations for the third Asian International Trade Fair to be held at New Delhi in 1972.

17. During the past year, ICC had devoted much of its time to studying the problems of the developing countries, and had prepared three reports of direct interest to the Council. In the first,<sup>1</sup> ICC analysed the respective and complementary roles that public finance and private capital should play in developing countries and urged Governments of capital-exporting and capital-importing countries to design their policies accordingly.

<sup>1</sup> ICC, *Public Aid and Private Capital in Developing Countries* (Paris, 1971), brochure 269.

18. The second document<sup>2</sup> was devoted to bilateral treaties for the encouragement of private international investment in developing countries. That technique, which was being used increasingly, in particular by the Federal Republic of Germany and by Switzerland, offered advantages which were set forth in a United Nations Secretariat report entitled *Foreign Investment in Developing Countries*.<sup>3</sup> In its report, ICC recommended organizations in the United Nations system to propagate the conclusion of bilateral investment agreements and suggested, in particular, that IBRD might organize regional meetings on the subject and assist Governments in drawing up such agreements.

19. The third report<sup>4</sup> dealt with tax treaties between developed and developing countries and tax incentives in developing countries. The recommendations made by ICC aimed at ensuring that tax policies in both developed and developing countries were such as to permit direct private investment to make the maximum contribution to economic growth.

20. While ICC attached great importance to its co-operation with United Nations bodies, it did not think that such contacts should be confined to discussion of the broad principles of economic policy or to fragmented co-operation without any over-all guiding principles in common. ICC and the United Nations should establish a common objective towards which they could work more effectively together than separately and should participate in the continuing dialogue which should be established during the Second United Nations Development Decade.

21. Mr. HAMBRO (Norway) said that his remarks would concern mainly the questions dealt with under agenda items 3 (a) and 17.

22. His delegation considered that it was necessary to strengthen the Economic and Social Council, which was the main co-ordinating and policy-making organ in the field of economic and social development, so that it could grapple with the formidable problems of the Second Development Decade. He agreed with the representative of Yugoslavia that the Council should submit assessments of the world economic situation and guide all other organs so that their sectoral activities would complement each other and help to solve the problems which the Council designated as having top priority on a global scale.

23. The draft resolution submitted by Greece and New Zealand (E/L.1408/Rev.1) offered a good basis for a decision with regard to the improvements to be made in the organization of the work of the Council. He thought, however, that some structural changes were also required.

24. In the first place, his Government favoured the enlargement of the Council. It considered that that question was closely linked with the question of the review and appraisal machinery for the Second Development

<sup>2</sup> ICC, *Bilateral Treaties for the Encouragement of International Private Investment* (Paris, 1970), brochure 266.

<sup>3</sup> United Nations publication, Sales No.: E.68.II.D.2.

<sup>4</sup> ICC, *Tax Policies and Developing Countries* (Paris, 1971), brochure 267.

Decade and the question of future institutional arrangements for science and technology. Those were three aspects of the same problem.

25. His delegation supported in general the outline for the appraisal machinery which the Secretary-General had presented in his report (E/5040), and which envisaged a key role for the Council in the review and appraisal of the results of the Second Development Decade. In that respect, he wished to point out that Governments should be prepared to take part in that process, without objecting that it infringed their national sovereignty, and that the same process should apply equally to all countries.

26. At the same time, world public opinion should be informed of and appreciate the efforts made by Member States during the Decade, as, for instance, the recent decision of his Government to adopt a generalized system of tariff preferences for imports from developing countries.

27. He felt that other agenda items should be referred to during the present general discussion. The question of proteins should be considered in the context of the general problem of nutrition, which should itself be part of economic and social policy-making. The Council should also devise the methods and machinery required to give assistance in cases of natural disasters, and should seek possibilities of agreement at the international level with regard to the oceans and seas.

28. Lastly, he felt compelled to touch on the tragedy of the Pakistan refugees. He hoped that the countries concerned would do their utmost to make it possible for those refugees to return to their own homes, for that was the only real solution to the problem. His Government wholeheartedly supported the efforts made by the Secretary-General to alleviate their sufferings. His delegation also supported the suggestion made by the New Zealand delegation that the Council should hear the High Commissioner on the subject. It appealed to international organizations and the Governments of Member States to make increased efforts to reduce their sufferings caused by that tragic situation.

