

SUMMARY RECORD OF THE SIX HUNDRED AND FIFTY-SECOND MEETING

held on Monday, 30 July 1973, at 11.10 a.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) (concluded) (E/5334 and Corr.1, E/NGO/3)

Mr. NARKHUU (Mongolia) said that Mongolia attached great importance to co-operation among States in every field, on an equal footing and with due respect for each country's sovereignty, so as to create favourable conditions for speeding up the economic and social development of the developing countries. In considering the question of the impact of multinational corporations on the development process and on international relations, the Council was making a vital contribution to the General Assembly's review of the activities which obstructed the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (resolution 1514 (XV) of the General Assembly). The General Assembly had already condemned and strongly criticized, at its twenty-seventh session, in particular, the methods used by economic groups which established themselves in countries where they served to strengthen a colonialist régime, thus acting in conflict with that Declaration (see General Assembly resolution 2979 (XXVII)).

Multinational corporations had a detrimental impact on the progress of the developing countries, an impact which was accentuated by their expansion. They were actuated solely by the internal logic of capitalism and it was the profit motive which led them to establish themselves in the developing countries in order to exploit their human and natural resources. They maintained an inequitable international division of labour. They made every effort to avoid control of any kind and engaged in corruption, manipulation and even intervention in the internal affairs of States. Hence, their activities worsened the living conditions of the peoples, impeded the economic and social development of States, threatened their political and economic independence and infringed their sovereignty. As pointed out in the statement of WFTU (E/NGO/3, p. 2), these corporations paved the way for new forms of neo-colonialist domination, exploitation and oppression. They were responsible for the instability of the commodity markets from which the developing countries were suffering.

He welcomed the measures taken by the Secretary-General to give effect to Economic and Social Council resolution 1721 (LIII). In studying the matter, the Council might draw attention to the harmful effects of multinational corporations on the economic and social development of the developing countries, and frame recommendations which would lead to the elimination of a dangerous anachronism. Any study based on the desire to whitewash the multinational corporations would be of no interest or value and would run counter to both the established objectives and spirit of the United Nations Charter. Like a number of those who had spoken before him, he had noted with concern that the developing countries were not adequately represented in the group of eminent persons which was to study the matter. The representatives of all countries that had experienced the harmful effects of multinational corporations should have an opportunity to play a positive part in that group.

SECOND UNITED NATIONS DEVELOPMENT DECADE: REVIEW AND APPRAISAL OF PROGRESS IN IMPLEMENTING THE INTERNATIONAL DEVELOPMENT STRATEGY, INCLUDING A FURTHER DISCUSSION OF COLLECTIVE ECONOMIC SECURITY (item 4 of the Council agenda) (continued)* (E/5275, part III, Quito Appraisal)

Mr. VALDEZ (Observer for Ecuador), speaking at the invitation of the Chairman, said that Ecuador, which had acted as host to the fifteenth session of ECLA, in May 1973, shared the views expressed by the representatives of the developing countries on regional co-operation. So far as the review and appraisal were concerned, the Quito appraisal (see E/5275, part III) had shown that the first results of the International Development Strategy had been disappointing for the developing countries. He hoped that greater efforts would be made to achieve the objectives of the Second United Nations Development Decade.

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

Mrs. SENTRYULEVA (Union of Soviet Socialist Republics) said she wished to stress once again that in appraising the progress so far made in implementing the International Development Strategy, it was necessary not simply to analyse quantitative progress, such as the rate of industrial growth, but also to take into account qualitative progress, particularly in social matters. Her delegation therefore approved the comments and recommendations made on that subject by CDP in its report (E/5293). However, it rejected the statement that the détente in international relations, which had been expected to create greater opportunity for development support, had temporarily had the opposite effect (ibid., para. 29). On the contrary, it was necessary to explore the possibilities opened up by the improvement in the international climate, since the relaxation of tension was a prerequisite for an increase in development aid. CDP had rightly stressed the importance of measures to combat mass poverty and underemployment (ibid., para. 87), but had not sufficiently emphasized the importance for the developing countries of radical changes in their economic and social structures (tax reform, production co-operatives, greater control over private and public enterprises), or the difficulties they were facing because of the current monetary crisis. The agreements which the Soviet Union concluded with the developing countries guaranteed that its commitments would be honoured whatever the economic situation.

