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Held from 17 to 27 March 1981

17-27 March - 1 April 1981

ECONOMIC AND SOCIAL COUNCIL

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NOTE

NOTE

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## INTRODUCTION

The Committee for Development Planning held its seventeenth session at United Nations Headquarters in New York from 22 March to 1 April 1983. Twenty-two

members of the Committee attended the session: Ismail-Sabri ABDALLA, Khattijah AHMAD, Maria AUGUSTINOVICS, H. C. BOS, William G. DEMAS, José ENCARNACION, Jr., Gerhard FELS, Celso FURTADO, R. K. A. GARDNER, Gabriel GONZALEZ, J. M. MURRAY, Joseph P. MURPHY, G. O. NLANNKO, Goren OHTA, Joizer PAJESTKA, I. G. PATEL and Germánico SALGADO. Two members were unable to attend: Abdulatif Y. AL-HAMAD and Leopoldo SOLIS.

The Committee elected the following officers for the term ending on 31 December 1983:

Chairman: William G. Demas

Vice-Chairman: Maria Augustinovic

and International Economic Co-operation made a statement in which he drew attention to the deterioration in the international economic situation, as uncertainty and crisis induced protectionist and regressive policies. Resolution of the prevailing global crisis, in his view, could be achieved only through interdependence between the developed and developing worlds and rested not on merely conceived partial remedies but on a coherent system of global management in tackling important problems. The heart of global misunderstanding was due not only to differences in objective conditions but even more to the intellectual legitimization of those conditions. The need was to provide a new intellectual framework which would fully recognize the nature and cause of the current situation. The challenge of change could not be met if it were not properly perceived. The Committee had an opportunity to contribute to meeting that challenge.

#### 4. The Under-Secretary-General for International Economic and Social Affairs

On the recent crisis assigned to the Secretary-General in 1980, the Under-Secretary-General in connection with the formulation of the International Development Strategy for the Third United Nations Development Decade and the review and appraisal of its implementation. In this connexion, the Under-Secretary-General drew the Committee's attention to the Strategy as a frame of reference which could be enriched and implemented through international negotiations, particularly global negotiations.

Substantive services at the session were provided by the Department of International Economic and Social Affairs of the United Nations Secretariat. The Committee was also assisted by the representatives of the participating countries.

Co-operation for Development and the Centre on Transnational Corporations as well as by the representatives of the superiors of the Economic Commission for Europe, the Economic and Social Commission for Asia and the Pacific, the Economic Commission

Institute for Training and Research, the International Labour Organization, the United Nations Office of the United Nations, the United Nations

6. The Committee adopted the following agenda:

1. Election of officers
2. Adoption of the agenda

7. To facilitate the work of the Committee at its seventeenth session, two working groups were established for the session at the headquarters of the Economic Commission for Asia and the Pacific, respectively. In addition, two visiting teams, each consisting of one Committee member and one staff member from the Secretariat, held discussions with officials of the Economic Commission for Western Asia and the Economic Commission for Latin America. The names of the members of the standing groups and discussion teams are listed below:

21 October 1980)

Asia  
(Bangkok, 20-24 October 1980)

Richard Golly  
Li Zong  
K. N. Raj (co-opted member)

Visiting team to the Economic Commission Germánico Salgado

( Secretariat )

The Committee expressed appreciation for the documents that had been prepared for its seventeenth session. These and other documents are listed in the annex.

## Chapter I

### A. World economic situation and prospects

The Third United Nations Development Decade has normally been identified by the

industrial countries, both market and centrally planned economies, the rate of

graduate inflation from industrial economies. With widely fluctuating exchange

rates and mounting indebtedness, rising inflation has led to an increased

instability in international trade and financial flows.

and deterioration in their terms of trade have reinforced the difficulties of

development, and a process of inflation, increase in external debt and

to 11.8 in 1970 and to 3.9 in 1980. In many developing countries non-capital real



income has not merely stagnated but has fallen, sometimes very sharply, in recent

years. In some countries, it is estimated that in 1981 there was a 10 per cent

decline in the rate of growth of income per head, compared with the target of 2 per cent

community.

The situation in the industrial countries has been particularly serious. In

the period 1973-1977, the average rate of growth of income per head in the

industrial countries was 2.0 per cent, compared with 2.5 per cent in the

period 1970-1972. This was a significant decline, particularly since it

has occurred in a period when the world economy has been suffering from a

serious recession. World-wide inflation has been an important cause of this

situation and has added to its consequences for the poor. Indeed, in many

developing countries, even those with favourable records of economic growth, the

rate of growth of income per head has fallen sharply in recent years.

