

signed at Helsinki. That function of ECE was fully accepted and endorsed by all countries of the region; a number of ECE tasks, however, affected many other countries. In such areas of co-operation as those of energy, science and technology, and the protection of the environment, closer East-West co-operation was either directly (as in the case of trilateral co-operation) or indirectly, through the flow of information and expertise, benefiting the developing countries.

73. An improvement in international economic co-operation could only take place in conditions of peace and international security. Poland was concerned at the present considerable strains in international relations and at the unchecked arms race which threatened the security of the world. He reaffirmed his country's determination to contribute to the relaxation of international tension, to promote peace and to strengthen international security, which were essential for the development of economic co-operation among all States.

74. Poland's economy in the 1970s had been an example of the efforts to change traditional exports through investment, an essential factor of structural change. His country's present serious difficulties originated essentially from excessive investment in high material and energy-consuming industries, many of which were also import-intensive. Over-stretched investment, partly financed by foreign loans, had unfortunately coincided with the decreased demand of the market economies from 1974 onwards; repeated poor harvests had done the rest. There was a decline of industrial output due in great part to an insufficient supply of

raw materials and energy, and social indiscipline in industry, inspired by anti-socialist elements from abroad, had contributed to a decrease in labour productivity and economic efficiency. All the necessary steps were being taken to overcome those negative factors.

75. Although his country had had to have recourse to the rescheduling of debt payments, it was determined to continue the development of economic co-operation with foreign countries. Its co-operation links with the Council for Mutual Economic Assistance (CMEA), and in particular the USSR's aid in the form of additional deliveries of raw materials, consumption goods and credits in convertible currency, had proved vital indeed in the time of crisis. To recover external and internal equilibrium, and to regain lost momentum thereafter, changes in the structure of industrial output through a decrease of material and energy intensity were envisaged. Raw material and consumer-goods industries would be favoured. New development possibilities would be opened up for small industries, handicrafts and services. An over-all reform to restore the economic viability of the economy was in progress. The reform envisaged a much greater self-reliance on the part of enterprises in their economic activity, a greater responsibility for the results achieved, and an increased role for worker participation in management. He hoped that Poland's partners would understand the temporary nature of the difficulties to be surmounted and would help Poland's national efforts to restore equilibrium and stabilization.

The meeting rose at 1.25 p.m.

30th meeting

Wednesday, 8 July 1981, at 3.20 p.m.

President: Mr. Paul J. F. LUSAKA (Zambia).

E/1981/SR.30

AGENDA ITEM 3

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

1. Mr. CASTELLANOS [(Observer, Latin American Economic System (SELA)] said the current situation was unprecedented in economic history, and prospects for the future, particularly the future of developing countries, were discouraging. Profound changes were needed to remedy the structural imbalance of the world economy, marked by a sluggish growth rate, persistent inflation and unemployment, chronic balance-of-payments deficits and the intensification of protectionist pressures.

2. The developing countries were much worse affected than others. Their terms of trade were continuing to worsen at a time when they were facing other difficulties such as protectionism, insufficient transfers of real resources and a growing burden of foreign debt aggravated by high interest rates. Most of the developing countries were no longer able to preserve any autonomy of growth in relation to the industrialized countries.

3. During the 1970s, the countries of Latin America had achieved an annual growth rate of some 6 per cent, higher than the average for developed countries, thanks

to a relatively diversified and integrated economy, growing exports and access to external financial resources. However, they were not immune to the dangers threatening other developing countries; on the contrary, the very style of development that they had adopted, designed to combat inequality of incomes, unemployment and poverty, militated against integral and harmonious development and made more difficult the adjustments necessary in the face of the world recession.

4. A recent report by the Economic Commission for Latin America (ECLA) showed that there had recently been far-reaching changes in Latin America's external financing. During the 1950s and early 1960s, the bulk of capital entering Latin America had been from official sources and on a long-term basis, and had consisted in part of direct investment. In the 1970s, however, it had come largely from banking and private commercial sources, on a short- or medium-term basis, and had been subject to growing interest rates. As a result, there had been an appreciable increase in foreign debt, which, from some \$10,000 million in 1965, had risen to about \$150,000 million at the beginning of 1980. There had been a tendency towards a situation of external vulnerability, with implications for subsequent economic growth. A study by the Inter-American Development Bank had shown that over that period external debt servicing had reached a level equivalent to 47 per cent of the region's exports.

