

SUMMARY RECORD OF THE SIX HUNDRED AND FIFTY-FIRST MEETING

held on Friday, 27 July 1973, at 3.15 p.m.

Chairman: Mr. SCOTT New Zealand

THE IMPACT OF MULTINATIONAL CORPORATIONS ON THE DEVELOPMENT PROCESS AND ON INTERNATIONAL RELATIONS (item 14 of the Council agenda) (E/5334 and Corr.1, E/5381, L/NGO/2, L/NGO/3, E/NGO/6)

Mr. de SEYNES (Under-Secretary-General for Economic and Social Affairs) introducing the item, said that the progress report of the Secretary-General (E/5334 and Corr.1) was a review of the work done since the fifty-third session of the Council. The Secretariat was now awaiting the results of the work of the Study Group of eminent persons, which was to meet in New York between 4 and 14 September 1973. It had prepared basic documentation for the Group, which would be officially circulated. The Secretariat had done its best to check the information provided, but it was difficult to obtain reliable information in that field. The documentation also contained an analysis of the impact of the activities of multinational corporations on the economic development of the developing countries, as called for by the Council in paragraph 1 of its resolution 1721 (LIII), relative to the impact of multinational corporations on the development process and on international relations, and a list of the principal suggestions made recently by Governments or specialized agencies concerning the programme of action.

Mr. SANTA CRUZ (Chile) said that since the comments made by his delegation on the Secretary-General's progress report at the fifty-fourth session of the Council ^{1/} were still valid, he felt it necessary to repeat them. The Chilean delegation had regretted that the composition of the Study Group was not as balanced as the Council had requested in paragraph 1 of its resolution 1721 (LIII). There had also been a delay in the Secretariat's implementation of that resolution, which was unjustified in view of its importance and the public concern aroused by the events which had led to its adoption. The World Trade Union Assembly, which had been held at Santiago, Chile, in April 1973, just before the fifty-fourth session of the Council, had strongly condemned the acts committed by the multinational corporations against the people and workers of Chile. His delegation had also quoted the recent statement by the Director-General of GATT calling attention to the way those corporations were flouting national and international trade legislation and the economic theory upon which it was based. He had mentioned the increasing concern expressed by Western European countries in many publications, the historic discussion in the Trade and Development Board concerning the economic aggression against Chile by the Kennecott Copper Company ^{2/}, the resolutions of the Assembly of OAS condemning those corporations' intervention in matters which were the exclusive responsibility of States and resolution 350 (1973) on permanent sovereignty over natural resources of Latin American countries adopted by the Security Council on 21 March 1973 at Panama. His delegation had

^{1/} See E/AC.6/SR.630.

^{2/} Official Records of the Trade and Development Board, Twelfth Session, Part I, 317th meeting.

also referred to the investigation carried out by the Sub-Committee of the Foreign Relations Committee of the United States Senate and had expressed the hope that the preparatory work undertaken by the Secretary-General would be as complete as possible.

With regard to the new progress report of the Secretary-General (E/5381), he did not think that the addition of the last two members of the Study Group had corrected the basic imbalance in that group, which had been pointed out not only by his own delegation but also by those of other countries at the fifty-fourth session of the Council. In the statement submitted by WFTU, (E/NGO/3) that organization had expressed its regret that the international trade-union movement was not represented in the Study Group appointed by the Secretary-General, in view of the serious implications of multinational corporations' activities for the rights of workers and the future of the trade union movement. He therefore thought that the Secretary-General and the Council should follow the work of the Study Group very closely. Its lack of balance was all the more serious in view of the tremendous power of the multinational corporations, which not only had persons representing or at least reflecting their interests as members of the Group but also had the financial resources to submit to it extensive documentation presenting their case in the most favourable light. The members of the Study Group reflecting the other point of view would therefore be at a disadvantage, especially as the trade-union movement was practically under-represented. The Secretary-General, therefore, representing the general interest, should comply with the spirit of resolution 1721 (LIII) and readjust the balance. As the country which had initially proposed action on the subject by the Council ^{3/} and one which had seen its political stability and economic future threatened by unprecedented action on the part of two large multinational corporations, Chile would spare no efforts to see that the Council and the Secretary-General fulfilled their obligations to the spirit of that very clear resolution. In so doing, it would be defending not only its own life as a nation but also the future of the developing world and the independence of States.