In the industrial countries, the rate of growth of income per head has often been

negative. This is particularly true of the United States, where the rate of

growth of income per head has fallen from 2.5 per cent in 1970 to 1.5 per cent

in 1979. In the United Kingdom, the rate of growth of income per head has

fallen from 2.5 per cent in 1970 to 1.5 per cent in 1979. In West Germany,

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industrial countries, the rate of growth of income per head has fallen from

2.5 per cent in 1970 to 1.5 per cent in 1979. This is a significant

decline, particularly since it has occurred in a period when the world

economy has been suffering from a serious recession.

16. A slowing down of economic growth has also appeared in the socialist countries.

In the period 1973-1977, the average rate of growth of income per head in the

socialist countries was 2.0 per cent, compared with 2.5 per cent in the

period 1970-1972. This was a significant decline, particularly since it

has occurred in a period when the world economy has been suffering from a

serious recession. World-wide inflation has been an important cause of this

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more trends have had immediate consequences...  
 direct, the annual rate of growth in the volume of manufacturing commodity exports from...  
 4 per cent in 1970 and initially... 1976, declined to...  
 excluded, the corresponding figures would be 9 per cent in 1976-1978, 8 per cent in...  
 1979 and 2 per cent in 1980. The impact on the balance of payments of a large...  
 number of developing countries, and on their capacity to acquire...  
 reinforces the world wide tendency to deflation.

10. If there is no reversal in these trends, and if...  
 serious economic and social problems...

hammering world trade, the developed market economies are likely to resort...  
 developed countries which had been intensifying since the 1960s seems now to have...  
 primary aim of... in certain key economic and social areas...  
 in their productive efficiency and their capacity to adapt to...  
 prevailing... incentives... move to protectionism and contribute to even...  
 unfortunate effects.

11. In short, the international...  
 serious situation may be emerging in the world economy...  
 the impact on the lives of...  
 must be made...  
 productivity, which in some cases had...  
 were often rigid social structures and insufficient mobility of labour reinforcing...  
 stagnation...

development at the end of the 1960s, making a major increase in prices inevitable. When prices were raised in 1973/74, the increase was large and sudden

countries. The nature of the policy response as well as the speed and magnitude of the adjustment process in most of the deficit countries added to the deflationary pressure from the capital surplus, oil-exporting countries.

24. Large scale international borrowing and the continued economic growth in the maintenance of world demand and exports and employment in industrialized

With the new price increases in world energy markets in early 1970, a result largely the result of continuing long run imbalance in the supply and

demand for energy, this stabilizing element is now in jeopardy, however. Both

of this debt has to be rolled over within only a few years. At the same time, rising deficits call for new financing, and present levels of interest rates

discourage investment and make for an explosive growth of the debt burden. All this has given renewed urgency to the need to improve the channels for recycling the surpluses of some oil-exporting countries in ways that meet the legitimate interests of all parties.

25. Thirdly, with rising inflation over the 1970s, virtually all Governments of

has become clear that modern inflation is a highly complex phenomenon. Many of its

period of time which have instilled expectations making for cumulative and accelerating inflationary pressure. Governments of most developed market economies

are now convinced that inflation must be decisively slowed, but most of them find it difficult to pursue effective incomes policies, and the only tools that they consider adequate to the task are those of monetary and financial restraint. They

a strenuous anti-inflationary effort by such means entails. It is also increasingly clear that these anti-inflationary policies are having a most dangerously constricting effect on the world economy.

26. While a measure of monetary, financial and fiscal restraint in the present context is no doubt necessary in many developed market economies, we would stress

has been placed on these types of restraint, with their very heavy domestic economic and social costs, to the neglect of other policy alternatives.

Secondly, the world-wide costs of these policies of restraint, including the adverse repercussions not only on other developed countries but also on millions of poor people in poor countries, is usually neglected in

... and far beyond the under 4 per cent averages of

cannot clearly be separated, it is noteworthy that changes in the international terms of trade were not for an estimated 20 per cent in 1978, in spite of this being a period when the price of internationally traded oil increased by about

externally induced changes. In the case of Japan, rapid economic growth and a basic social cohesion have seemed to permit the achievement of these conditions, thus including a low rate of inflation. In most of the other developed market economies, the failure to fulfil one or more of the conditions

is more serious. The very restrictive policies which have been adopted in order to achieve these objectives, especially the recognition that some direct action on income will be necessary if inflation is to be slowed. Even those advocating strong policies of monetary and financial restraint, based on the

be some \$550 billion, i.e. 6 1/2 per cent below what it might otherwise have been.

owing not only to the rising cost of energy but also to the associated engineering

direct impact of monetary policy, it is not easy to separate the effects of these various factors, but such calculations indicate the very high costs to the

developed market economies of unco-ordinated adjustment and continuing structural imbalances in the existing international economic order.

having already to 25 1/2 million, or nearly 7.5 per cent of the labour force, the

6.3/2 per cent compared with 4.4 per cent over the 1970s and 2.0 per cent over

the 1960s. Forecasts suggest that the average rate of unemployment will rise

further. Among persons aged 15 years of age, it is forecast that unemployment in the OECD countries will increase from 10 per cent in 1970 to 14 per cent in 1980.