5. The current situation was such that developing countries were obliged to solve their development problems by mobilizing their own resources and by expanding co-operation with each other. That did not mean, however, that the developed countries were exempted from their responsibilities towards the developing world. The slow progress of North-South negotiations, and the consequent failure to look for multilateral solutions, meant that there was a danger of serious confrontation. It was essential that developed countries should continue their co-operation with developing countries if solutions were to be found to the problems faced by the international economy.

6. Latin America had set itself the aim of accelerating growth, promoting productive processing and technology, improving external economic relations, maintaining sovereignty over its own resources and over the management of the development process and preserving its cultural identity. The achievement of those aims demanded significant changes in trade relations, so that a more balanced situation *vis-à-vis* other countries in the fields of industry, food, energy and commodities, and notably in relation to technology and transnational corporations, could be attained. There would also be a need to mobilize external financial resources. Latin America fully supported the Caracas Programme of Action drawn up by the Group of 77 and intended to collaborate to the full in the achievement of the Programme's objectives.

7. SELA believed that the third-world strategy should be firmly based on the regional economic organizations, which were designed to meet specific needs and to facilitate co-ordination through regional consultations. The Latin American experience had been useful in that connection, and SELA would be glad to share it with the African and Asian countries. SELA had sent a technical mission to the countries of the West African Economic Community in November-December 1980. The aim of the mission had been to strengthen co-ordination between SELA and the Community by the joint promotion of fishery development projects and to lay the foundation for a technical co-operation programme to meet certain specific needs in other areas. That exercise in interregional co-operation, despite obstacles such as a lack of funds, had proved most valuable.

8. In view of the deterioration of the international economic situation, there was a greater need than ever for the global negotiations, which should result in a truly equitable participation by developing countries in the international economy. The intransigence of a small group of industrialized countries had so far prevented the launching of the negotiations, and it was vital that efforts should be resumed, so that a world strategy based on interdependence and co-operation could be developed.

9. Mr. RANIGA (Fiji) said that over the past years the global economic crisis had worsened, with serious consequences for all peoples of the world and particularly for those of developing countries. The current situation was one of increasing contrasts; on the one hand there was affluence, and on the other excruciating poverty, with 800 million suffering from malnutrition, illiteracy and disease. The world was still spending nearly \$500 billion on armaments, although only 5 per cent of that figure would enable developing countries to reach the target set in the International Development Strategy for the Third United Nations Development Decade (General Assembly resolution 35/56, annex).

10. A number of recent studies, notably the report of the Brandt Commission, had drawn attention to the

catastrophe that was likely to occur unless urgent steps were taken to remedy the current economic situation. However, the recommendations made in those studies had so far been ignored. The deterioration in the situation of many third-world countries, reflected in a worsening in balance-of-payments deficits, rampant inflation and an ever-increasing gap between rich and poor, threatened international peace and security. Action was long overdue, and he hoped that it would emerge from the forthcoming series of summit conferences. Very little progress had been made in carrying out the Programme of Action on the Establishment of a New International Economic Order (General Assembly resolution 3202 (S-VI)). The only way to arrive at a solution was through negotiation, and success would depend on the readiness of Governments to act, and in particular on a genuine commitment on the part of the developed world.

11. Although it was right that the greater part of multilateral aid should go to developing countries with the lowest *per capita* incomes, the needs of middle-income developing countries, and particularly of island developing countries, should not be overlooked. The criteria used in the allocation of aid by such bodies as the United Nations Development Programme (UNDP) actually penalized the development efforts of island countries with a small population, such as Fiji. It was ironical that assistance to such countries should be maintained at the same level, or even reduced, the moment they attained a certain level of development. There should be corresponding changes in the criteria for the determination of indicative planning figures.

12. Because of the openness of the Fiji economy, it was vulnerable to changes in the world economy as a whole. Double-digit inflation, unemployment, the mounting burden of debt servicing, growing protectionism in international trade and the uncertainties caused by fluctuations in the international monetary system continued to plague its development efforts. It had also suffered severely from the effects of the recession; fluctuations in the world commodity market had hit its two main exports, sugar and copra, and earnings from tourism had also fallen. Although Fiji had attempted to offset its dependence on two primary commodities by diversifying its economy in such areas as those of fisheries and forestry, the immediate prospects were not bright.