As the idea of global planning was gaining ground, advantage could usefully be taken of the experience of the socialist countries in that respect, particularly in view of the constant improvements made by those countries in their planning methods so as to adapt them fully to current problems. Valuable examples were also to be found in the methods of co-ordination at different levels adopted by the COMECON countries so as to make optimum use of the different countries' resources.

Mr. KUNIYASU (Japan) said that his delegation generally agreed with the conclusions reached by CDP, as expressed in paragraphs 102 to 105 of its report (E/5293). It admitted that the question of identification was by its very nature an extremely difficult problem. It also believed that, if the developing countries were to receive the most effective and appropriate assistance possible from the developed countries, and if a smooth operation of such assistance in the developed countries was desired, it was necessary to adopt an item-by-item and country-by-country approach. His delegation supported the suggestions for the future work of CDP namely, that it should hold at least one session a year (ibid., para. 109) and

* Resumed from the 644th meeting.

held its tenth session, in 1974, at Vienna (para. 112), provided that the subject of industrialization was discussed in a broad perspective and that also the links of industry with agriculture and other sectors was discussed, as well as the question of how one supplemented the other.

Mr. DUALI (Chile) said that it was too soon to pass final judgment on the results of the second United Nations Development Decade, but it was already clear that the attainment of the targets, instead of drawing closer, was becoming daily more remote. The international community should therefore recognize the problems involved and restore to development the priority it had lost, taking advantage of the new possibilities opened up by the improvement in the international climate. Measurements of economic growth were, however, no longer sufficient for the purpose of evaluating the progress made; account also had to be taken of the repercussions of economic changes on the social situation, particularly such demographic factors, unemployment, health, food and housing. The CDP had also drawn attention to the decline in agricultural production (ibid., para. 74). In Latin America, land reform was proceeding slowly, although it had speeded up in many countries. Industrialization had not achieved the desired rate, for want of adequate external aid. But although the developing countries had not all made sufficiently energetic efforts to bring about structural changes, their endeavours to do so had often been impeded by external factors, notably the lack of political will on the part of the developed countries to grant them financial aid, technical assistance and access to their markets. Apart from the International Cocoa Agreement, concluded in October 1972, little progress had been made in the matter of commodities, and the developed countries had not made much effort to promote the industrialization of the developing countries.

The picture with regard to development financing was even more discouraging; not only had the objectives of the International Development Strategy not been attained but the results fell short of those achieved in the first Development Decade. Chile therefore supported the appeal made to the rich countries to transfer more resources to the developing countries, to liberalize loan terms and to adopt a supplementary financing plan modelled on the IMF compensatory financing facility. The review and appraisal exercise afforded an opportunity to take the needs of the developing countries adequately into account and in particular to establish a link between SDRS and development aid. The idea of imposing a tax on the exploitation of natural resources situated outside the territorial limits of States, (ibid., para. 60) put forward in connexion with the question of the exploitation of the sea-bed, should be adopted, because these resources were the heritage of all mankind, and particularly of the developing countries, and should be exploited under international supervision.

With regard to the multilateral trade negotiations, for which the preparatory work had just been concluded, a new international order was being established and it would be desirable to seize the opportunity to recognize the difficulties of the developing countries and give them preferential treatment. It was regrettable that the final document prepared for the Ministerial Meeting in Tokyo^{1/} had not made their situation sufficiently clear. The countries of the Andean Group therefore had reservations concerning the agreements concluded, but that did not

^{1/} See GATT, "Report of the Preparatory Committee for Trade Negotiations" (MIN(73)W/2 and Add.1).

mean that they were unwilling to participate in the Tokyo negotiations. It must, however, be acknowledged that some developed countries had shown great understanding with respect to the developing countries, and Chile associated itself with the appeal made to the United States of America to apply the GSP without further delay.