29. Mr. MAHEU (Director General, United Nations Educational, Scientific and Cultural Organization) introduced the report on the main activities of UNESCO in 1970 (E/4975), drawing particular attention to activities that might be of relevance in appraising the objectives and policies for the Second United Nations Development Decade.

30. The UNESCO General Conference at its sixteenth session had invited the Director General to evaluate development projects within the competence of UNESCO, to review regularly progress achieved, taking into account the need for a contribution by UNESCO to the reviews decided by the General Assembly and to submit to the General Conference in 1976 a special report on the progress achieved at mid-decade. Two comments of a methodological nature should be made. The first was that the complexity of development called for the introduction into the evaluation of qualitative indicators for aspects of development which, while ill-adapted to quantification,

were none the less important and, indeed, essential. The second point was that the need for varied approaches in accordance with a typology of increasingly diversified situations became steadily greater as the factors for under-development were better understood. The excessive use of averages, for example, had its dangers; much finer conceptual instruments would be needed, and UNESCO hoped that the social scientists would endeavour to improve methods for evaluating development policies.

31. From an examination of State policies it could be noted generally that the concept of development itself was in a process of intense and rapid change. While economic growth was always recognized as a necessary condition, it was not considered sufficient: what was of growing importance was the quality of life made necessary or possible by that growth. Why should there be growth? The world should be grateful to youth for having posed that question. Not only did they feel that armaments did not make for security or that power could not bring about the health of nations, but young people had felt instinctively that production was not synonymous with virtue and that consumption did not necessarily make for the well-being of the individual. That attitude was, moreover, not the sole prerogative of youth nor yet of the affluent societies of the West. It was necessary to draw attention to that fundamental point because, while there had been agreement on the necessity for according greater importance to the human factor when the strategy for the Second Development Decade had been drawn up, not enough had perhaps been done in that direction. It had been said that man was both the means and the end of development. Considerable progress had been made on the subject of man as a means of development, as the growing recognition of the importance of education and science in national plans and international programmes had shown. But had serious thought been given to what was meant by man as an end of development? Had it not been left to the technicians, rather than to man himself, to decide on the meaning of that end? That was perhaps a primary point on which reconsideration should be given to the methods and processes by which the objectives of the strategies could be translated into specific terms.

32. Moreover, once growth as an end in itself was called in question, its duration was also placed in doubt. Faced with the waste of resources and the disturbance of natural equilibrium, the experts were wondering whether growth could continue much longer in the same conditions. Certain simulation models based on the projection of present data on demographic expansion, production and consumption, had even estimated at less than a hundred years the time left to mankind before growth would reach the limits of the possibilities of the biosphere and would come to a dead end, followed by regression. The preparations for the United Nations Conference on the Human Environment, to which UNESCO was making an active contribution, had already shown at certain particular points the limits of the possibilities of expansion of industrial societies and the immediate dangers of uncontrolled growth. Such warnings might be salutary if they succeeded in giving Governments a global picture of human problems and in making them

accept a collective discipline for the universal application of rational solutions. On the other hand, it would be regrettable and unacceptable if they gave rise to Malthusian attitudes in developed countries with regard to the problem of persistent under-development for two-thirds of humanity. It was urgent, on the contrary, to re-organize international relations on the basis of a universal diffusion of knowledge and a rational revision of the terms of trade and of utilization of resources. That was the best means for the industrialized countries to correct the acceleration and the excesses of the process which had led to their dilemma and also to avoid the dangers of aggravation of persistent injustice. The problem of development was, after all, a problem of justice, which was an essential element of the concept of quality of life.

33. That transformation of the concept of development - which was a rude awakening on the part of society - explained the growing importance assumed by education, science and culture in development policies. The expansion of education was particularly marked in the developing countries, where the impetus of the 1960s, stimulated in many cases by the recent attainment of independence, was being continued and intensified as a result of often heroic efforts. It had thus been possible to observe, at regional conferences of ministers of education organized periodically by UNESCO, that the quantitative objectives established by States within regional strategies had been reached as a whole and in some cases even surpassed. Those policies for the development of education met not only the need for developing human resources but also the deep aspirations of the masses who claimed access to education as a fundamental right of the human being. The pressure exerted on Governments in that direction had made the democratization of education an irreversible movement. In the majority of countries, however, such policies of expansion had reached the limits of economic possibilities. At the same time, analysis of existing educational systems showed serious deficiencies if the heavy student fall-out during study on the one hand and the unemployment of large numbers of young graduates on the other was taken into consideration. Those three factors - a moral imperative which had become a political requirement, the limitations of economic possibilities and the deficiencies of the system - on which the regional conferences had been categorical, summarized what had been called "the educational crisis". It was also perhaps a salutary crisis, that would make it necessary to reconsider the fundamental ideas of the problem and to undertake a systematic revision of existing systems. That revision should be concerned with the content and objectives of education and not only with the resources and administrative machinery. Furthermore, at their Third Regional Conference in Singapore, the Asian ministers of education and those responsible for economic planning had expressed themselves strongly in favour of a policy of innovation, which appeared to them as the only means of restoring education to its fundamental role of improving the quality of life.