Since the fifty-fourth session of the Council, various events had occurred which should be taken into account. First, there was the report by the UNCTAD Ad Hoc Group of Experts on Restrictive Business Practices, which had reached some interesting conclusions. ^{4/} Secondly, at the fifty-eighth session of the International Labour Conference, the Workers' Group and some Government representatives had wished to discuss the report of the Meeting on the Relationship between Multinational Corporations and Social Policy, held in 1972, ^{5/} and to express strong criticisms of it, as a report which completely ignored the concern repeatedly expressed by a growing number of trade-union bodies affiliated both to the WFTU and to ICFTU. Much of that concern had been clearly stated in the documents submitted by the World Federation of Labour and the WFTU. The conclusions

^{3/} See Official Records of the Economic and Social Council. Fifty-third Session, 1822nd plenary meeting, para. 35.

^{4/} "Restrictive business practices in relation to the trade and development of developing countries" (Official Records of the Trade and Development Board, Thirteenth Session, Supplement No.6 (TD/B/C.2/119/Rev.1).)

^{5/} See ILO, Multinational enterprises and social policy, Geneva, 1973. This volume consists of the working paper submitted to the 1972 Meeting and the report and conclusions adopted by that Meeting.

of the report of the Meeting were abysmally poor, and all it did, of course, was to authorize the Director-General to make some additional studies. The out-of-date administration of the ILO, prompted by a coalition of employers and Government representatives and some workers' representatives who were closer to the employers than the workers, had prevented the matter from being discussed at the Conference.

He invited members of the Committee to read the recently published book Sovereign State: The Secret History of ITT, 6/ by Mr. Anthony Sampson, a well-known analyst of the world political situation, which gave a fully documented and hair-raising account of the lengths to which a corporation with such vast resources could go in corruption, encroaching on the rights of sovereign States, flouting the laws of the country in which it had its headquarters and in criminal interference in the internal policy of other countries, thus endangering international relations. It laid bare the threat which such actions represented for the normal economic development of countries, the proper working of the monetary system and the independence of small, poor nations. It devoted a whole chapter to ITT's aggression in Chile, based on the conclusions of the Subcommittee of the United States Senate. His delegation agreed with Mr. Sampson that responsibility for the control of multinational corporations lay both with countries which suffered from their conduct and with those where they had their headquarters. Both should lay down rules of their own to prevent harmful activities by the corporations. However, that did not detract from the need to establish as soon as possible an international code of conduct governing the activities of all multinational corporations.

There was a danger that the Study Group would be content to study the multinational corporations' role in the world economy, their contribution to technological progress and other similar questions and overlook the main objective of resolution 1721 (LIII), namely, that an analysis should be made of their impact on the development process, their implications for economic relations, monetary systems and the principles of co-operation established by the United Nations and above all their criminal interference in the internal affairs of States.

Under paragraph 1 of that resolution, the Group had another responsibility: to formulate conclusions which the Governments of the countries in which the corporations had their headquarters might use in making their sovereign decisions regarding national policy, and thus prevent the corporations from interfering in international relations. He hoped that the Secretary-General would remind the Group of its mandate and the effect that its conclusions would have on development, especially economic development, and on international relations, and invite them to submit recommendations for appropriate international action, including the code of conduct suggested by the French representative (1866th plenary meeting).

Mr. BRAHIM (Algeria) said that multinational corporations were the logical consequence of a certain theory of the organization of production and trade. Although they had been beneficial to the economies of their countries of origin and to the general advance of science and technology, their impact on the economies

6/ London, Hodder and Stoughton, 1973.

of the developing countries had so far been negligible when it had not been detrimental. It could hardly be otherwise, since they continued, in a more insidious way, the evil practices of the large colonial companies. Although they were presented to public opinion as conducive to expansion, they were, in fact, responsible for the deterioration of the environment, disorder in the monetary system and artificial shortages and surpluses, which they provoked to serve their own interests. The developed countries had powerful legal means of countering the effects of their activities, but the developing countries had no such power. In fact, when they tried to exercise their sovereignty, the developed countries even defended the multinational corporations. Some developing countries had learned from bitter experience not to be deluded by false promises of prosperity and social benefits. They soon realized the better treatment given to foreign workers in those corporations, the danger of the tax advantages provided by the investment codes of the poor countries and the vast profits that the corporations made.