Mr. OLIVERI LOPEZ (Argentina) said he supported most of the comments and recommendations made in the report of CDP (E/5293) but had reservations on certain ideas which he believed to be dangerous. He fully agreed with that Committee on the need to promote integrated development (*ibid.*, para. 101), which was of course not synonymous with economic growth but, at the current stage of implementation of the International Development Strategy, he was not in favour of calling its basic elements into question. The Committee was now clearly moving towards the adoption of new criteria, such as the unified concept of development. His Delegation was willing to study such criteria in keeping with the dynamic approach which should govern the Strategy but could only accept them in so far as they were compatible with the objectives already fixed for the Second Development Decade. In that respect, it shared the view expressed in plenary by the Brazilian representative (1872nd plenary meeting). Moreover, it could not agree that, through the medium of social objectives, a theoretical classification of the developing countries should be established, in which they would be assigned to abstract categories that would necessarily be arbitrary, given the special features of each region and country. In that respect, it regretted the statement by CDP that "the subject of appropriate country classifications will form part of the future work programme of the Committee" (E/5293, para. 104). Neither Council resolution 1726 (LIII) nor any other text adopted by an organ of the United Nations system authorized CDP to undertake a classification of the developing countries other than that distinguishing the least developed from the rest. While his delegation did not disregard the situation of the land-locked countries, which had already been taken into consideration in paragraph 59 of the Strategy or the possibility of taking into account in the assistance programme the situation of some other particularly backward countries or the special case of certain island countries, it could not agree that the Committee should orient its work towards the identification of theoretical categories of developing countries, since that would lead to discrimination. It would divide the developing countries, which were now united in the common struggle against the external obstacles which impeded the realization of their aspirations.

Mr. CHANG HSIEN-WU (China) said that his country firmly supported the just cause of other developing countries which were striving to defend their national sovereignty and economy. It supported General Assembly resolution 2768 (XXVI), relative to the identification of the least developed among the developing countries, which provided for the granting of increased assistance to the 25 least developed among the developing countries, and considered that the appropriate organizations in the United Nations system should take special measures in the spheres of trade, aid, transport and the transfer of technology to help these countries to accelerate the development of their national economy and thus to emerge from their poverty and under-development. His delegation noted that CDP had decided, at its ninth session, to include in its work programme the question of the classification of the developing countries (see E/5293, para. 104). In the opinion of his delegation, (*ibid.*) the developing countries had had approximately the same experiences and were in a similar situation. They were fighting together for their economic independence against imperialism, colonialism, neo-colonialism and the hegemony of the major Powers. These common interests should be taken into account in the

classification of countries, which should strengthen the unity of the developing countries without creating artificial complications. The practical situation of the developing countries varied with each individual case; it was therefore difficult to divide them into classes or categories on the basis of one or two criteria. In classifying countries, therefore, it would be necessary to take account of the views of the developing countries.

Mr. TANIK (United States of America) said that, in the opinion of his delegation, the report of CDP on the first over-all appraisal of the implementation of the International Development Strategy (E/5293, chap. I) represented an important contribution to the review process. It did not share the pessimism expressed by certain delegations concerning the assistance given by the developed to the developing countries in the sectors of trade and production, except in connexion with agriculture. Moreover, it had some reservations concerning the practical value and desirability of the new forms of aid suggested in the report (ibid., chap. I, sect. B).

With regard to the future work programme of CDP, his delegation noted that it intended to continue to study the question of appropriate country classification methods and the identification of the least developed countries at the time of the mid-Decade appraisal to be undertaken in 1975 (ibid., para. 104). It also noted the interest which a number of Governments had expressed in that question in the Committee on Review and Appraisal, as well as the criticisms levelled against the existing list. Obviously, whatever the outcome, the work done on that question would lead to a simple recommendation which the Council would be free to accept, reject or amend.

His delegation also noted with satisfaction the intention of CDP to examine the principal aspects of industrialization in developing countries (ibid., para. 112), which was currently regarded as one of the most effective means of modernizing and diversifying the economies of those countries. In his opinion, the major part of that study should be carried out in 1974 as part of the preparations for the mid-term review in 1975.

His delegation was glad to learn that CDP intended to devote most of its 1975 session to certain aspects of the mid-Decade review of progress, and in particular to questions relating to the measurement of development and the concept of "net beneficial product", (ibid., para. 115) whose importance it had emphasized at the second session of the Committee on Review and Appraisal in New York.