13. International trade was vital to the economy of Fiji, and the best form of aid it could be given was an assurance of markets for its exports not only of primary products but also of manufactured goods. Exports to some island developing countries had traditionally exceeded imports, and he would like to see that imbalance rectified by some kind of reciprocal arrangement. The internal market for Fiji's products was small, and its overseas markets were far distant; those difficulties were compounded by problems arising from its geographical location. Protectionism was an impediment to its trade and a threat to its economic recovery.

14. Since the South Pacific consisted of numerous small islands scattered over thousands of miles of ocean, with small markets and limited resources, regional economic co-operation was of the greatest importance, and that co-operation was being promoted in the South Pacific Forum. Under the Lomé Convention, African, Caribbean and Pacific countries enjoyed duty-free and unrestricted access for many of their goods to the countries of the European Economic Community on a non-reciprocal basis. The Convention also included arrangements to assist the African, Caribbean

and Pacific countries in investment and trade promotion and in situations caused by natural disasters. It marked a step towards improved trade and co-operation amongst island developing countries and formed an excellent model for fruitful relations between developing and industrialized countries. An important feature of the Lomé agreement was the constant dialogue between equal partners. Fiji participated in economic and technical co-operation through the South Pacific Forum and the South Pacific Bureau for Economic Co-operation.

15. Energy was at the centre of questions relating to development and the world economy. The price of energy imports, especially petroleum, which diverted funds from other projects, was making the situation in many developing countries desperate. In Fiji, fuel payments currently accounted for one quarter of the total import bill, and the position was likely to worsen in the near future. Fiji, like many other countries, saw an urgent need to reduce its independence on petroleum by seeking alternative new and renewable sources of energy. Its major projects included extensive development of hydroelectric resources and the processing of sugar cane juice to provide ethanol as a petrol supplement. Studies were also being carried out on geothermal, wave and wind power, solar water-heating and drying, and mini-hydroelectricity development. But petroleum fuels would continue to dominate Fiji's economy during the 1980s. The Pacific island States urged support for the proposed World Bank energy affiliate as part of efforts to reduce the cost of energy imports. Fiji hoped that the forthcoming United Nations Conference on New and Renewable Sources of Energy, to be held at Nairobi, would lead to world co-operation in seeking solutions to the energy problem. That problem, like many of the world's other economic problems, could not be solved by nations acting alone. The interdependence of their economies made joint action essential.

16. Mr. BOLIN [Deputy Director-General, International Labour Organisation (ILO)] said that two of the many questions considered by ILO during the past year that were of direct concern to the Council were *apartheid* and the International Development Strategy for the Third United Nations Development Decade.

17. With regard to the former, the International Labour Conference had revised the 1964 Declaration on *Apartheid* and had adopted a comprehensive programme of action.

18. The adoption of the new International Development Strategy by the General Assembly at its thirty-fifth session was welcomed by ILO, which was ready to collaborate fully in implementing it, although success would depend largely on the efforts of countries themselves and on an international environment more favourable than at present. The role of ILO in the Strategy had been discussed by its Governing Body and had been the subject of resolution II, unanimously adopted by the International Labour Conference held at Geneva in June 1981. In discussing the draft resolution, both workers' and employers' representatives had welcomed the greater emphasis, in the new Strategy, on the social aspects of development. Some government representatives, also stressing the important role that ILO could play in that regard, had proposed various measures relating to the mobilization of resources, the development of appropriate methods and a better co-ordination of efforts within the United Nations system. Because of its terms of reference, tripartite structure and standard-setting functions, ILO had a special responsibility within the United Nations system for promoting the

attainment of social objectives—a responsibility reaffirmed by the Conference, which had noted that economic growth alone could not accomplish the aims of the Strategy.

19. The resolution adopted at the Conference contained a number of recommendations to member States, including one concerning the active involvement of all the productive forces of society, since their participation was important both for the Strategy and for policies aimed at fairer economic relations among and within countries. The resolution also invited the ILO Governing Body to involve ILO as much as possible in the new Strategy's implementation and indicated suitable measures, including continued high priority for action to defend the rights of trade unions and employers' organizations, the promotion of rural development policies, the provision of equal opportunities for women, operational activities pursuant to the International Programme for the Improvement of Working Conditions and the Environment, assistance to member States in their efforts to ratify and apply ILO conventions and to implement relevant recommendations, and the full participation of ILO in procedures to review and appraise the new Strategy's implementation.