Despite its weak conclusions, the report of the ILO Meeting on the Relationship between Multinational Corporations and Social Policy was interesting in that it showed that the capital flows across the Atlantic cancelled each other out and highlighted the clear tendency of such corporations to invest in developed countries, except in the assembling and extractive industries, where they could benefit from cheap labour. Even in so-called politically safe countries, the multinational corporations made no true transfer of technology, since their "secrets" were jealously guarded, usually by foreign personnel, even when they were common knowledge in the technically advanced countries. True transfer of technology was not the mere installation of machinery, no matter how sophisticated, but the creation of a system which enabled men not only to understand that technology, but also to create it. Unless that was done, the countries of the third world would always be economically dependent on the rich countries.

At a time when the Council was trying to put some order into the activities of the multinational corporations on the land, some of the most powerful of them showed a growing tendency to exploit the wealth of the sea, even though it had been declared the common heritage of mankind (see General Assembly resolution 2749 (LIV), para. 1). The United Nations, especially at the Third United Nations Conference on the Law of the Sea, the first session of which would be held in November and December 1973 (see General Assembly resolution 3029 (XXVII), para. 3), must prevent such corporations from taking any irreversible action before a strict plan had been drawn up and an authority representing the interests of the world community as a whole had been established. All States without exception must, of course, be associated in all stages of that planning. His delegation expected the Study Group to report on that important aspect of the corporations' activities.

Another of the aspects to which the Study Group should pay particular attention was the effect of the multinational corporations' activities on the balance of payments and increasing indebtedness of the developing countries. That should be the subject of a special study, in addition to those referred to in paragraph 11 of the Secretary-General's progress report (E/5334 and Corr.1).

The problems created by the corporations' activities for the developed countries were a reflection of the antagonisms inherent in a laissez-faire society and must be dealt with by those countries themselves, either individually or collectively. For the developing countries, however, it was quite different; their problems should be dealt with separately in the documentation to be prepared for the Group, in order to make it easier to see what practical measures should be

taken. Those measures should include the establishment of a code of conduct, which should be unanimously accepted and scrupulously respected. In preparing the documentation, the Secretary-General should not overlook the recommendation in the paragraph 1 of Council resolution 1721 (LIII) that the principal effort should bear on the impact of those corporations on the economies of the developing countries and on means to correct them.

His delegation did not agree that it was desirable to examine the phenomenon in its major aspects so as to "maximize the beneficial effects of multinational corporations on development" and even less that they had an "international accountability" (ibid. para. 3). Only States could be so accountable.

The revelations of subversive activities by the multinational corporations in the developing countries were very disturbing and called for detailed study of the means of countering them. Any serious attempt to draw up a code of conduct should begin by stating the responsibilities of the States under whose jurisdiction the corporations came. Otherwise, an anarchic situation would develop which would in fact benefit no one and which could even constitute a threat to the future of the rich countries.

Principles must be laid down to govern the activities of those corporations, covering respect for national sovereignty and the permanent sovereignty of States over their natural resources; respect for the institutions and laws of the host country; the need for the corporations to integrate their operations into the economic and social development efforts of the host country and to bring about a true and effective transfer of technology; and the need for them to contribute to national training and social development, to reinvest a substantial proportion of their profits in the host country, to participate in scientific research and to abstain from encouraging the brain-drain. Provision should be made for collective action against any corporation which did not scrupulously conform to those principles and used direct or indirect blackmail to prevent the development of the host country.

His delegation placed great hopes in the study to be submitted by the Study Group. It realized, however, that the Group's task was a difficult one, to which all the organs in the United Nations system, and in particular the World Bank Group, should contribute. The implementation of the Group's recommendations would be even more difficult. But at a time of growing realization that material profit was nothing unless it produced an acceptable standard of living, it was to be hoped that those concerned would understand that their destiny could no longer be dissociated from that of mankind as a whole.

Mr. PLKSHEV (Union of Soviet Socialist Republics) said that his delegation attached great importance to studying the activities of multinational corporations and shared the deep concern of the developing countries and the trade union movement over the adverse effects of those activities on the development process and the workers of the world. Those corporations, which were also having an increasing impact on the economic, social and political life of the developed market-economy countries, now constituted a major factor in the world economy which could not be ignored. While information on all their activities was still lacking, enough was known about their unprecedented concentration of commercial and economic power. Thus, for example, they already represented half of the world's hundred leading economic organizations, and the turnover of General Motors, Esso and Ford was greater than the GNP of Belgium, Denmark and Norway, respectively. Many Western economists now predicted that more and more of the

economy in capitalist States would in future be concentrated in the hands of multinational corporations. The United States Tariff Commission had reported that international monopolies held reserves amounting to some \$300,000 million, whereas the central banks and treasuries of countries with market economies held only \$151,000 million at the end of 1972. Capital transfers by such monopolies, whose activities were dictated by narrow selfish interests and the pursuit of profits, brought chaos to monetary and commodity markets.