34. In the sphere of science, the policies of Governments showed two marked trends. The first was the growing importance accorded to international scientific co-

operation enterprises of a multidisciplinary nature and of wide scope, such as the programmes of IOC, the International Hydrological Decade, the World Science Information System (UNISIST), Man and the Biosphere, and the international geological correlation network which UNESCO was co-ordinating after having launched them with the assistance of competent non-governmental organizations and in close collaboration with other agencies of the United Nations system. The developed countries were playing a leading role in the planning and implementation of those programmes but the developing countries were also concerned and hoped to play an increasing part. UNESCO was making every effort to assist them, particularly in training specialists, and hoped that Member States would be able to benefit from more favourable arrangements on the part of international sources of financing in that respect, particularly UNDP.

35. Another trend was an increasingly clear understanding on the part of the developing countries of the fundamental importance of the introduction of science for internal development and a growing determination, despite inadequate resources, to pursue a long-term policy to that end, together with an intensification of the transfer of technology for short-term economic purposes. That was a source of satisfaction for UNESCO which, since the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas (1963), had constantly drawn attention to those needs. UNESCO was making every effort to assist its member States with all the means at its disposal both at the governmental level (scientific policies) and at the level of the population (education and information).

36. Lastly, the most marked change in the policy of States had undoubtedly been in the sphere of culture. The Intergovernmental Conference on Institutional, Administrative and Financial Aspects of Cultural Policies organized by UNESCO at Venice in August-September 1970 had been noteworthy on the one hand because it had adopted the concept of cultural development as a part of development as a whole and as a human right and, on the other hand, because Governments had recognized their responsibilities in both those directions without in any way sanctioning unwarranted interference in creative or critical freedom, which was a principle of all culture. The UNESCO General Conference had adopted the conclusions and recommendations of the Venice conference, which it considered important for the Organization's programme. The introduction of the cultural aspect into development policies was an essential trend because the cultural values men held were what ultimately determined their choices. Thus, only culture could provide answers with real meaning both for the individual and for society to the question: Why should there be growth? It would be interesting to note how those general directions would take specific form in the various areas of the world. There was every reason to think that they would assert themselves, despite the differences of emphasis, since in the majority of developed countries and in the new States of Asia and Africa cultural policy was an essential element in acquiring and asserting a national personality.

37. In the framework of co-operation with Governments, UNESCO firmly supported the General Assembly resolution which provided that the public aid given by industrialized countries to the developing countries should represent 1 per cent of their GNP (resolution 2626 (XXV), paragraph 42 of the Strategy). Recourse to the various sources of funds — regular budgets, voluntary contributions to joint funds and special trust funds — ought to give international co-operation available resources at least equal to the minimum required for efforts to be effective. That was unfortunately not always the case, particularly since inflation offset a large part of the contributions of States. UNESCO was aware that the resources of international organizations would always be limited, but their possibilities were qualitative rather than quantitative, their means of action being ideas rather than money. That was why UNESCO attached the greatest importance to co-operation with its member States for the study of problems connected with a determination of the options which governed national policies. Intergovernmental, international and regional meetings which it organized periodically in the different sectors of its competence were useful instruments for clarifying such problems and outlining strategies that could guide States in drawing up their national plans. The International Commission on the Development of Education would have the two-fold task of diagnosing the causes of the world crisis in education and proposing a series of strategies for the expansion and renewal of education.