20. The resolution gave ILO a mandate to play a major role in efforts aimed at a more just and stable international order. The Director-General of the International Labour Office had said that, although success would in many respects depend on progress made outside the sphere of ILO, its tripartite structure and social vocation should enable it to make a unique and essential contribution.

21. Mr. SALAH-BEY (Algeria) said that, although during the past few years the Council had been drawing attention to the deterioration in the world economy and much effort had gone into studying possible remedies, little or nothing had been done to halt the decline. The United Nations system, especially the General Assembly and the Economic and Social Council, seemed unable to act decisively to foster world development, because some representatives of the industrialized countries continued, contrary to the spirit and letter of the Charter of the United Nations, to treat the Organization's principal organs simply as forums for exchanges of views. As a result, the international community's decision were being taken elsewhere, on a restricted, and often unilateral, basis; small wonder, therefore, that the effectiveness of the United Nations, and particularly of the Council, was being questioned.

22. The President had rightly noted the conditions required for a reassertion of the Council's role; the need was surely for political will, on the part of all of its members, to negotiate joint solutions to the problems which were currently afflicting every country. Only global measures, internationally negotiated, could end the current crisis and ensure survival for the majority of mankind. The developed nations' problems of unemployment, stagflation, recession and monetary instability should not obscure the problems, such as exploitation, malnutrition, disease and illiteracy, which the third-world countries had been enduring for much longer; nor did the admittedly serious situation of 23 million unemployed in the Western world overshadow the fact that some 800 million inhabitants of the third world lived below the poverty line and that 50 million of them starved to death each year.

23. The interdependence of nations must involve the restructuring of the world economy, with the full participation of the developing countries in the decision-taking process. The Western world's problems, after all,

would be much worse if the developing countries had not continued to import from them, at the cost of their own current indebtedness; with their considerable potential, they remained a determining factor for real and lasting world economic recovery. National and international economic problems were closely interrelated, and some of the developing countries' problems could not be solved in isolation. One example was the problem of energy; the World Bank had put at \$800 billion the investment level needed in order to double their energy production by 1990, although official development assistance was stationary at an annual level of \$25 billion. The target could therefore only be attained through reliable external financing and, what was most important, the establishment of a climate and an international system favourable to the autonomous financing of those countries' development. Any international action designed merely to re-establish the former equilibrium would be politically unacceptable and economically ineffective.

24. Likewise, the idea that economic recovery must stem from the developed countries' recovery was inadmissible. Any international action aimed at stable and balanced expansion of the world economy would be unrealistic unless it included a reform of the international monetary system and covered the role of industrialization in the developing countries' commodity production and agricultural development. Only a global approach could promote international co-operation; the disappointments of specialized conferences such as the fifth session of the United Nations Conference on Trade and Development (UNCTAD) showed the limits of a sectoral approach. One exception was the need for urgent action by the international community for the least developed countries—something which it was hoped the forthcoming United Nations Conference on the Least Developed Countries, to be held in Paris, would accomplish. The developing countries, for their part, had acknowledged, at the recent High-level Conference on Economic Co-operation among Developing Countries, held at Caracas, their solidarity with the least developed countries by outlining specific action. But emergency programmes alone were no solution; what all developing countries needed also—some perhaps more urgently than others—was measures that would change the way in which the world economy actually operated.

25. It was two years since the international community had adopted the principle of global negotiations in which all would participate equally, but the reluctance of three countries was preventing such negotiations from taking place. The countries of the Organization of Petroleum Exporting Countries (OPEC) had expressed support for global negotiations and had noted that the question of energy could not be considered in isolation. Furthermore, the developing countries as a whole had reaffirmed, at the recent conferences held at New Delhi and Caracas, their commitment to global negotiations and had invited the developed countries which were still reticent to change their attitude. Such a change was expected as the outcome of the forthcoming meeting at Ottawa of the industrialized countries and the summit meeting at Cancún.