Mr. IPARRAGUIRRE (Spain) said that the conclusions and recommendations of CDP on the first over-all appraisal of the implementation of the International Development Strategy, which was contained in chapter I of that Committee's report on its ninth session (E/5293 and Corr. 4), had already been considered by the Committee on Review and Appraisal (see E/5316, chap. II). He would therefore not comment in detail on chapter I, which was in fact excellent, but would merely make some observations on chapter II, and in particular on the very important question of the identification of the least developed among the developing countries. His delegation had on several occasions stressed the great diversity of the process of development and the consequent need to adopt, at both the national and the international level, diversified policies to ensure the economic development of all countries.

In its report (E/5293, paras. 104 and 105) CDP had stated that it was necessary to revise the criteria used for the identification of the least developed countries, while at the same time adopting a practical and flexible approach to the definition of the beneficiary countries and the advantages accorded to these countries. He therefore suggested that the special treatment accorded to the least developed countries might be extended to countries which did not belong to that category, but which were particularly disadvantaged or were encountering certain difficulties, such as the land-locked countries. That Committee considered that the two-fold classification of the developing countries as "the least developed" and "the rest" was an over-simplification. That idea enriched the actual concept of the International Development Strategy. The Strategy, as formulated in 1970, was based on an over-simplified conception of the world economy, which distinguished between two worlds, the developed world and the developing world, whose resources, rights and obligations differed. It was necessary to go beyond that preliminary analysis and to work out a more detailed classification which would distinguish groups within the category of developing countries. The definition of a "hard core" of least developed countries^{2/} constituted a first step towards the formulation of a more precise and effective typology, and the concept of efforts to combat under-development had been the subject of more detailed study. On the basis of the over-all targets set in the Strategy (GNP, per capita income, etc.), it had been possible to set more precise objectives, such as the elimination of poverty and unemployment and the determination of a minimum standard of living, which reflected a greater understanding of the world situation, but which also required the development of more sophisticated indicators. He appreciated the scientific and realistic point of view adopted by CDP and hoped that it would continue its efforts and would reach conclusions which were valid for the second review.

With regard to the frequency of the sessions of CDP, its programme objectives and arrangements for future work, his delegation supported the CDP proposals (ibid., chap. III) and was confident that it would continue to give the Council valuable assistance.

Mr. KOSMIDER (Poland) said that the value of the report of CDP on its ninth session (E/5293) lay in its analysis of the extent to which the objectives of the Second United Nations Development Decade had been attained, in the light, not only of the new elements in the world economic situation, but also of the new trends and concepts which the changing situation had brought to light. Hasty conclusions should be avoided, however, and it would be particularly unwise to attempt to revise the fundamental objectives of the International Development Strategy at a time when only two years had elapsed since its inception and the progress achieved could not yet be accurately assessed because the necessary statistics were not available. Politically speaking, the premature revision of the Strategy objectives would cast doubt on the value of all the preparatory work which it had very recently occasioned, and would prevent a genuine appraisal of the results achieved. That was why his delegation did not consider, for example, that the time had come to change the objectives of the world demographic policy which had been adopted in the Strategy.

^{2/} See the report of the Committee for Development Planning on its seventh session (Official Records of the Economic and Social Council, Fifty-first Session, Supplement N. 7 (E/4990)), chap. II, sect. B.

He did not, however, underestimate the importance of a unified socio-economic approach to development. The socialist countries took pride in having devised and practised that philosophy of development. What was now required was to carry out specific measures at the international and national levels. CDP had not, however, been sufficiently explicit on that point in its report and it should examine the question in greater detail at its forthcoming sessions.

His delegation thought that CDP should similarly devote more attention to over-all economic co-operation. In view of the current economic, financial and monetary crisis, efforts to find solutions should be made on a more universal basis than ever and consideration should be given to the interests of all groups of States. For the moment, however, the importance of the transfer of resources for development was too frequently exaggerated, whereas too little importance was attached, for example, to the rationalization of the international division of labour or the expansion of economic and trade relations between the various groups of States.

For the time being CDP did not propose any changes in the list of the least developed among the developing countries, but it believed that a two-fold classification of the developing countries as "the least developed" and "the rest" was not sufficient for the purpose of policy making at the international level (*ibid.*, para. 104). That somewhat hasty conclusion was perhaps correct, but in the opinion of his delegation, it would be dangerous to apply it on a systematic basis.

His delegation welcomed the fact that the CDP intended to devote its tenth session to the question of industrialization (*ibid.*, para. 112). On that occasion it should not confine itself to determining the place and role of industrialization in the development process, but should also study the relations between industrialization and regional integration, co-operation among developing countries themselves, and industrial co-operation in its various forms.