38. Likewise, country programming had opened up new perspectives which in the sectors within UNESCO's competence went beyond the framework of programming of UNDP and IBRD assistance or even the concept of aid itself. The purpose of the dialogue between the national authorities and the services of the Organization was to highlight the options open to Governments with a view to making optimum use of national resources. He had been most favourably impressed by the first programming efforts made in certain Latin American and Asian countries and was convinced that that was the most effective way for the Organization to proceed. He hoped that the dialogue, and UNESCO's participation in research and the determination of policies of States, would not be limited to developing countries, in which concern with assistance was always an influential factor, but would also extend to developed countries, however powerful. UNESCO was more than an assistance organization; it was also an organization for the exchange of information, collective thought, joint enterprise and international standardization, whose services were offered to all. The rich and developed countries could thus have the same recourse to it as others, not only for the problems which formed the subject of the great scientific co-operation programmes he had mentioned, but also for their own particular problems.

39. For example, it would be impossible to imagine an international action against the growing use of drugs — other than prohibition or suppression, which would not concern UNESCO — if the developed countries, where the problem was most acute, refused to take part in the dialogue, because recourse to drugs was precisely a protest

against a rejected society. The programme of European co-operation undertaken by UNESCO some years before offered interesting possibilities to the industrialized countries for such discussion and co-operation on the policies of States, as well as opportunities for joint efforts directed towards peace and the removal of tension.

40. In conclusion, it was obvious that the problems of the Second Development Decade had a different aspect from those of the first Decade. To an increasing extent development meant change, and concern with growth was magnified by an anxious questioning of its ultimate purpose. At the same time, the political picture was changing and it appeared that the doors of history were ready to open on new destinies. The international community might soon be confronted with problems that called for collective negotiating bodies with great capacities of intelligence, inventiveness and courage at their disposal; the Economic and Social Council could be one of those bodies and would thus do well to re-examine its organization and methods with a view to preparing for new tasks. In the current year, in which UNESCO was to celebrate its twenty-fifth anniversary, it wished to offer the Council its full co-operation to that end.

41. Mr. ODERO-JOWI (Kenya) said that at the beginning of the 1970s, humanity and the United Nations must do everything possible to satisfy the aspirations for peace, prosperity and dignity of all mankind. It was encouraging that at such a crucial moment an international manifesto for development and co-operation was available: the International Development Strategy for the Second United Nations Development Decade. If the peoples of the world could co-operate, they would achieve the goals which they had set themselves, for the supreme good of all mankind.

42. A lot had been said about the need for the developed countries to increase their aid and technical assistance to developing countries, but very little attention had been paid to the ever-growing international currency crisis. That crisis had already lasted for three years and it was imperative that a solution should be found. The basic weakness of the current international monetary system was that the major reserve currencies were either overvalued, or undervalued. His delegation intended to introduce, at the present session, a resolution aimed at remedying that situation.

43. International trade was another field which called for constructive co-operation. From the point of view of the developing countries, perhaps the most notable feature of that trade in the period 1969-1970 had been the high rate of growth, even though the economy of the United States of America had been passing through a period of stagnation and inflationary pressures. It was interesting to note that in the past ten years the volume of African exports, for example, had increased by about 100 per cent, but that the buying power represented by those exports had remained the same. In other words, the export effort of the African continent had been to no avail.

44. The persistent instability of the reserve currencies, which often led to devaluation or revaluation, posed a serious problem. Devaluation, for instance, resulted in the depreciation of the developing countries' reserves held in

those currencies, without any compensation. It also reduced the value of the developing countries' exports to countries which had devalued. Revaluation, on the other hand, aggravated the disequilibrium of the developing countries' balance of payments. A realistic solution to the current monetary crisis should therefore be sought, and the Council seemed the most appropriate organ for that purpose. What was lacking at the present time was the political will to take appropriate action. His delegation therefore appealed to all delegations to display the necessary spirit of co-operation and goodwill.

45. Kenya was prepared to play its part in helping to achieve the goals and objectives of the Second Development Decade. It was ready to create a favourable climate for the inflow of private capital and would mobilize its resources and its people with a view to meeting national development needs. The Government had embarked on a policy of rural development and massive land reforms, and was concerned moreover to create employment for the rural population and increase the income of that population.

46. The Council was to take a decision concerning the method of reviewing and appraising the progress achieved in the Second Development Decade. His delegation was in full agreement with the proposal that the activities of the international community and of States Members of the United Nations in that Decade should be reviewed regularly at the national, sectoral, regional and international levels. An appropriate body for that purpose should be set up as soon as possible and it should be given ample time to work out its methodology and strategy for review.

