

by the observer for Viet Nam at the 34th meeting were groundless and had already been refuted many times. The fact was that China had not a single soldier stationed outside its borders, whereas Viet Nam had several hundred thousand troops in other countries' territories. Viet Nam's war against Kampuchea and its invasion of Thailand made it clear which country was the aggressor and expansionist. Viet Nam had also stepped up its provocative acts in the border areas of Kwangxi and Yenan and along other parts of its frontier with China, seeking Soviet support for its regional hegemony and trying to divert the international community's attention from Vietnamese aggression against Kampuchea and Thailand and from the Soviet Union's invasion of Afghanistan.

43. Mr. TE SUN HOA (Observer for Democratic Kampuchea), speaking in exercise of the right of reply, said that it was fruitless for Viet Nam to claim that Democratic Kampuchea no longer existed. With regard to Viet Nam itself, the Council had already heard more than enough evidence not only of that country's aggression against others but of its inhuman acts against its own people.

44. Mr. HASSAN (Egypt), speaking in exercise of the right of reply, said that Egypt had stated many times that it made no claim to speak on behalf of the Palestinian people; it was up to the Palestinians themselves to decide their own future. In concluding the Camp David agreements, Egypt had done no more than put the Palestinian cause on the road towards a just solution. No one could deny Egypt's past efforts for that people, for whose full political rights it continued to strive.

45. Mrs. PHAN THI MINH (Observer for Viet Nam), speaking in exercise of the right of reply, said that the negative attitude of China and the United States of America towards economic co-operation with her country contravened the principles of multilateral aid set forth in the various decisions of the Council and the General Assembly, and in particular General Assembly resolution 32/3 concerning assistance for the reconstruction of Viet Nam. History

would judge those who were responsible for such economic aggression against her country, and the international community could judge for itself whether Viet Nam, weakened as it was from years of war, could really indulge in the sort of provocative and expansionist behaviour against much stronger neighbours of which it was being accused.

## AGENDA ITEM 2

### Adoption of the agenda and other organizational matters (*continued*)\* (E/1980/L.43 and Corr.1)

46. The PRESIDENT reminded the Council that at its 23rd meeting the Government of Venezuela had orally invited the Committee on Crime Prevention and Control to hold its sixth session at Caracas, immediately after the Sixth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, to be held at Caracas from 25 August to 5 September 1980. The invitation had been confirmed in a letter addressed to the Secretary-General, dated 16 May 1980. The sixth session of the Committee was currently scheduled to be held at Vienna for eight working days in September 1980.

47. In a note by the Secretariat (E/1980/L.43), it was suggested that the sixth session of the Committee should be held at Caracas for five working days (from 8 to 12 September 1980) and that the agenda should be shortened accordingly.

48. If there was no objection, he would take it that the Council accepted the invitation of the Government of Venezuela and approved the provisional agenda for the session (E/1980/L.43, para. 7).

*It was so decided* (decision 1980/152).

*The meeting rose at 5.25 p.m.*

\* Resumed from the 29th meeting.

## 37th meeting

Monday, 14 July 1980, at 3.20 p.m.

*President:* Mr. Andreas V. MAVROMMATIS (Cyprus).

E/1980/SR.37

### *Tribute to the memory of Sir Seretse Khama, President of Botswana*

*On the proposal of the President, the members of the Council observed a minute of silence in tribute to the memory of Sir Seretse Khama, President of Botswana.*

## AGENDA ITEM 3

### General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. XIFRA de OCERÍN (Spain) said that the growth rate of the oil-importing developing countries was far below the requisite minimum and that their economic growth was being hampered by the recession in the developed countries. As a result of the rise in the prices of oil and essential

imports of manufactures, many of those countries were in a state of permanent external deficit, their capacity for further borrowing being endangered and as much as 30 per cent of their export earnings being absorbed in debt repayment.

2. The industrialized countries were undergoing a sharp recession; the rate of inflation, which had seemed to be easing, was again soaring. The resultant recourse to protectionist and deflationary policies was creating serious socio-economic and political consequences for those countries, as well as upsetting the equilibrium of world trade.

3. Oil-importing countries at an intermediate level of development, such as Spain, were faced with gigantic annual increases in oil prices, on the one hand, and uncompromising barriers to their exports on the other. Their own efforts to conserve energy could not be carried beyond a certain point without endangering the industry they had so laboriously built up. Alternative sources of energy would

require enormous investment and, in the case of nuclear energy, pose social and political problems.

4. The world had been in constant economic crisis for the past seven years and might still be so in a further seven years' time. A basic cause of the crisis was undoubtedly the oil price rises since 1973; however, the crisis was not temporary but structural and could be solved only by a thorough reform of the world economic order. That was precisely what the United Nations was striving to bring about, with limited success so far. But the agreement reached on the Common Fund for Commodities gave grounds for some optimism; perhaps it would mean that the problem of the International Cocoa Agreement could be solved during 1980; the Fifth International Tin Agreement, which would expire in June 1981, could perhaps be replaced by one more favourable to exporters; and, above all, it was to be hoped that a new international wheat agreement could be concluded. Despite Spain's economic situation, its contribution to the Common Fund of \$6.14 million was the eighth largest from the countries of its group.