The Soviet Union agreed with the view of developing countries that they were most vulnerable to the activities of multinational corporations, which encroached, directly or indirectly, on their sovereign economic, political and social rights. The United Nations must therefore adopt effective measures at the international level to protect those countries from the threat which the increasing expansion of multinational corporations represented. The main emphasis in the study to be undertaken by the Study Group should therefore be on the impact of those corporations on developing countries. Despite inadequate information, it was already clear that the corporations were used by monopolistic circles as a weapon for interfering in the developing countries' affairs, in violation of their national sovereignty and independence. In particular, they hampered the nationalization of foreign property and other progressive measures, infringed national sovereignty over the exploitation of natural resources, undermined national development plans and diverted resources away from development, created balance-of-payments fluctuations through their currency operations and hindered national trade policies. In addition to those aspects, the study should take into account the widespread concern expressed by national and international trade unions at the labour policies of international monopolies, which often failed to grant social benefits and in some case prohibited the establishment of trade unions at all. In that connexion, the Soviet delegation fully supported the statement submitted by WFTU (E/NGO/3).

The study should also cover the effects of multinational corporations on world trade, currency crises, employment and other issues of immediate relevance to developing countries, in accordance with Council resolution 1721 (LIII). The Council should ensure that the Study Group was not artificially sidetracked from its main task. It should be noted that the membership of the Group was not balanced, since most of its members came from capitalist countries.

Mr. GORAJEWSKI (Poland) said that the events of the past year had confirmed that the Council's interest in the activities of multinational corporations was fully justified, since those corporations, in addition to their usual activities, had intensified their speculation on international money markets and had helped to aggravate the crisis of the Western currency system. As the representative of France had stated in the general debate (1866th plenary meeting), they were insensitive to the national characteristics of the countries in which they operated and largely invulnerable to any action taken by those countries to deal with them. Their activities in developing countries, which did not have the means to defend themselves against encroachment, were a major factor in increasing the inequalities in development between developing countries and developed capitalist countries.

Multinational corporations had an adverse effect on the social situation of workers in the countries in which they operated. As WFTU noted in its statement (E/NGO/3, p.1), multinational enterprises often used their economic power to exert pressure on Governments to adopt social policies restricting the economic, social, cultural and trade-union rights of workers, and, in several cases, had concluded international agreements designed to limit the collective bargaining power of workers at the national and international levels.

One year after the adoption of Council resolution 1721 (LIII), the membership of the Study Group had only just been completed. The Group should therefore set about its task in a spirit of urgency since the resolution stipulated that its report should be submitted to the Council at its fifty-seventh session, at the latest. The quality of the report should not, however, be sacrificed to considerations of urgency. His delegation did not doubt that all the members of the Group were highly qualified, although it had some misgivings about the question of geographical distribution in the Group. It noted the regrettable absence of any representatives of the international trade-union movement, and hoped that the Secretary-General would hold extensive consultations with the representatives of various circles and interest groups. In view of the importance of the Group's work, it would be useful if the Secretary-General could submit a further progress report to the General Assembly on the preparation of the study following the forthcoming meetings of the Group.

The CHAIRMAN said that the Council Committee on Non-Governmental Organizations, acting in accordance with Council resolution 1296 (XLIV) and rule 86 of the rules of procedure of the Council, had recommended in its report (E/5375) that ICFTU, a non-governmental organization in category I consultative status, should be heard by the Economic Committee on agenda item 14.

If he heard no objection, he would take it that the Committee endorsed that recommendation.

It was so decided.

Mr. van der VEKEN (International Confederation of Free Trade Unions), speaking at the invitation of the Chairman, said that the phenomenal development in the size and power of multinational companies presented a new and fundamental challenge to the trade-union movement. Those companies owed no allegiance to any country, escaped democratic control in many ways, rarely accepted any social responsibility and were guided primarily by motives of expansion and profit maximization. Their uncontrolled growth throughout the world obviously had serious implications not only for trade unions but also for Governments.