47. In pursuing the objectives of peace, prosperity and human dignity for all mankind, it must be remembered that the various countries had not all reached the same level of development. Because of differences in natural resources, geographical location or in historical background, some developing countries had been unable to make full use of their resources or to share in the benefits accruing from the growth of the world economy. The United Nations General Assembly had recorded its awareness of that situation in its resolutions 2564 (XXIV) and 2724 (XXV).

48. The signatory countries of the Treaty for East African Co-operation had also tackled that particular problem. The Presidents of Uganda, Tanzania and Kenya had introduced the necessary measures to harmonize the industrial and commercial development of those three countries. Similar action was perhaps desirable at the international level in order to cope with the problems of countries which were classified among the least developed of the developing countries.

49. His delegation approved of the criteria adopted by the Secretariat for identifying such countries (E/4990, chap. II). According to those criteria, a country or a group of countries were regarded as belonging to the category of the least developed among the developing countries if their *per capita* GDP did not exceed \$100, if the literacy rate of the school-age population of fifteen years and over was not more than 20 per cent and if the share of manufactures in the GDP did not exceed 10 per cent. In his delegation's view, those quantities could not be static, as demographic

and social factors changed rapidly in developing countries. Also, it should not be forgotten that some developing countries were land-locked – a fact which in itself constituted a serious obstacle to their development. According to his delegation, the three criteria adopted for determining whether a country belonged to the category of the least developed among developing countries were inadequate. The question of political climate and the will to co-operate were factors of vital account in seeking to help those countries overcome their difficulties. The United Nations should therefore carry out a careful study of that question.

50. Mr. SZARKA (Hungary) said that, although there had been a marked loss of momentum in the world economy in 1970, the over-all figures indicated that world production and world trade had expanded rather dynamically.

51. In the developed market economies, the total output of goods and services had increased by less than 3 per cent between 1969 and 1970; in the developing countries GDP had risen by more than 5 per cent, while in the socialist countries of eastern Europe it had reached 7.7 per cent. The decline in the rate of increase of total world production therefore seemed to be due to the poor performance of the capitalist countries. In the developed capitalist countries the inflationary tendencies had continued and even accelerated, leading to serious consequences in some of them. The slowdown in production had not been uniform, however, and economic growth had been quite vigorous in the developing countries in 1970. In fact the 5 per cent growth rate they had attained was the target set for the First Development Decade.

52. In the socialist countries of eastern Europe national income had continued to rise in 1970 at rates similar to those of 1969. The rate of industrial expansion had been maintained at about 8.3 per cent a year throughout the 1960s. Despite some difficulties in agriculture, the average growth of agricultural output had been much higher between 1966 and 1970 than in the preceding years.

53. During the period under review co-operation among the member countries of CMEA had increased. All the countries had concluded trade agreements for the period 1971-1975 and the International Investment Bank had begun operations in January 1971.

54. Hungary had successfully completed its third five-year plan in the previous year. Its national income growth rate had averaged about 6.8 per cent a year. Industrial production had increased by 34 per cent and the agricultural output growth rate had averaged about 3 per cent a year.

55. The Hungarian economy had improved significantly over the past three years as a result of economic management reform. The socialist planning system had been improved and better co-ordination had been achieved between all the relevant economic sectors. One of the basic ideas underlying the reform was that economic development should be more organically linked to the use of international economic possibilities. Hungary would naturally increase its co-operation with other CMEA member countries, but also wished to maintain economic relations with all countries on the basis of mutual benefit.

56. In accordance with section II of resolution 15 (II) adopted by the United Nations Conference on Trade and Development at its second session,<sup>5</sup> the Hungarian Government had adopted the necessary measures to expand its trade with the developing countries and to diversify the structure and geographical distribution of that trade.

57. The documents before the Council indicated that the social situation in the world was far from satisfactory and much remained to be done in that field. In 1971 the world was faced with a new tragic situation whose magnitude and gravity had aroused the concern of the entire international community. His delegation considered that the question should be dealt with properly under item 9 of the agenda. A solution had to be found to alleviate the suffering of millions of people, and the parties concerned must find a satisfactory solution with the help of the international community.

58. Reverting to the economic situation, he pointed out that trade in general was the most rapidly developing branch of the world economy. He hoped that the third session of the United Nations Conference on Trade and Development would help, not only to improve the conditions for international trade, but also to create a more propitious climate for international economic co-operation.