5. At its session held in September 1979, the Committee of the Whole Established under General Assembly Resolution 32/174 had adopted a proposal by the Group of 77, according to which the global negotiations should include issues concerning raw materials, energy, trade, development and monetary and financial questions (A/34/34, annex 1, para. 2 (b)). However, the recent meetings of the Committee had achieved no real progress, despite a narrowing of differences on some points, and his delegation was profoundly disturbed at the failure to reach agreement even on matters such as the agenda and the procedure for the global negotiations and on whether they should result in binding agreements or simply recommendations. In Spain's view, the aim should be a consistent series of related agreements. But neither the problems that arose in that context, nor those connected with the new international development strategy, could be solved in the absence of political will. His delegation hoped that, at its eleventh special session, the General Assembly would look into the proposal made by the Secretary-General concerning a special financial operation for the benefit of low-income countries with serious balance-of-payments problems, which merited the support of industrialized and oil-exporting countries and of any others able to assist.

6. The failure of the latest meeting of the Committee of the Whole was the more regrettable in that the question of energy seemed likely to be among the topics for the global negotiations and the Group of 77 had evinced some flexibility with regard to the discussion of future oil supplies and prices. Three decisions were called for in that connexion. First, there must be some degree of certainty about future supplies and prices. It was quite right that the oil-exporting countries should obtain a remunerative price for a non-renewable product which was often their only source of wealth. On the other hand, the consumer countries, in order to carry out a minimum of budget and investment planning, must know beforehand the price and amount of their imports for a given period. Of course, those who imported goods from the industrialized countries were entitled to similar foreknowledge concerning manufactures. Secondly, there should be an international forum for the discussion of energy problems; the need for one had been felt for several years, although it had not been really voiced until the oil-producing countries themselves had gained control of supplies. Thirdly, a system of international financing was required for the development of conventional, new and renewable energy sources, mainly for the benefit of the oil-importing developing countries, but also for those at

an intermediate level which lacked energy sources. The Secretary-General had made a cogent suggestion in that regard. It was unthinkable that the Economic and Social Council should have to report to the General Assembly that it had made no effort to deal with that matter at the current session.

7. Mr. KHAN (Pakistan) said that the world economy was in a critical state. Recovery from the 1974-1975 recession had halted, the international monetary system was faltering, no effective international food security system had been established, energy sources were becoming increasingly scarce, and the hopes embodied in the Lima Declaration and Plan of Action on Industrial Development and Co-operation seemed doomed to disappointment. It was sad to reflect that, despite the developed world's productive capacity, degrading poverty was still the lot of some 780 million people. It was particularly unjust that, because of inflation and protectionist measures in the developed world, the poorest countries were bearing the brunt of the problems. Their balance-of-payments deficits were expected to rise from some \$55 billion in 1979 to roughly \$68 billion in 1980, and they faced mounting external debts, which were currently four times the level of the early 1970s.

8. It was heartening to note that IMF would increase its assistance to the poorer countries. In the past, however, it had been of little help, having laid stress on "equilibrium" rather than the promotion of dynamic growth. At any rate, IMF had recognized that, during the past six years, the assisted countries had lost some \$80 billion on account of worsening terms of trade and had had to repay some \$60 billion in interest. Those countries were caught in a vicious circle of stagnation and disequilibrium, and the Secretary-General's appeal for a special programme of aid for them deserved immediate attention. Urgent action was needed to provide such assistance, preferably through regional institutions, if the developing countries were to sustain at least a minimum level of economic activity.

9. It was regrettable that the Committee of the Whole Established under General Assembly Resolution 32/174 had arrived at an impasse on the global negotiations and the agenda for the Assembly's eleventh special session. It was, of course, hard for those in a favourable position to make concessions, but history had shown that countries which faced up to harsh realities in time were spared the more violent social and political upheavals suffered by those which did not. It was to be hoped that the global negotiations could be steered towards a successful conclusion. The regional commissions could play a greater role in that process. In connexion with the global negotiations; his delegation endorsed the Brandt Commission's recommendation, which represented the minimum action necessary. Total international development assistance did not exceed some \$30 billion, but the level of expenditure on armaments was currently more than 15 times that amount; if agreement could be reached to earmark about 10 per cent of armaments expenditure for development assistance, the poor countries' needs could be met to a very great extent.

10. It was unfair to lay the chief blame for the current situation on the oil-exporting countries. The fact was that oil prices in the 1950s and 1960s had been much too low and had led to a way of life too wasteful to be sustained, particularly in the Western countries. History would doubtless show the sharp price rises of 1974 to have been salutary. The ensuing problems had stemmed not so much from the higher prices themselves as from the failure to adopt fiscal and other anti-inflationary measures with due courage. The oil-producing countries' record was excellent, particularly since their economic resource was non-renewable and they had to transform their own countries' economies; the

official development assistance provided by those countries averaged some 2.5 per cent of GDP and in some cases was between 5 and 10 per cent.