26. During the current year, a new step forward had been taken in co-operation among developing countries. The High-level Conference at Caracas had launched a process of practical co-operation independent of the North-South dialogue. The developing world needed to establish its own decision-making centres, together with simple and effective means of co-ordination and progressive economic integration on the basis of interconti-

mental and intra-continental co-operation. In that spirit, the African countries intended to do their utmost to strengthen intra-African co-operation; they had adopted, at the first economic summit meeting of the Heads of State and government of the Organization of African Unity (OAU), held at Lagos in April 1980, a plan of action including multi-sectoral measures and a time-table aimed at providing all the partners, but particularly the most disadvantaged, with the benefits of co-operation. Vast regions of Africa were ravaged by drought and hunger, and its southern regions still suffered from an *apartheid* régime abetted by transnational corporations, which continued to plunder the region's resources. The dire economic situation in those regions was the entire international community's responsibility.

27. The Organization of Saharan States, of which Algeria was a member, gave expression to the will, on the part of the countries of the subregion, to promote fruitful co-operation and to make the Sahara once again a productive link between the peoples of its various regions. Since its establishment in 1980, it already had to its credit a number of projects for co-operation in mining, energy and transport.

28. It was essential to change the existing structure, inherited from colonial days, and establish a new international economic order if the developing countries were not to remain condemned to the secondary status of raw-material suppliers and consumers of costly goods and services.

29. The political situation too gave cause for concern. The alarming pace of the armaments race, the resurgence of the cold war, the consequent development of tensions in the developing world and the imposition of foreign bases on the most vulnerable developing countries increasingly threatened those countries' security. There was clearly a link between such disturbing developments and the rich countries' hardening attitude in international forums, and it had to be said that national selfishness and the reluctance to relinquish dominance were serious obstacles to the restructuring of the world economy. A just and lasting new world order could be achieved only if the current problems were faced in their entirety, without arbitrary selection.

30. Mr. SANZE (Burundi) said that there was a vast disproportion between the intensity of the world economic crisis and the feebleness of the attempts that had been made to overcome it. Instead of co-operation among producers of raw materials, energy producers and industrialized countries, the world was ruled by a kind of economic ego-centricity wholly at odds with the aims of the Council as set forth in the Charter of the United Nations. The conditions of stability and well-being needed for peaceful relations among nations could be attained only through full international economic and social co-operation.

31. One point to the credit of the United Nations was that it had alerted the world to the plight of the least developed countries and their right to development assistance. Those countries were eagerly awaiting the outcome of the forthcoming Conference on their problems, though they had met with some disappointment during the preparatory work. The Council should have a share in the Conference's deliberations equal to the importance of its mission.

32. As far as monetary affairs and inflation were concerned, he noted that, in the rush of decolonization, a number of African countries had based their currencies on those of the former metropolitan Powers, which had in turn been subordinate to the United States dollar ever

since the Second World War. The successive fluctuations in the central currency had weighed heavily on the new States' balances of payments, and while the major monetary Powers had to some extent succeeded in cushioning the shock of inflation through various floating exchange rate systems, the developing countries had had to bear its full weight. Temporary expedients could not deal with the basic causes of inflation, which renewed itself perpetually like some hydra-headed monster.

33. The documents before the Council showed how deeply the developing countries had been affected by the deterioration in their terms of trade. Balance-of-payments deficits and the compounded effects of inflation and recession had reduced both the growth rate and the volume of their exports and imports. The prospects for 1981 promised little improvement. The trading difficulties of the commodity-producing countries arose out of the instability of prices, and those which relied on a very small number of export products were especially vulnerable. The full impact of the price decline was exemplified by the experience of Burundi, which relied principally on coffee exports for foreign currency. In 1978, a pound of coffee had been worth \$2.05; the same amount now brought 84 cents. The automatic repercussions of that dramatic fall had seriously affected Burundi's capacity to engage in trade.

34. Although the General Agreement on Tariffs and Trade (GATT) had been founded to liberalize international trade, its effectiveness had been greatly inhibited. Many third-world products were used simply for stockpiling or were at best bought in at ridiculously low prices, with deplorable consequences for the factors of production and the whole rate of growth of the developing countries. One of the worst barriers to economic relations was the rise in protectionism. Such measures helped to stifle the infant industries of the newly independent nations, which had no hope of competing with goods manufactured with the advanced technology possessed by the developed countries.