59. International trade was the basic form of economic relations between socialist and capitalist countries. His delegation attached great importance to that question because East-West trade accounted for an important part of the expansion of international trade. However, the volume of East-West trade was still small compared with total world trade because it still encountered obstacles. The quantitative restrictions imposed by western countries on imports from socialist countries were a major obstacle. Those restrictions were discriminatory, since they applied only to certain countries or groups of countries, and violated the principle of most-favoured-nation treatment. The growth of East-West trade was also greatly hindered by the protectionist measures applied by certain Western European countries to the agricultural exports of the socialist countries. At the same time, however, some factors favourably influenced East-West trade -- for example the system of long-term intergovernmental agreements which ensured a more balanced distribution of trade over a longer period.

60. The structure of East-West trade should also be improved. While the structure of western exports to CMEA member countries was similar to that of their foreign trade in general, the same could not be said of the structure of exports from the socialist countries.

61. The scope for economic co-operation between countries with different economic and social systems was not of course confined to trade. There were also exchanges of technical information, services and technical co-operation, which played an important part in economic relations

between the socialist countries and western and developing countries.

62. Another important feature of world economic development was economic integration. The degree of integration was more advanced in the economically more developed countries. EEC, for example, had great economic strength and was developing rapidly and attracting other western European countries. It therefore would be useful if the enlarged Common Market followed a more outward-looking economic policy.

63. Economic co-operation within the framework of CMEA had also been a very important factor in the rapid development of the socialist countries. Economic groupings in Europe should not develop in isolation from one another, but on the contrary should broaden their external relations in such a way as to promote all-European economic co-operation. It was necessary, not only to broaden existing bilateral relations, but also to explore the possibility of establishing multilateral relations between the Governments of all European States. It was therefore deplorable that one of the industrially most developed countries of Europe, the German Democratic Republic, had so far been prevented from taking its rightful place in the United Nations and its working bodies. It would be inconceivable to attempt to solve all-European problems in the absence of such a highly developed country.

64. Referring to the Second Development Decade, he said Hungary had always stressed the importance of improving living conditions in developing countries and had devoted special attention to United Nations work in that field. At the twenty-fifth session of the General Assembly the Hungarian delegation had taken an active part in the preparation of the International Development Strategy. It had spared no effort to ensure that the developing countries would receive, through the United Nations, the most effective assistance possible.

65. Sympathizing with the wish of the developing countries to have certain safeguards with respect to the realization of the objectives of the Strategy and the strengthening of their economic independence, his delegation was in favour of establishing a system designed to serve those aims. A systematic review and appraisal of the implementation of the measures recommended in General Assembly resolution 2626 (XXV) would be an important factor in the attainment of the objectives of the Strategy. The Economic and Social Council would be the most appropriate body to carry out that appraisal. It had, moreover, expressed its readiness to assume that role in its resolution 1556 B (XLIX).

66. His delegation had already expressed its views on the improvement of the Council's work, but was ready to continue the consideration of that subject in the hope that the role and functioning of the Council could be strengthened.

67. Mr. ZAKARIA (Malaysia) shared the view expressed by other representatives that the Economic and Social Council was at a turning-point in its history. At the present session the Council could assess the degree to which the

<sup>5</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr. 1 and 3 and Add. 1-2, *Report and Annexes* (United Nations publication, Sales No.: F.68.II.D.14), annex 1, p. 32.



objectives of the First Development Decade had been attained and devise solutions to the problems of the Second Decade. The Secretary-General's report on the world economic situation, together with the reports of the Executive Secretaries of the regional economic commissions, had given ample information on the past decade. He would like to comment on certain essential aspects of that situation from the viewpoint of the developing countries.

68. The First Development Decade had coincided with the years of decolonization. Unfortunately, political advances had not been accompanied by a corresponding improvement in the world economic situation. As the Secretary-General of UNCTAD had pointed out in his statement made to the Council at its 1774th meeting, the scientific and technological revolution had widened the gap between the developed and the developing countries. It was to be hoped that an agreement would be reached in the Council on the machinery and methods by which technology could be transferred to the developing countries, in order to counteract that trend.

69. The declining share of the developing countries in world trade also gave cause for concern. That trend, too, should be reversed, and in that connexion he welcomed the adoption of a general system of preferences by the developed countries, and particularly by EEC. However, that system at present covered too restricted a range of products; it should be extended to raw materials and primary commodities. Malaysia would particularly welcome such an extension because, like many developing countries, it depended on the export of those commodities for its foreign exchange earnings.