11. Negotiations on the international development strategy should deal not only with the transfer of resources but with the adjustment of the international monetary system. Even the recently established Common Fund for Commodities was but a modest achievement in terms of the figures being spoken of in 1974—although the Fund would, it was hoped, become a major stabilizing factor in world commodity markets. Despite all recent developments, the paucity of the developing countries' resources remained glaringly obvious. For example, the attainment of a growth of merely 3.6 per cent in agricultural production would require an investment of some \$52 billion, of which \$13 billion would have to come from external sources. Unless serious steps were taken at once to remedy current ills, the years ahead would be marked by continuing economic decline, mounting tensions, increasing poverty and growing desperation. What the world must decide was whether it wanted to survive.

12. A number of references had been made during the debate to the conflict in Afghanistan in the wake of foreign military intervention. Pakistan had been directly affected by that crisis, and its position on the issue was well known. While providing, with help from the international community and in the spirit of Islamic solidarity, humanitarian assistance to vast numbers of refugees, it had scrupulously refrained from becoming involved in the conflict itself. In conformity with the principles stated in resolution No. 1 adopted by the Islamic Conference of Foreign Ministers at its first extraordinary session, held at Islamabad in January 1980,<sup>1</sup> the Standing Committee of that Conference, comprising its Secretary-General and the Foreign Ministers of Pakistan and Iran, had been authorized to hold consultations with all concerned, in order to seek a peaceful solution. It was Pakistan's hope that the Committee's efforts would meet with a positive response.

13. Mr. TE SUN HOA (Observer for Democratic Kampuchea) stated that his delegation fully shared the concern expressed by the Secretary-General about the prospects for the new international economic order. Despite the enormous difficulties which it was facing, his country was endeavouring to contribute to the North-South dialogue. It welcomed the Agreement Establishing the Common Fund for Commodities, which was an encouraging sign. However, if the quest for solutions to the problems confronting the international community was not entirely fruitless, it must be admitted that the results so far had been meagre. Despite their efforts to develop their economies and to maintain their sovereignty, the developing countries were far from achieving the prosperity which their endeavours merited, and the Brandt Commission had uttered a number of serious warnings concerning the threat to international political stability if there was no progress in economic co-operation.

14. In fact, whole regions of the world, and he was thinking of South-East Asia, the Caribbean, and East Africa in particular, were in a state of profound instability, largely as a result of the massive displacement of refugees. Those responsible for that human tragedy not only tried to place the blame for what was happening on their victims and on the countries which tried to help them, they threatened the host countries and, even more cynically, exploited the generosity of the international community by diverting humanitarian aid to their own belligerent ends.

15. His own country was suffering from the assaults of an aggressor whose expansionist ambitions appeared to have

no limits and whose only language was that of force and menace. Since its behaviour was in flagrant contradiction with the Charter of Economic Rights and Duties of States, the Declaration on the Establishment of a New International Economic Order and the Charter of the United Nations, which required absolute respect for the principles of sovereign equality of independent States, non-interference in the internal affairs of others and respect for different economic and social systems, he believed that any request which it might make for assistance in any form should be denied. The problems posed by recession, inflation, unemployment and the energy crisis could not be solved until such deliberate trouble-making was brought to an end.

16. Recent events in Kampuchea had nullified all the enormous efforts towards national reconstruction made by the country since 1975. But despite what was becoming a regional conflict, the Government and people of Democratic Kampuchea continued to resist an army of occupation whose morale was undermined by wholesale desertions and by the deteriorating situation in its own country. Successes in the field had enabled the Government of Democratic Kampuchea to strengthen its position and to launch a new programme of social, economic and administrative development, the effects of which could be seen by the many journalists who visited the liberated zones. The Government had, in May 1980, reaffirmed its policy of peaceful coexistence with all countries, including its neighbour Viet Nam. Kampuchea bore no grudge against the people of that country; it would nourish no hatred, nor would it demand reparations, provided that the Vietnamese army left its soil in accordance with resolution 34/22 adopted by the General Assembly on 14 November 1979, thus permitting the people of Kampuchea to choose their own Government through a secret ballot under the supervision of the Secretary-General of the United Nations or his representatives.

17. The Kampucheans' sole desire was to live in peace and security, but, like their brothers in Afghanistan and indeed all the peoples of the world, they refused to live under foreign domination. They regarded their sacrifice and suffering merely as a modest contribution to the defence of international law and morality, without which peace, security and stability could not return to the region, and international co-operation for economic and social progress would be impossible.

18. Mr. GUNA-KASEM (Thailand) noted that the international community was confronted with a situation of multiple economic crisis, involving inflation, protectionism, and problems of money and finance, and energy. The current inflationary phenomenon was critical. The ills it caused were nowhere more painfully felt than in the poorer countries. Individual attempts by countries to come to grips with the problem were hampered by the fact that action which could reduce inflation also led in most cases to a decline in economic activity and hence to increased unemployment. The fight against world-wide inflation must therefore involve co-ordinated world-wide effort, in which the United Nations would have a leading role to play.

19. Protectionism was again rearing its ugly head on the pretext that the exports of developing countries took jobs away from the citizens of developed countries. The share of the non-oil-exporting countries in world trade was diminishing; for most of them, their only major exports were primary commodities, which were beset by the problems of unstable or low prices, inelastic demand and dependence on nature for a high level of production. The imbalance in the exchange of manufactured goods between the developed and the developing world was alarming. Moreover, protectionism prevented the developing countries from achieving

<sup>1</sup> See A/35/109-S/13810, annex.

a higher degree of industrialization and a substantial increase in export earnings. It also had a boomerang effect: unless they could export more, the developing countries were unable to purchase manufactures from the developed countries and thus help to sustain employment in those countries.