35. The never-ending outflow in payment of energy imports was another burden for Africa. In 1979, the budget deficit of the oil-importing countries had been 11 billion dollars. The oil price rise in 1980 had meant an increase of 7.5 billion dollars for oil imports alone, or 30 per cent of export receipts for the same period. Food and oil purchases together totalled some 14 billion dollars, or 53 per cent of export income. The result was inevitably a massive disequilibrium in the balance of payments.

36. Although Chapters IX and X of the Charter had given the Economic and Social Council a central role, over the years it seemed to have lost sight of its true mission and to be subject to a centrifugal force driving it away from its true objective. The United Nations, dismayed at the Council's loss of direction, had been forced to create alternative bodies, such as UNDP, the United Nations Industrial Development Organization, (UNIDO) and UNCTAD. As the President of the Council had noted in his opening address (20th meeting), the Council's central guiding and co-ordinating function had suffered setbacks, and major problems such as inflation, recession and unemployment were no longer thoroughly debated. The States Members of the United Nations must help the Council to reassert itself and take up once again its original task as set forth in the Charter, in a way that responded to the demands of the current situation.

37. The time had long gone by when States could rescue their own economies by individual action, regardless of the rest of the world. They must unite their strength

and their resources to resist the growing storm. That would demand the immediate reactivation of multilateral trade negotiations, through an immediate resumption of the North-South dialogue, a willingness to refrain from building up tremendous surpluses, the investment of which in viable projects in the deficit countries could bring about virtual economic miracles, and an equitable sharing of the benefits of technology. The way to economic salvation and the progress of all mankind lay in that global strategy.

38. Mr. CALLE (Peru) said that his country's return to the Council after several years' absence took place at a time when the Council's role as a principal organ, called upon to play a central part in the formulation and implementation of policy in the economic and social fields, was being questioned. In its time, the Council had taken important action and inspired a number of progressive programmes for international economic co-operation. In his delegation's view, it should continue to carry out the duties with which it had been entrusted at its establishment and should continue to debate the great economic themes.

39. Peru had recently adopted a new political constitution, designed to bring about a truly just society. It aimed to unite the country's social and productive forces and at the same time to liberalize its economic system. A dialogue had been instituted among the State, employers and workers, and important steps had been taken to reduce tariff and non-tariff barriers to external trade. Yet, as was the case with all developing countries, that national effort could not suffice unless it was carried out in a propitious international environment.

40. The current world economic crisis, which weighed particularly heavily on the developing countries, demanded a re-evaluation of the progress achieved in international co-operation for development, in other words of the steps taken to establish the new international economic order and to launch the global negotiations. The procedural impasse that had been reached on the global negotiations was in fact the outcome of a substantive problem: the absence of a political will to bring about the establishment of the new international economic order. As matters stood, no substantive decisions could be taken, because there was no agreement on procedure; procedure could not be determined, because it would require the political capacity to take decisions; if there was such capacity, domestic political events prevented the decisions from being taken; and lastly, there was always the excuse of the economic recession, as though the developing countries did not also suffer from it, and to an even greater extent.

41. It might be argued against that negative view that in the past many agreements had been reached by evolving a consensus. Nevertheless, experience in the United Nations had led Peru to wonder whether, with the consensus system, many decisions were not so diluted as to lead to the adoption of neutral texts which subsequent reservations and interpretations made almost meaningless. He wondered what, in fact, lay behind the consensus to adopt the Programme of Action on the Establishment of a New International Economic Order. Was it a real will to make structural reforms in the international economic system, or was it merely a cloak for the intention to make limited concessions within the existing pattern? The development of the process over the last few years would appear to confirm the latter assumption.

42. A new opportunity offered itself, however, to reactivate and redirect the negotiations; the meeting of Heads of State on economic co-operation and development to be held shortly at Cancún, Mexico. The devel-

oping countries would continue to fulfil to the best of their capacity their role in the co-operative process. In order to do so, they must strengthen their own spirit of collaboration, through economic co-operation among themselves. That was the aim of the Programme of Action adopted at Caracas, which should not be regarded as an alternative to North-South co-operation but rather as a simultaneous, parallel and complementary process. Peru would contribute its fullest support to all those endeavours.