70. If the liberalization of trade policies in favour of the developing countries hurt some industries in the developed countries, those countries should react not by taking protectionist measures but by introducing adjustment programmes to help the industries affected. That would not be an act of charity, for, as the Secretary-General had pointed out in his message to the Council (1773rd meeting), economic and social progress in the developing countries was a necessary condition for the peace and stability of the world. It was therefore essential that the developed countries should show the political will that was needed to realize the objectives of the Second Development Decade, even if the present methods and machinery of aid required modification.

71. In that respect it was disappointing to see that some donor countries had barely reached the target of 1 per cent of GNP set for aid to the developing countries during the Second Decade. It was even the case that the terms of aid were getting harder, and more closely tied to the interests of donor-countries. Debt servicing was becoming an increasingly heavy burden upon the developing countries, so much so that there was now talk of a "reverse flow of capital".

72. The developed countries should be more sympathetic to the needs of the developing countries, and should allow them to choose their own priorities. The plans of the developing countries were not aimed solely at growth; they also took into account the need for a more equitable

distribution of income, a reduction in unemployment and better social justice. Malaysia itself had exceeded the growth rate set for the First Development Decade. However, it still had many problems to solve, such as poverty, unemployment and the imbalance between the urban sector and the rural sector. That was why the new Five-Year Plan sought to restructure Malaysian society by achieving a balance between growth and social progress.

73. With regard to the system of review and appraisal of application of the development strategy, the Malaysian delegation was in favour of the four levels proposed. He believed that it was for the countries concerned to assess the progress achieved at the national level. At the regional level, the regional economic commissions had an important part to play. At the global sectoral level, he agreed with the Secretary-General that UNCTAD, UNIDO and the specialized agencies should review the progress achieved in their respective areas of competence. At the global level, he emphasized the importance of the role of the Economic and Social Council, an importance which might make it necessary to enlarge the Council so that it could better express the political will of the Members of the United Nations. The Council would thus be in a better position to support the General Assembly, which should continue to bear the main responsibility for the appraisal of development strategy.

74. Mr. KITAHARA (Observer for Japan), speaking under rule 75 of the rules of procedure, thought that the system of over-all appraisal of progress in implementing the International Development Strategy should be conceived in such a way as to give the Strategy a dynamic character that would enable it to find an effective solution to the problems facing the developing countries. The basic aim should be to assess the progress of developing countries, on the one hand, and of developed countries on the other, and to formulate new guidelines for achieving the objectives of the Strategy in the light of the main trends that emerged from that assessment. In that connexion, his delegation endorsed the views expressed by the Secretary-General in paragraph 28 of his report (E/5040). It would be for each individual country to review its own progress, but the developing countries would have to provide adequate information, on the basis of comparable data and definitions. Out of the sixty-nine identifiable elements listed in the Secretary-General's report, forty concerned the developing countries, and an effort should be made to provide statistical data on those forty indicators. As for the elements relating to the economically advanced countries, a great deal of relevant information was already available to the international organizations.

75. Paragraph 83 of the International Development Strategy [General Assembly resolution 2626 (XXV)] stated that the Committee for Development Planning was to provide the Council with comments and recommendations. The Committee would therefore have increased responsibilities, but his delegation was not convinced that it would be necessary to enlarge it. It should be sufficient to strengthen the Secretariat staff and to draw more upon the services of experts.

76. Regarding over-all review and appraisal, he believed that the forum for substantive discussions on the subject should be the Economic and Social Council, which, under the Charter, was the central co-ordinating body in the economic and social field. In that connexion it would be well to enlarge the membership of the Council to accommodate a sufficient number of countries representing divergent interests. Such an enlargement was also justified by the increased role of the Council as a policy-making body. He hoped that a positive step in that direction would be taken at the present session. Enlargement of the Council might take several years, since the Charter would have to be amended, but as a first step it might be possible to allow a substantial number of countries which were not members of the Council to be represented on a subsidiary body which would assist the Council in its task of review and appraisal.

77. On the same subject of how to improve the organization of the Council's work, he believed that at present the Council was overburdened by questions of a highly technical character; it should concentrate its attention on those specific aspects which required immediate decisions on its part. In addition, the Council could select for each of its summer sessions some question concerning the world economic and social situation on which to concentrate the general discussion.