20. With regard to money and finance, the 1970s had seen large fluctuations in the value of major currencies, a general collapse of confidence and a considerable rise in the current-account deficits of non-oil-exporting developing countries, which now bore a staggering burden of debt. In fact, much of their export earnings had to be used to service debts rather than import the goods which were essential for their development. Moreover, the flow of official financial resources from the developed to the developing countries had remained depressingly lower than the agreed target of 0.7 per cent of GNP. In that connexion, the Secretary-General had rightly pointed out that urgent measures were required to assist low-income countries with serious external-balance problems.

21. As far as the energy crisis was concerned, the age of cheap supplies was over. Ways and means must be found of smoothing the transition to a more realistic price system.

22. Any global effort to deal with those crises would be effective only if it was based on the economic growth of the developing countries. The International Development Strategy for the Second United Nations Development Decade had failed because too much stress had been laid on the developed countries, while the third world contribution had been neglected. The assumption that growth in developed countries would automatically stimulate growth in developing countries had proved false. Co-ordinated action by the international community must be taken to restructure the existing international economic framework on a long-term basis, along the guide-lines adopted by the General Assembly at its sixth special session.

23. At least three economic sectors were in need of urgent reform. First, the world trading system must be changed; steps must be taken to facilitate the international division of labour and eliminate protectionism. The products of developing countries, both primary products and manufactures, should bring fair prices. The successful conclusion of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities was a welcome sign of North-South co-operation, but more remained to be done on the marketing, distribution and processing of commodities, in accordance with the relevant resolution (124 (V)) of the United Nations Conference on Trade and Development.

24. As far as the area of money and finance was concerned, the existing framework established at the end of the Second World War was too rigid. It should be rendered more responsive to the financial needs of the developing countries, so as to permit a sufficient flow from the developed countries and their financial institutions to help the developing countries to finance the essential imports on which their economic growth depended.

25. Economic co-operation among developing countries was another hopeful area. It was greatly to be regretted that the efforts of the developing countries themselves to develop such co-operation were being obstructed by the developed countries, which were reluctant to support projects linked to that area of co-operation.

26. Stressing that the reforms which he had called for should form part of the new international development strategy for the forthcoming decade, he expressed the hope that current difficulties in preparing for the new round of global negotiations could be resolved. It should be pointed out that, given healthy third world economies, the devel-

oped world would be far better able to cope with the present recession. Indeed, the changes called for by the developing countries would be in the interests of all.

27. His delegation was equally hopeful that the planned United Nations Conference on New and Renewable Sources of Energy would produce tangible results.

28. Economic and social problems could not be dissociated from each other. In fact, the latter were in most cases a consequence of the former. He welcomed the fact that the World Bank and other agencies were placing greater emphasis on such matters as poverty, illiteracy, malnutrition and rural migration.

29. Those evils were aggravated by the additional problem of refugees, which created an enormous burden for his country and others. Thailand, therefore, welcomed the successful outcome of the recent Meeting on Humanitarian Assistance and Relief to the Kampuchean People and wished to pay tribute to the international agencies working with refugees. It would continue to give assistance to refugees and to allow those wishing to return home to do so. The recent voluntary repatriation of Kampuchean refugees had been conducted under the auspices of UNHCR. The home countries, in turn, had an obligation to take their citizens back in.

30. Referring to the statement by the observer for Viet Nam on 10 July 1980 (34th meeting), he reiterated that Thailand was not a party to the conflict in Kampuchea. It was Viet Nam that had invaded a neighbouring country and committed an act of aggression against Thailand. Thailand's sole concern was to preserve the integrity of its own frontiers, and it did not threaten any of its neighbours. In response to recent incursions, the Thai Government, supported by the other members of ASEAN, had requested the Secretary-General to send a team of United Nations observers to monitor the situation along its border with Kampuchea, and he hoped that the members of the Economic and Social Council would endorse that request.

*Mr. Xifra de Ocerín (Spain), Vice-President, took the Chair.*

31. Mr. MARTÍNEZ (Argentina) said he wished to deal with two fundamental aspects of the current economic crisis, namely, inflation and protectionism. Inflation was no new phenomenon, but as a result of flabby monetary policies in a system which generated excess liquidity, it had got out of control by the end of 1973. The solution to the problem, as to all international economic problems, lay in financial co-operation, involving the adoption of strict and realistic domestic monetary policies and the readjustment of the international financial monetary system in a way which took due account of the aspirations of developing countries.

32. Without protectionism, the developing countries should have been able to achieve a slow penetration of international markets, which would have brought about healthy changes in the patterns of world trade. That process was being obstructed by developed countries seeking to protect sectors that were not always efficient. Even though, in recent years, developed countries had reduced their tariff barriers, particularly on industrial products, they had at the same time erected all kinds of non-tariff barriers. Argentina, which was a large exporter of food products, had witnessed a constant growth of non-tariff barriers against its beef products in its traditional European markets and the practice seemed to be spreading to other types of meat. The GATT multilateral trade negotiations had in no way solved the problem, which was further aggravated by the fact that the same countries which were applying protectionism were also dumping the large surpluses they had accumulated on



the international market, with the aid of export subsidies. Such conduct harmed their own domestic consumers, who were not allowed to enjoy the benefits of foreign competition. There was a close relationship between the protectionism of the main developed countries and the rate of international inflation. Furthermore, previous experience showed that protectionist measures would tend to become a permanent feature of policy and hence an insuperable obstacle to the establishment of a more just international economic order.