The exploitation by multinational companies of low wage rates in order to boost profits inevitably aroused the hostility of labour in capital-exporting countries, which could be used to encourage protectionism, with disastrous effects on international trade and economic growth. There was virtually no official control in capital-exporting countries to ensure that overseas investments promoted fair labour standards in recipient countries; the effects of multinational corporations on the economy, social conditions and development must therefore be examined and their power brought under public, democratic control. Trade unions in developing countries, which were well aware of the importance of capital and technological expertise for economic growth, had no wish to discourage the flow of investment to their countries. ICFTU supported that view in the conviction that to stop private investment would raise new obstacles to narrowing the economic and social gap between the developed and developing countries. But those trade unions were not prepared to accept the growing practice on the part of Governments of offering all kinds of incentives to attract foreign investment, including anti-trade-union measures, instead of promoting regionally co-ordinate investment-attraction schemes. The preparation and implementation of a code of behaviour for multinational corporations was therefore a matter of the greatest urgency.

To that end ICFTU and the International Trade Secretariats associated with it had established a working party to evolve an international trade-union strategy for dealing with problems created for working people by the operations of multinational companies. Its next meeting would be particularly concerned with problems arising from their activities in Asia. ICFTU welcomed the interest shown by the United Nations in the matter, and particularly its decision to establish a study group of eminent persons to examine the impact of multinational corporations on the development process and on international relations. It was, however, extremely regrettable that it had not been found possible to include a single international trade-union expert in the Study Group, and it was difficult to see how, in the absence of such an expert, it would be possible to secure a balanced view of the important social aspects of the problems it was to examine. ICFTU sincerely hoped that that obvious gap in the Group's membership could still be made good. In any event, it would give its utmost co-operation in making the study a success.

Mr. IHAF-UL-HAQUE (Pakistan) noted that although no reference had been made in resolution 1721 (LIII) to the question of geographical distribution, there seemed to be a certain lack of balance in the membership of the Study Group.

He wished to draw attention to a mis-statement of fact in the Secretary-General's progress report (E/5334 and Corr.1), in paragraph 8 of which Mr. Jha of India was described as Governor of Jammu and Kashmir. As the Committee was aware, the final status of the State of Jammu and Kashmir was still in dispute and the question was before the Security Council. United Nations documents should therefore at least contain a disclaimer to the effect that no position was being taken on the matter by the United Nations. He therefore suggested that an asterisk should be placed after the word "Kashmir" and a footnote added to read: "The final status of the State of Jammu and Kashmir is still under dispute and before the Security Council".

The CHAIRMAN pointed out that the matter referred to by the representative of Pakistan had been exhaustively discussed at the fifty-fourth session of the Council, when it had been decided that the differing points of view would be fully reflected in the Council's records. 7/

Mr. JAIN (India) agreed that the matter had been fully discussed at the fifty-fourth session. At the insistence of the Pakistan delegation, the Legal Counsel had given a ruling 8/ which had been accepted by all members of the Council. He would therefore have thought that the matter had been settled, and it was highly regrettable that it had been raised again. The State of Jammu and Kashmir was an integral part of India, and it was wrong to say that its final status was in dispute. In any event, the description of Mr. Jha's position was perfectly accurate and could not be challenged.

7/ See E/AC.6/SR.632.

8/ Official Records of the Economic and Social Council, Fifty-fourth Session, 1856th plenary meeting.

Turning to the item under consideration, he said that the study of the impact of multinational corporations on the developing process and on international relations would be very important in assessing the progress made in implementation of the International Development Strategy. It was to be hoped that the findings and recommendations of the Study Group would be available in time for the mid-term review and appraisal.

It would have been very useful if the background documents mentioned in paragraphs 9 and 10 of the Secretary-General's progress report (E/5334 and Corr.1), had been available so that members of the Committee could have commented on them.

He suggested that the material made available to the Study Group should include the comments made in the Council and other bodies and in the discussions on sovereignty over natural resources, particularly at the meetings of the Security Council held in Panama in March 1973. Moreover, attention should be drawn to resolutions of the Conferences of Non-Aligned Countries.

In his progress report the Secretary-General stated that the main document to be submitted to the Group "will also review existing policies in response to operations of the multinational corporations and attempt to evaluate some proposals for national, regional and international action" (*ibid.*, para. 10). He hoped that the document would confine itself to providing factual information, and not seek to influence the work of the Group.