78. He then briefly outlined the recent efforts of his Government in the field of trade and development. Japan had announced that it would endeavour to attain the target of 1 per cent of the GNP for aid to the developing countries by 1975. In 1970, net financial resource transfers from Japan to the developing countries had reached \$1,824 million, representing an increase of 44.4 per cent over 1969; that figure represented 0.93 per cent of Japan's GNP. In the field of trade, the Japanese Government was preparing to put into effect on 1 August 1971 a system of preferences in favour of exports of developing countries. It had decided to reduce the number of products subject to quantitative restrictions from sixty to forty by the end of September, and would thereafter make further efforts towards liberalization of trade.

79. Mrs. ALAMI (Women's International Democratic Federation), speaking at the invitation of the President, stressed the importance of the consideration the Council would give to International Development Strategy objectives.

80. From the daily experience of its affiliated organizations, it was clear to the Women's International Democratic Federation (WIDF) that the conditions created by colonialism, fascism, neo-colonialism and the aftermath of feudalism which still affected many countries had particularly serious repercussions on the life of women and children. That impression had been confirmed at first hand by a study tour which Mrs. Hugel, Secretary General of WIDF, had made in the context of WIDF's contribution to the International Year for Action to Combat Racism and Racial Discrimination, visiting women's organizations in ten African countries, especially during her 24-day stay in the part of Angola which had been liberated by the Angola

People's Liberation Movement, at the invitation of the Organization of Angolese Women (affiliated to WIDF). In the liberated areas, Angolese women benefited from economic and social measures which were fundamentally transforming their condition: literacy campaigns, mass vaccination, agricultural producers' co-operatives managed for the most part by women, abolition of the humiliating dowry system, etc. WIDF would supply a detailed report on Mrs. Hugel's tour to the Commission on the Status of Women, the Commission on Human Rights and UNESCO. Those examples would illustrate the basic position of WIDF, which regarded the emancipation of women as closely bound up with the fundamental problems of national independence, social justice, peace and economic and political development.

81. In view of the stress laid on the utilization of human resources in the Second Development Decade, care must be taken to see that women were able fully to participate in the solution of economic and social development problems. In particular, in very many countries, it was essential to put right the unjust distribution of the fruits of the labour of a majority of men and women exploited by a selfish minority. The right to work, vocational training free from any discrimination, education, medical assistance (especially for mothers and children), nutrition and improved housing were fields in which action should be undertaken as a matter of urgency. A special effort must be made in that regard to eliminate the backwardness due to colonialism.

82. Development should no longer be merely economic; it must also be social development. In that connexion, WIDF had noted with satisfaction the recommendations of the Meeting of Experts on Social Policy and Planning (Stockholm, 1969),<sup>6</sup> namely that no substantial fraction of the population should be left aside by the development process, the active participation of large sectors of the population should be ensured, the important principle of social equality recognized, and the development of the human potential given priority, especially in the case of children. WIDF likewise supported the general objectives of the Second Development Decade as regards women, which had been approved at the twenty-third session of the Commission on the Status of Women (General Assembly resolution 2716 [XXV]): ratification of the conventions relating to the status of women, and the implementation of those conventions; elimination of illiteracy; equal access to all levels of education; maternity protection; medical protection, etc. The United Nations should suggest to planners that adequate resources should be set aside for the achievement of those objectives.

83. The experience of women in socialist countries, where exploitation had been abolished, showed convincingly the contribution that women could make to the development of society. In that perspective, WIDF, in accordance with the view of its affiliated organizations, proposed that there should be a proportional number of women members on national development committees and that women's organizations should be consulted; those committees should investigate the progress made towards achievement of the

<sup>6</sup> See E/CN.5/445 and Corr.1.

objectives approved by the Commission on the Status of Women; the principles of the Declaration on the Elimination of Discrimination against Women should be taken fully into consideration in any action for economic development and in the implementation of conventions of the United Nations and its specialized agencies of concern to women, especially the ILO Conventions Nos. 100, 103 and 111.

84. The PRESIDENT proposed that, in accordance with the desire expressed by several delegations, the High Commissioner for Refugees should make a statement, in his capacity as focal point for aid to Pakistan refugees in India, during the plenary meeting on Friday morning, 16 July.

*It was so decided.*

The meeting rose at 6 p.m.