33. In view of the lack of progress in the preparations for the global negotiations on international economic co-operation for development, and the new international development strategy, the Council should seek to restore confidence in international solidarity and co-operation. The industrialized countries should bear in mind that the markets in developing countries were their best hedge against recession and that protectionism was the greatest obstacle to faster development in those countries. It was to be hoped that the recent Agreement Establishing the Common Fund for Commodities was a good augury for the renewal of the North-South dialogue at the eleventh special session of the General Assembly. The efforts of developing countries towards collective self-reliance should be a complement, and not an alternative, to that dialogue. In that connexion, he noted that the members of the Latin American Free Trade Association had recently taken an historic decision to extend the integration progress in the region. The 1978 United Nations Conference on Technical Co-operation among Developing Countries, held at Buenos Aires, had been a landmark in the promotion of technical co-operation among developing countries, in which UNDP was playing an important part. Argentina appreciated the operational activities of UNDP and noted with satisfaction that they had increased by 25 per cent over the preceding year.

34. The International Wheat Council was the appropriate forum in which to negotiate an international cereals agreement, including the establishment of reserve stocks which would avoid cyclical fluctuations in prices and supplies and hence improve world food security. Argentina was prepared to offer food aid within the limits of its possibilities and in 1980 it had given wheat to a number of countries under the Food Aid Convention.

35. Argentina supported the Latin American proposal that human settlements should be included in the discussions on the new international development strategy. It agreed that regional co-operation was essential. The activities of the United Nations Centre for Human Settlements (Habitat) should be supported.

36. On the twentieth anniversary of the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV), Argentina was gratified to note that over 100 States had become independent since 1960. It particularly welcomed the independence of Zimbabwe, with which the Argentine Government had established diplomatic relations. It was to be hoped that the example of Zimbabwe in applying the principle of majority rule would be imitated by other countries in the region.

37. Mr. BEDJAOUI (Algeria) said that all the failures of the 1970s had underlined the threefold contradiction between the general recognition of the economic crisis and the inability of the international community to attack its causes, between the ritual display of good intentions and the failure to carry them out and between the call for combined efforts to tackle growing problems and the withdrawal into isolationism.

38. Some analysts continued to attribute all the current economic ills to adjustments in oil prices — an argument

which in their eyes had the twin merit of ascribing the origin of the trouble to the third world and setting its oil-producing and oil-importing countries against each other. However, IMF statistics showed that four fifths of the deficit of developing countries was attributable to imports of food and services and that the deficit caused by "private services and transfers" alone had increased by a factor of 30 in seven years. The industrialized countries had adopted measures to drain the financial resources of the developing countries. Furthermore, oil prices had risen as a result of inflation in the developed world, set off by the collapse of the monetary system. That crisis seriously damaged the fragile economy of the third world, which was also called upon to shoulder the burden of the consequent adjustments by the developed countries. In the circumstances, to get increased prices for raw materials, including oil, the low price of which had for decades encouraged its wasteful use, was a matter of survival for the developing countries. Furthermore, the rise in oil prices was only responsible for a small proportion of the inflation in the developed countries, as an analysis of their varying inflation rates showed. Finally, the developed countries themselves were currently putting up oil prices by frantic stockpiling and speculation.

39. The challenge of the world situation could only be met by collective action. The industrialized countries must appreciate that the difficulties could neither be papered over nor left to a small élite to solve. The developing countries had been realistic enough to understand that a global approach was required, one based on the close interrelationship of all development questions. For that reason, the non-aligned countries had made the proposal, subsequently endorsed by the Group of 77, that the eleventh special session of the General Assembly should launch global negotiations on international economic co-operation for development. But during the sessions of the Committee of the Whole Established under General Assembly Resolution 32/174, the Western industrialized countries had maintained the same obdurate attitude as in other international economic meetings. They had evaded substantive questions and stressed procedural matters. The developed market-economy countries categorically refused to place the issue of protecting the purchasing power of exports of raw materials on the agenda for the global negotiations. They demanded a neutral wording of the agenda in order to neutralize the claims of the developing countries, and the phrase "mutual benefit" had been misused to erode the principle of non-reciprocal preferential treatment for developing countries in international trade. Appeals to realism and moderation had masked a basic hostility to any structural change.

40. Action to recast institutions and to restructure the world economy did not obviate the need to adopt urgent measures for the benefit of the poorest countries. His delegation had noted with interest the proposals of the Secretary-General in that connexion. The draft agenda for the global negotiations submitted by the Group of 77 to the Committee of the Whole had contained similar proposals. However, such measures should not aim merely at restoring the balance of payments of such countries. That would not in itself solve their structural problems. Emergency measures must not be regarded as a substitute for restructuring.