He welcomed the statement that the Secretary-General planned to arrange for some 20 to 30 persons from Governments, business, the academic world, trade unions and interest groups well versed in various aspects of the subject to make their views available to the Group (*ibid.*, 13 (c)). The Group might prepare a questionnaire for circulation to the organizations concerned or even to multinational corporations and Governments, with the aim of collecting factual, non-controversial information. No interested party should be able to say that it had not been consulted.

He hoped that Member States would be provided with copies of the background document so that they could make their comments to the Secretary-General or to the Group itself.

The progress report had stressed the important work done by UNCTAD, the ILO and other bodies on the study of restrictive practices. That work, together with the views of trade unions and the useful points made by WFTU in its statement (E/NGO/3), should be taken fully into account.

Mr. de SEYNES (Under-Secretary-General for Economic and Social Affairs) thanked speakers for their comments, which the Secretariat had noted. The Study Group would of course be kept fully informed of the Secretariat's work and of any discussions on the subject.

There was a discrepancy between the English and French texts in the last sentence of paragraph 3 of the Secretary-General's report (E/5334 and Corr. 1), which had led to a comprehensible misunderstanding by the representative of Algeria. There was a big difference between "accountability" and "responsabilité": the term in English, which was the original, implied that the corporations were answerable to the international community, but not that any powers had been conferred upon them by it. The idea that they should render an account of

themselves to the international community had been at the origin of resolution 1721 (LIII). Clearly, by their very nature, multinational corporations escaped governmental control, while national companies did not. By referring to the "beneficial effects" of the corporations, in the same paragraph, the Secretary-General had believed that he was faithfully interpreting paragraph 50 of the International Development Strategy.

It was not accurate to say that there would be no trade-union representative on the Group, since Mr. Matthoeffler, Head of the Economic Department of the Industrial Metal Workers Labour Union, currently seconded to the Development Ministry of the Federal Republic of Germany, had agreed to become a member of the Group after numerous consultations with trade-union circles.

Geographical distribution in the type of group under discussion could not be exactly the same as usual since multinational companies affected different parts of the world in different ways. However, the Secretariat had tried to keep as closely as possible to the traditional geographical distribution, and any imbalances could be corrected in the course of the consultations to be held by the Secretariat.

Mr. SANTA CRUZ (Chile) pointed out that, although Mr. Matthoeffler was an eminent trade unionist, he was currently in the service of the Government of the Federal Republic of Germany. He agreed with the comments by the representative of ICFPU on the membership of the Group.

The idea of soliciting the collaboration of persons in Governments, business, the academic world, trade unions and interest groups was a good one which might help to attain the desired balance (E/5334, para. 13 (c)).

He hoped that the statements made by non-governmental organizations would not be forgotten in the background material to be submitted to the Study Group. The comments made in the debate should be brought to the attention of the Group, which should also be provided with all the material mentioned by the Indian representative. Other useful material was to be found in the discussions held in the Co-ordination Committee on the Charter of Economic Rights and Duties of States and by OAU and OAS on sovereignty over natural resources.

Mr. BRAHIM (Algeria) said that he still disagreed with the phrase "so as to maximize the beneficial effects of multinational corporations on development and to reduce the tension and problems which have developed in connexion with their operations". Paragraph 3 of the Secretary-General's progress report did not reflect the meaning of paragraph 50 of the International Development Strategy, which contained nothing about maximizing the effects of multinational corporations. The text should be revised, perhaps with the help of the French representative.

Mrs. TALLAWY (Egypt) pointed out that out of 20 persons appointed to the Study Group only 9 were from the developing countries. Since the Group was going to discuss a matter closely related to the problems of the developing countries, the two groups of countries should be equally represented.

She wondered on what basis the Secretary-General had approached the persons in question. The ideas of some of them were well known and could hardly be considered favourable to the developing countries. Her delegation therefore reserved its position concerning the composition of the Group and thought that the text of any resolution adopted should draw the matter to the attention of the General Assembly.

She had hoped that at its current session the Council would have been able to give an outline for the first meeting of the Group, or at least indicate the kind of work the Group was to discuss. In future, her delegation would like UNIDO to be consulted on preparations for the work of the Group.