In conclusion, he proposed that the Council should simply take note of the report of CDP, since it would be called upon to study most of the questions taken up in that report on the occasion of the first review and appraisal exercise.

Mr. MARTIN (Canada) considered that CDP was to be commended on its report. His delegation in general supported the work programme outlined by CDP (E/5293, para. 115). In particular, his delegation endorsed the Committee's intention to consider the possibility of devising sophisticated instrument for the measurement of development than the per capita gross domestic product. The Canadian Government itself had already noted the shortcomings of that indicator but had not succeeded in determining a more satisfactory instrument.

Mr. ABHYANKAR (India) said he agreed that CDP was doing outstanding work. The Indian authorities studied all its reports with the greatest attention.

His delegation had already had an opportunity to express its views on most of the major questions studied by that Committee which were also before the Council. With regard to the identification of the least developed among the developing countries, it was in general agreement with the approach CDP had adopted to the problem (*ibid.*, paras. 102-105). In particular, it should be understood that any

general list of the least developed countries should not be used in an inflexible manner, but rather in a pragmatic way. In any event, there could be no question of establishing a new list of such countries without completely reliable analytical and statistical data.

The tenth session of CDP, which was to be devoted to the question of industrialization, would provide very useful data for the review and appraisal exercise scheduled for 1975. He would comment at a later stage on the financial implications of the Committee's recommendation that its tenth session should be held in Vienna (E/5293/Add.1/Rev.1).

He would also revert later to the question of the frequency of the sessions of CDP (E/5293, para. 109). He considered that, in general, the conclusions reached by CDP on that question were sound.

Mr. KETTAB (Algeria) said that, in connexion with the measures to be taken by the developing countries, CDP could have highlighted the difficulties for such countries arising from world-wide inflation. Since there was a danger that the world crisis would continue, CDP should undertake a more detailed analysis of that phenomenon. It would then see that, when loans intended to finance the establishment of industrial units were expressed in currencies subject to wide fluctuations, the developing countries suffered heavy losses. With regard to the identification of the least developed among the developing countries, CDP had wisely demonstrated the need to group together those countries which were in need of special assistance and had proposed a number of simple criteria for their identification (E/5293, paras. 104 and 105). It would be extremely useful if, before 1975, CDP could carry out a separate study of the international measures taken for the benefit of these countries since the beginning of the Decade.

In the opinion of CDP an industrial design should be worked out under the new approach to development (ibid., para. 86); he acknowledged that it would be extremely useful if CDP were to investigate the reason why much of the industrial capacity of the developing countries still remained unused. That new design, which was different from the traditional forms of industrialization advocated so far in international bodies, should be proposed to the developing countries as early as possible.

The decision of CDP to devote its tenth session to the subject of industrialization (ibid., paras. 112 and 113) was in fact welcome. It should not limit itself to studying industrialization in its global aspects, but should take up the questions of regional integration in respect of industrialization and co-operation among the developing countries.

The CHAIRMAN noted that the general debate on agenda item 6 had been completed and suggested that the Committee should adopt the following draft decision:

"The Economic Committee recommends to the Council the adoption of the following draft decision:

"The Economic and Social Council takes note of the report of the Committee for Development Planning on its ninth session (E/5293) and endorses the Committee's arrangements for its sessions of 1974 and 1975, as set out in chapter III of the report."

Mrs. SENTRYULEVA (Union of Soviet Socialist Republics) said that her delegation had no objection in principle to the work programme of CDP, but if that Committee wished to hold its tenth session in Vienna, that should not entail any additional expenditure. If any such expenditure was entailed, as it would appear from the statement of the financial implications contained in the note by the Secretary-General (E/5293/Add.1/Rev.1), CDP should meet at Headquarters. She proposed that the Economic Committee's draft decision should be worded as follows:

"The Economic and Social Council takes note of the report of the Committee for Development Planning on its ninth session (E/5293), as well as the proposals concerning its sessions of 1974 and 1975, as set out in chapter III of the report."

Her delegation would then reserve the right to raise the question of the financial implications of those proposals in the Fifth Committee of the General Assembly.

The meeting rose at 1.10 p.m.