41. The Group of 77 had submitted to the Preparatory Committee for the New International Development Strategy a general policy document which the developed countries had categorized as unrealistic in a time of economic stringency, because it forecast a growth rate of 7.5 per cent per year for the developing countries and asked the industrialized nations to increase official development assistance to 1 per cent of their GNP. But there was no reason

why the developing countries should modify their claims in the light of a temporary recession; their difficulties were inherent in the state of underdevelopment itself. The international development strategy, of course, would have to tackle the problem of the difficulties created for development by short-term economic upsets. It should adopt an approach which based development not merely on assistance but on structural changes which would lead to the establishment of a new system of international economic relations. Finally, it should take account of the institutional changes required to give the third world its rightful place in the world economy.

42. The current international development strategy assigned an important place to co-operation among developing countries, which had in fact proved to be the only method of safeguarding their diminishing chances of development, in view of the bankruptcy of the economic system and the breakdown in North-South co-operation. They should push the process still further and assume collective responsibility for the most vulnerable among them, closing their ranks to promote genuine negotiations with the industrialized countries and face the challenges before them.

43. Success at the forthcoming special session of the General Assembly would depend on the extent to which the industrialized countries realized that structural changes, by contributing to the economic progress of the developing countries, would help in the solution of their own difficulties.

44. Mr. Abdullahi Said OSMAN (Observer for Somalia) did not agree that the increase in oil prices was a major cause of the world economic crisis. The existing international monetary system, the instability of exchange markets, protectionist measures and strict conditions for aid from donor countries had contributed substantially to the widening income gap between the industrialized and the developing countries.

45. As long as conflicts and tensions existed in different regions of the world, no real solution could be found for the international economic crisis. It was pointless to speak of restructuring international economic relations, in other words establishing a new economic order, so long as the forces of imperialism and hegemonism continued to intervene in the internal affairs of independent countries of the third world. That applied particularly to countries which had chosen a policy of non-alignment in order to avoid involvement in the conflicts between super-Powers and opposing power blocs and to concentrate on developing their economies in an atmosphere of peace and stability. The serious situation of the third world countries would continue unless the threats to international political stability were removed by concerted efforts to find mutually advantageous solutions. The United Nations had a significant role to play in reducing international conflict and tension and creating an appropriate climate for economic development by the total elimination of colonialism, racism and all forms of oppression. The oppression and tyranny in southern Africa continued to occupy world attention; in Palestine, the innocent Palestinian people were enduring Zionist aggression and the violation of fundamental human rights. The United Nations and its specialized agencies should continue their support and assistance to those oppressed people.

46. A major issue of serious concern to the international community was the plight of the many refugees, victims of oppression, persecution and economic and social upheavals in certain countries. More than two thirds of the 7 million refugees in the world were to be found in Africa; their number was increasing alarmingly, and Somalia was one of the countries seriously affected by a massive influx. The international community had a moral obligation to alleviate

the suffering of those people, who should be provided with the necessary relief regardless of political, ideological or geographical considerations.

47. The current international economic crisis placed the development programmes of developing countries at risk, particularly those of the least developed countries, whose economic situation was deteriorating rapidly as a result of serious trade deficits. In addition, national disasters in those countries had adverse effects on their socio-economic development. The low income of developing countries was a particularly alarming aspect of the situation. As one of the least developed countries, Somalia hoped that the forthcoming United Nations Conference on the Least Developed Countries would help to promote the structural transformation of the least developed countries.

48. A fundamental change in the structure of international, economic and social relations must be recognized by all countries as an indispensable component of the international development strategy. The objective should be to ensure the economic and social development of developing countries without endangering the permanent sovereignty of each country over its natural resources and economic activities. His delegation had noted with satisfaction the progress made through establishing the Common Fund for Commodities. The lack of progress in the North-South dialogue was disappointing, but he attached great importance to the General Assembly's eleventh special session, when decisions would be taken to launch a new round of global negotiations.

49. Mr. TERREFE (Ethiopia) said that the world economic crisis was having a considerable impact upon the economies of the developing countries, and especially on those of the least developed. Galloping inflation, higher trade barriers, mass unemployment, a mounting external debt and acute shortages of many basic necessities characterized the economic situation in those countries; in fact, some of them were worse off than they had been 10 years earlier.

50. The First and Second United Nations Development Decades had effected little or no improvement in the gap between the developed and developing worlds. Over 800 million people were living in squalid poverty, and the majority of the world's illiterate, disease-ridden, oppressed and exploited were to be found in the developing countries. Although the industrialized countries now had to face problems of inflation and rising unemployment, as well as financial difficulties, they had for many decades enjoyed an affluent life and had been inclined to dictate the conditions for international co-operation.