43. Mr. POPOV (Bulgaria) said that normal and mutually advantageous international economic relations could develop only in a climate of détente and peaceful coexistence and if the market-economy countries abandoned their efforts to shift the burden of a capitalist economic crisis marked by reduced production and productivity, rampant inflation, structural imbalances and energy problems on to those countries seeking economic as well as political independence by effecting progressive social and economic transformation. In the past year, that crisis had led to a reduction of world trade, and no improvement was in sight. The economic weakness and backwardness of the developing countries within the capitalist world, even those which had made significant progress in increasing their industrial potential, made them especially vulnerable to the crisis and the figures revealed an enormous and growing gap between the industrially developed and the backward countries of the non-socialist world. Many countries continued to occupy a subordinate position in the international capitalist division of labour, which increased their dependence on the importation of modern technology and their vulnerability to the technological neo-colonialism practised by the monopolies and the imperialist States. It was easy to understand how difficult it was for those countries to improve their economic situation in such conditions, and his country therefore welcomed recent progress towards the establishment of a new international economic order based on the democratic transformation of international economic relations. For the same reason, it attached great importance to the recently adopted International Development Strategy for the 1980s and the proclamation of the Third United Nations Development Decade.

44. The restructuring of economic relations and the establishment of a new international economic order required not new initiatives and measures, but primarily the political will and determination of the participants in negotiations to implement existing international instruments, namely, the Declaration and the Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session of the United Nations General Assembly, and the Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX)). Only under those conditions could the global negotiations succeed. Furthermore, any attempt to examine those problems outside the United Nations within the limited framework of a so-called North-South dialogue to discuss individual problems of interest only to a certain group of countries could hardly lead to an effective solution.

45. The socialist countries were firmly committed to furthering the process of long-term, comprehensive socialist economic integration and economic, scientific and technical co-operation in the 1980s. Their aim was to exploit the advantages offered by the international socialist division of labour and economic integration, so as to increase production and thereby create the most favourable conditions for the construction of the devel-

oped socialist society. His own country, for instance, had in the past seven years kept up a rapid pace of economic development, marked by further progress in the modernization of agriculture and by the active development of foreign trade with 112 different countries, including most of the developed capitalist countries, as well as most of the developing ones.

46. He wished to express his sharp disagreement with the extremely inaccurate assessment given in the plenary session by the delegation of one Western country of the disinterested economic aid given by one socialist State to developing countries. The various forms of aid given by his own and other socialist countries were in keeping with the possibilities of their national economies and were offered in the forms most suited to their social structure. That aid was based on the principles of voluntariness, suitability and mutual advantage, without any political or other conditions. Every year, his country supplied developing countries with plant worth 100 million dollars and had concluded agreements for the implementation of nearly two billion dollars' worth of engineering projects. It also had 6,000 specialists working in the developing countries and was devoting special attention to assisting those countries to train their own national scientific and technical personnel, which was one of the most urgent needs of the newly-independent States.

47. In conclusion, his delegation would continue to support all efforts to strengthen the role of the Council as one of the principal United Nations bodies called upon to deal with international economic, social and technical co-operation.

48. Mr. WALUSIKU (Zambia) said that well-articulated programmes and action at the national, regional and international levels were necessary to solve the world economic crisis, which persisted even when agreements designed to mitigate it had been reached, because certain influential countries lacked the political will to implement the provisions of such agreements. Without urgent action, no improvement could be expected in the 1980s. The prospects for recovery in the industrial countries were grim. The production slowdown, inflation and unemployment which affected their economies not only jeopardized their own prosperity but had a particularly devastating impact on the economies of developing countries which, like his own, suffered from a deterioration in their balance of payments as a result of lower prices for their exports and higher prices for their imports. Almost all the non-oil-exporting countries in the developing world were now faced with huge balance-of-payments deficits and a mounting external indebtedness.

49. Symptomatic of the difficulties experienced in attempting to increase international co-operation was the failure to launch global negotiations on some of the most important economic issues, a failure due mainly to the refusal by a few major countries to accept structural changes in the world economy. Yet global negotiations were essential, because resolutions adopted in forums organized by limited groups of countries could provide no more than short-term solutions to essentially long-term problems.

50. While the Council's general debate had focused on the most volatile problems of food, energy, money and finance, the problem of the industrialization of the developing countries was equally important, and his delegation was concerned at the lack of adequate response by member States, particularly those most able to assist, in failing to contribute the funds required by UNIDO to carry out its assistance to developing coun-

tries. International co-operation in science and technology was also required and his delegation hoped that member States would contribute generously to the long-term financing scheme of the United Nations Interim Fund for Science and Technology for Development.