Mr. HALASZ (Hungary) said that his delegation regretted that the Study Group lacked the balance demanded by the Council in its resolution 1721 (LIII), where it stated that the Group should be chosen on a broad geographical basis from persons intimately acquainted with international economy, trade and social problems. It was therefore unfortunate that the international trade-union movement was completely unrepresented in the Group. The participation of more persons specializing in political science and economics would also have been desirable. In selecting the eminent persons the Secretariat had not followed the principle of equitable geographical distribution. The membership of the Group was unbalanced. Its task was to examine the harmful activities of multinational corporations in the developing countries, and his delegation was therefore unhappy that it was to contain a considerable number of directors of private corporations.

His delegation agreed with the proposal that the first meeting of the Group should take place from 4 to 14 September 1973 in New York, (E/5334, para. 4 (b)), but felt that it would be better to leave it to the Group itself to decide on the time and place of its subsequent meetings.

He enquired when the Group's documentation would be submitted to the Council.

Mr. de SEYNES (Under-Secretary-General for Economic and Social Affairs) replied that the documents were in the process of reproduction and would be circulated shortly.

The CHAIRMAN suggested that the discussion on the item should be closed.

Mr. NARKHUU (Mongolia) proposed that the discussion should continue at the next meeting, at which time his delegation would like to make a statement.

The CHAIRMAN suggested that the Mongolian representative should be allowed to make his statement at the following meeting.

It was so decided.

The CHAIRMAN proposed that the Committee should adopt the following draft decision:

"The Economic Committee recommends the following draft decision for adoption by the Economic and Social Council:

"The Economic and Social Council takes note of the progress report of the Secretary-General (E/5381) regarding appointments to the Study Group on the impact of multinational corporations on the development process and on international relations and regarding other arrangements for the implementation of Council resolution 1721 (LIII) and of the comments thereon."

Mr. PEKSHEV (Union of Soviet Socialist Republics) approved of the draft decision proposed by the Chairman but wished to add at the end of the text the following phrase: "... which would be brought to the attention of the Group."

The draft decision proposed by the Chairman, as amended by the inclusion of the phrase suggested by the Soviet Union, was adopted.

DEVELOPMENT PLANNING AND PROJECTIONS (item 6 of the Council agenda) (continued)* (E/5293 and Corr.1 and Add.1/Rev.1)

Mr. BIRSEL (Turkey) said that his delegation greatly appreciated the objective and scientific attitude of CDP in its report (E/5293 and Corr.1). It was convinced that that Committee was capable of fulfilling its role in connexion with the first overall review and appraisal of progress in implementing the International Development Strategy. In that exercise, the need was above all to identify the problems of development peculiar to each developing country and find solutions to those problems. In his delegation's view, a global approach made it hard to identify the special problems of each developing country. As CDP had rightly noted (ibid., para.22), the gaps between the various countries should lead the international community to make an increasing study of subgroups, and had identified some such subgroups. The UNCTAD Secretariat had also grouped the developing countries into several categories in order to assess the progress made in implementing the International Development Strategy. 9/ Those categories included the petrol-exporting countries, those exporting manufactures, densely populated developing countries and the least developed countries. His delegation agreed with the classification but felt that other subgroups should be added. The UNCTAD studies, although excellent as far as they went, were regrettably incomplete because they did not cover all the developing countries. The statistics used were taken from the Handbook of International Trade and Development Statistics, 10/ which left out some developing countries, including Turkey. His delegation felt sure, however, that the Secretariat would take note of the remarks he had already made in that connexion during the discussions on agenda item 4 (642nd meeting).

UNDP was making a study of different criteria to determine an equitable basis for establishing the IPFs for the developing countries. 11/ That study might also be taken into account in determining each country's place in the development scale.

* Resumed from the 648th meeting.

9/ See explanatory notes, paragraph 1, contained in the report by the UNCTAD secretariat entitled "The recent economic experience of developing countries in relation to the goals and objectives of the International Development Strategy" (TD/B/429/Rev.1/Add.1) (to be issued as a United Nations publication).

10/ United Nations publication, Sales No.: E/F.72.II.D.3.

11/ See the reports of UNDP on its fifteenth session (Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No.2, chap.II, sect.F) and on its sixteenth session (ibid., Supplement No. 2A, chap.II, sect. D).

It was important to avoid facile generalizations concerning the developing countries which might lead to erroneous conclusions. In appraising and perhaps eventually revising the Strategy it was essential to look at the developing countries' problems in terms of their real individual interests. His delegation was happy to see that CDP had understood that point.

The meeting rose at 6.5 p.m.