51. The negotiations in various international forums afforded no grounds for optimism. The failure of the fifth session of the United Nations Conference on Trade and Development, the unsuccessful attempt at the Third General Conference of UNIDO to further the industrialization of developing countries, the disappointing outcome of the discussions on global negotiations in the Committee of the Whole and the Preparatory Committee for the New International Development Strategy were some examples of the lack of progress in the dialogue between the industrialized and developing countries. The failure clearly was due to the absence of genuine political will on the part of the majority of developed countries. In those circumstances, the action developing countries could take in the direction of the liberalization of trade and the transfer of resources and technology was rather limited. They were forced to take the view that the various international negotiations had not achieved much beyond making an appeal to the industrialized countries to show a sense of justice and establish the new international economic order. The basic causes of

the existing unjust economic order remained; their removal eluded the international community because of its refusal to adopt a bold and radical approach. The world was confronted by a number of acute socio-economic problems while spending on armaments amounted to around \$500 billion each year, which was more than two thirds of the total GNP of the countries comprising the poorest half of the world. The ominous clouds hanging over humanity could be dispersed if resources were used more rationally for the benefit of all human beings. A system of international relations designed to perpetuate the *status quo* would not serve the cause of peaceful development.

52. The tragic victims of the world economic crisis were the least developed countries, which had been hit hardest of all; most of them had also become victims of various natural disasters. Ethiopia, one of the 20 least developed countries in Africa, had been engaged in a bitter struggle to overthrow an archaic, feudal system which for many centuries had kept its people in bondage and exploitation. The Ethiopian revolution had achieved in the past six years what most observers had thought would be impossible: rural land, which had been owned by a handful of members of the ruling class, now belonged to the masses, and through their co-operative efforts cultivated land and agricultural production had been increased. Major industries and financial institutions under government ownership had increased output and improved management techniques; a national literacy campaign and a co-ordinated development programme had been initiated in order to liberate the people from ignorance and underdevelopment. The plight of some 2 million displaced persons in the war-stricken areas had faced his Government with a heavy burden; development projects to a value amounting to hundreds of millions of dollars had been destroyed during the war. That situation, coupled with the drought, had rendered the lives of more than 5 million people, the majority women and children, extremely precarious. To provide relief and rehabilitation to the displaced people, some of whom were in resettlement centres and relief camps, was beyond the meagre resources of a country like Ethiopia in the least developed category. The Council had recognized in its resolution 1980/8 the need for financial and material support to deal with the problem of displaced persons in Ethiopia; an interagency and multi-donor mission under the auspices of the Office of the United Nations Disaster Relief Co-ordinator was currently visiting Ethiopia to assess the external resources required to ensure the rehabilitation and development of the affected areas. The mission would submit its report to the Council at its current session; his delegation would then explain in detail the nature of the problem and the magnitude of the assistance required. The amount of international and bilateral assistance provided to Ethiopia was totally inadequate to deal with the problem; a larger and more concerted effort by the United Nations system was needed.

*Mr. Mavrommatis (Cyprus) resumed the Chair.*

53. Mr. YÁÑEZ (Ecuador) said that the main factors affecting the world economy were the energy problem, inflation, rising unemployment, the artificial structure of world trade and protectionist measures, difficulties in finding an adequate monetary and financial system, problems relating to debt and international payments, the scientific and technological relationship between the different economies, growing political and ideological rivalries and the increasing waste of resources on armaments.

54. The international economic recession could not be attributed exclusively to the rise in oil prices but had come about as a result of a number of structural problems which had to be considered as a whole. Oil had contributed to a

greater extent than any other product to the prosperity of the industrialized nations and the large international enterprises, which had got used to having cheap energy. A large part of the oil price problem stemmed from that period up to the 1970s during which there had been no adjustment to the realities of supply and demand in relation to the rising prices of other products. The oil-producing countries were aware of the current energy problem and were prepared to continue to co-operate with all countries, and particularly with the most severely affected developing countries; OPEC aid represented approximately 2 per cent of GNP, whereas aid from OECD countries only amounted to 0.3 per cent. It had obviously to be borne in mind that oil was a resource which was likely to be exhausted within the short term and in many cases it constituted almost the sole source of income for the country. The solution to the energy problem had to be found through a joint effort by oil-producing and oil-consuming countries and the introduction of conservation measures, a search for alternative sources of energy and the development of new approaches, such as the recent proposal by UNDP for a fund for exploration in the energy sector and pre-investment studies, which under certain conditions merited the support of the OPEC Special Fund.

55. Concerning the problem of inflation, his delegation was of the opinion that the approach of the *World Economic Survey, 1979-1980* was realistic, given that the increase in the rate of inflation was not due exclusively to the increase in oil prices. In point of fact, for many years before prices of crude oil had been increased, the world economy had been suffering from the impact of inflation. The developing countries had suffered to a greater extent from the increased rate of inflation, which had risen above 20 per cent per year, as compared with 10 per cent in the developed market economies and 2 to 9 per cent in the centrally planned economies. The main inflationary element in the developing countries had been the rise in the price of imports, including manufactures from the developed markets, rather than pressures of demand, except in a few countries which had shown more rapid economic growth.

56. Prices had also been adversely affected, both in developing and developed countries, by factors which had no direct relationship with the energy problem, in the form of internal measures to offset imbalances, including those in the balance of payments of developing countries, and by economic factors mainly peculiar to various countries within the European Economic Community and the United States of America.

57. With regard to international trade, the developing countries were concerned at the way in which the results of the GATT multilateral trade negotiations were being applied, bearing in mind in particular that a number of developed countries had imposed conditions which affected most-favoured-nation treatment. In addition, the developing economies were suffering from protectionist measures which made it more difficult for them to have access to markets and to increase their participation in world trade towards the Lima target of 25 per cent.