51. Another matter requiring urgent attention was the world-wide decline in food production. Rising food and current-account deficits meant that the developing countries required more external assistance to finance their food imports, particularly in Africa, where failure to reverse the deteriorating situation would certainly result in famine for most countries.

52. National efforts supported by bilateral and multilateral assistance were required. At the national level, special consideration had to be given to the needs of small farmers and peasants, with a view to creating employment. At the international level, there was a need to increase world food reserves to make provision against shortfalls, but on the understanding that there was no alternative to regional and national food self-sufficiency.

53. Closer international co-operation was also required to avoid the dislocations arising from the adjustments required in the field of energy, particularly in the non-oil-producing developing countries with their huge balance-of-payments deficits. His delegation was therefore looking forward to the United Nations Conference on New and Renewable Sources of Energy, to be held at Nairobi in August and hoped that specific programmes would emerge from it.

54. He welcomed the efforts of the International Monetary Fund (IMF) and the World Bank to improve their facilities but regretted the substantial reduction in official development assistance caused by inflation and the failure of some donor countries, contrary to their own national interest, to attain the agreed target of 0.7 per cent of their gross national product (GNP). It was also essential to provide adequate support for multilateral development institutions such as the International Development Association (IDA), which must be given the means to continue the granting of concessional assistance to developing countries. The economies of those countries had to be sustained not only for human-

itarian reasons but also to guarantee the expansion of international trade essential for the recovery of the world economy. That could be achieved within the United Nations system if its institutions were fully utilized.

55. In the area of regional co-operation, his delegation was pleased to note that the Economic Commission for Africa (ECA) had streamlined its activities to take national priorities into account. That was a welcome step, because it enabled individual Governments to harmonize their development plans and maximize the utilization of multilateral and bilateral resources and facilitated co-ordination of the work of international bodies and agencies. The effort could only succeed, however, if more financial resources were made available. A number of appropriate subregional development projects and programmes had been identified in Africa and were now being implemented. The African countries would like to have the subregional offices of the international organs and specialized agencies expanded and strengthened, in order to assist those efforts by rendering the required services to the African Governments.

56. Mr. PACHACHI (Iraq), speaking in exercise of his right of reply, said that he wished to denounce in the strongest possible terms the statement by the representative of the Zionist entity (28th meeting), accusing his country of threatening peace and security. Such monumental arrogance on the part of a State which systematically violated international law and the rights of the Palestinian people hardly deserved comment. His country had ratified the Treaty on the Non-Proliferation of Nuclear Weapons, while the Zionist entity, whose atomic facilities had the capability to manufacture atomic bombs, had not. The recent attack on his country's nuclear facilities was not only an act of open aggression but also an attempt to stop it from acquiring advanced technology. Unless urgent steps were taken to prevent such attacks, world peace would be jeopardized. The adoption of the Security Council resolution condemning that act of aggression was merely the least that could be done.

The meeting rose at 6.10 p.m.

31st meeting

Thursday, 9 July 1981, at 10.45 a.m.

President: Mr. Paul J. F. LUSAKA (Zambia).

E/1981/SR.31

AGENDA ITEM 2

Adoption of the agenda and other organizational matters (continued)* (A/36/Add.35 (part I), E/1981/L.41)

1. The PRESIDENT drew the Council's attention to the question of the composition of the Committee on Non-Governmental Organizations. In its resolution 1981/43 of 8 May 1981, the Council had decided to take action on the enlargement of the membership of the Committee on Non-Governmental Organizations at its current session and had requested the President to

hold consultations with the regional groups and report to it thereon.

2. Following a series of informal consultations held with the Chairman of the Committee on Non-Governmental Organizations, agreement had been reached on the size and composition of the Committee and the allocation of seats thereon. The terms of reference of the Committee on Non-Governmental Organizations were laid down in rule 80 of the rules of procedure of the Council. Rule 85, however, required that they might not be amended until the Council had received a report on the proposed amendment from a committee of the Council. He reminded delegations of the legal advice received at the first regular session of 1981 to the effect that the Bureau of the Council could act as a committee

*Resumed from the 21st meeting.