58. All those problems had combined to bring about a large deficit in the current accounts of non-oil-producing developing countries amounting to \$50 billion in 1979 and expected to reach some \$70 billion in the current year. For those reasons, the developing countries should press for the 0.7 per cent objective in official development assistance, which was far from being met by a number of industrialized countries. Measures had to be adopted to alleviate the developing countries' debt problems, taking into account both official and commercial debts, in order to satisfy their long-term external financing needs and give them access to capital and commodity markets. Such objectives had inevi-

tably to be linked to a new international monetary system which would be more effective and take special account of the interests of the developing world.

59. A number of projects had made progress within UNCTAD, although they still required greater efforts if they were to become systems truly aiding developing countries and the international community. In April 1980, negotiations had been concluded at the United Nations Conference on Restrictive Business Practices, held for the purpose of preparing a body of rules and principles to be applied in that field, which was one of the objectives fixed at the fourth session of the United Nations Conference on Trade and Development, held at Nairobi in 1976. If approved by the General Assembly at its thirty-fifth session, it would become a set of guide-lines applicable to state and private enterprises and to States in general, independently of their economic and political systems.

60. The Agreement Establishing the Common Fund for Commodities had recently been concluded. The text of the Agreement differed from the original draft submitted by the Group of 77 with regard to objectives, capital structure, operations and administrative organization, since all the negotiating parties had had to show some flexibility in order to reach a consensus. His delegation hoped that the Agreement would not become a dead letter but would be implemented when the required ratifications had been obtained. It also hoped that commodity agreements would be adopted, in accordance with resolution 93 (IV) of the United Nations Conference on Trade and Development; the only international agreement so far reached within the Integrated Programme for Commodities had been that on natural rubber, and it was to be regretted that negotiations on other agreements, including those which were simply to be renewed, had not met with success.

61. A fundamental element of the new international economic order was economic co-operation between developing countries, on the basis of important resolutions in the General Assembly, the United Nations Conference on Trade and Development and, particularly, the Conference on Economic Co-operation among Developing Countries, held at Mexico City in 1976, and the Arusha Programme for Collective Self-reliance and Framework for Negotiations. In view of the lack of success of the recent session of the Committee on Economic Co-operation among Developing Countries, he hoped that in the future the developed countries would offer the necessary aid to implement resolution 127 (V) of the United Nations Conference on Trade and Development, as projects among developing countries could otherwise be seriously affected.

62. His delegation hoped that the international development strategy for the 1980s would lead to the adoption of specific measures which would bring the world safely through one of the most critical stages in the history of international relations. It also hoped that, at the coming special session of the General Assembly on international economic co-operation for development, all countries, participating on the basis of interdependence, might approach the serious international economic problems with the

political will to reach mutually advantageous agreements and get the global negotiations off to a good start.

63. Lastly, he drew attention once more to the fact that peace was one of the highest aspirations of mankind and that it was therefore essential to bring a halt to arms expenditure and to work towards the ideal of a treaty for general and complete disarmament under effective international control. The arms race was contributing to the increase in international tension and the violation of human rights. For those reasons, the third United Nations development decade should be linked with the Second Disarmament Decade.

64. Mr. SMIRNOV (Union of Soviet Socialist Republics), speaking in exercise of his right of reply, said that the Pakistan delegation's statement was part of a slanderous campaign against his country's assistance to Afghanistan, prompted by the failure of well-known imperialist and hegemonistic circles to draw Afghanistan into their orbit and create a threat to the USSR on its southern border. A political settlement of the situation in Afghanistan had been necessary in order to create a new life for that country, including, as had been stated by the Government of the Democratic Republic of Afghanistan, a guarantee against subversive activities mounted outside its frontiers.

65. Mrs. PHAN THI MINH (Observer for Viet Nam), speaking in exercise of her right of reply, rejected the tendentious allegations of the delegation of Thailand concerning incidents on the border between Thailand and Kampuchea. Following defeat in Viet Nam, the imperialists and expansionists had been working together to get their revenge and oppose the peaceful reconstruction of her country. Having failed to manoeuvre the genocidal régime of Pol Pot into launching a new war in Viet Nam, they were endeavouring to cause trouble between the countries of South-East Asia, in accordance with the policy of "divide and rule". After the failure of the Pol Pot régime to sabotage the reconstruction of Kampuchea, the imperialists and expansionists had used the so-called voluntary repatriation policy, without the agreement of the People's Republic of Kampuchea, to send back to Kampuchea military personnel of the Pol Pot régime who had been re-equipped in Thailand. The People's Republic of Kampuchea respected the sovereignty and territorial integrity of Thailand but would not permit any violation of its own territory or interference in its internal affairs. Despite Thailand's active participation in the Viet Nam war, her country wished to forget the past and begin a new chapter in its relations with Thailand. Viet Nam's policy was to establish peaceful and friendly relations with the countries of South-East Asia, including Thailand, on the basis of respect for the sovereignty and territorial integrity of those countries. She hoped that Thailand would respond positively and not allow itself to be dragged along by the United States of America and China into a policy of hostility towards Viet Nam.

66. The PRESIDENT said that the Council had thus concluded its general debate on agenda item 3.

*The meeting rose at 6.30 p.m.*