30. The repercussions of these policies on almost every region of the third world, particularly on employment, food production and income distribution have been very serious indeed, as indicated in chapter II below.

### C. Priorities for international action

31. The Committee is convinced that solutions to all these problems can only be found in the context of a global framework of adjustment and co-ordinated action.

need to take account of various viewpoints not only of market efficiency but of payments problems as well as inflation are manifestations of a global phenomenon of interdependence distorted by erroneous policies and rigid institutions.

32. As regards inflation, it must be recognized that it is a global phenomenon needing a global frame of analysis and internationally agreed policy measures.

33. Protectionism cannot bring any long-term solution to world problems. It is a symptom of a malaise and not a cure for it. When protectionism brings some results, they can be seen only in further differentiation among the developed economies and in harmful effects for the weaker partners, particularly for the poor developing nations.

34. History shows how the opening of new markets can play a major role in economic expansion. Ironically and tragically, it is increased military expenditure which is providing the expanding demand in the world economy today, fuelling inflation

as a by-product. Meanwhile the world economy is being deprived of the human resources and resources to turn human need into effective demand.

that current policies are not achieving the desired for results and a consensus for  
have already been reached, that a fundamental restructuring of economic relations is needed,  
given now, they should be actively preparing for a wider change in thinking and

27. The urgent restructuring of the world economy has not been achieved. The  
governments of the industrialized countries have not been able to make the needed  
adjustments in their policies. Some of the industrialized countries have  
been able to make some adjustments, but immediate

the needs of the countries, but, on the whole, preoccupied with their internal economic  
structural needs.

39. We cannot be optimistic about the prospects for a strong and decisive reversal  
of international policy, at least not in the short run. Although we are convinced  
that unilateral efforts to restrict world economic relations are unjustified  
and that a more limited number of initiatives, where we believe are needed to avert further  
catastrophe for the poorest, is an urgent and feasible course of action  
required.

(a) Developed market countries need to support much more actively further

(b) Bilateral development assistance funds should be substantially increased and a larger proportion made available for the poorest countries. In 1980, 20 per cent of ODA was allocated to the low income countries beginning as soon as possible.

(c) Practical and specific steps for greater co-operation between oil-exporting and oil-importing countries must be energetically pursued, in order to negotiate an end to the instability and unpredictability of energy prices and exchange rates of major currencies, as well as to encourage more effective

aggravate inflationary pressures and jeopardize the debt-serving ability of deficit countries. Rapid agreement on improved safeguard procedures should receive high priority.

(d) Additional assistance is needed in the agricultural sector of the third world. The international community needs to proceed rapidly to establish food facilities at the International Monetary Fund to finance short-term food assistance programmes for the third world. There is also need to promote and support the development of food processing and other related industries in the third world. These proposals are realized.

The international community should devise a system of food commitments which stabilizes market prices, food import needs of poorer countries to reasonable price levels. To this end, among other steps required, a food crisis

40. These proposals parallel those of the emergency programme of the Brandt Commission 5/ whose report the Committee welcomed last year. A North-South summit, also proposed in the Brandt report, is now planned for October 1981. However, support those who look to the summit for initiating action in these crucial areas.

41. The further economic deterioration over the last year leads us to underline the need for a special crash programme of assistance from the developed countries and the rest of the world to the least developed countries. These countries are the most vulnerable to economic crisis and they include some two-thirds of the world's population. They are the poorest and most vulnerable to economic crisis and they include some two-thirds of the world's population.

42. The international community should take urgent steps to provide special crash programmes of assistance from the developed countries and the rest of the world to the least developed countries. These countries are the most vulnerable to economic crisis and they include some two-thirds of the world's population.

to the countries of the subregion. Similar special assistance should also be

innovative methods for the implementation of the aims and goals of the international development strategy, which they support and share. This should

of the Strategy as well as to promote the accelerated social and economic development of the developing

the main basis for continued and expanded economic, scientific and technical co-operation between the developed centrally planned economies and the developing countries.

(a) Development of natural resources;

(1) Creation and expansion of industrial and energy-producing capacities, as well as development of transport, agriculture and related sectors;

(d) Ensuring favourable conditions for the repayment of credits and loans given by the centrally planned economies so as to avoid excessive indebtedness and financial instability caused by debt servicing, thereby improving the general financial position of the developing countries;

(e) Training, especially in technical personnel in essential occupational technical personnel in the course of the construction and operation of projects;

(f) Assistance in elaboration of a methodology for formulating national social and economic development plans.

49. New forms of co-operation among developed centrally planned economies and developing countries may also be envisaged. Centrally planned economies have had

carried out with the participation of a number of interested countries within a region and within the framework of long-term intergovernmental agreements and periods of 10 to 15 years. They could be of particular importance in the present context if they provided for expanded trade, greater industrial,



46. The expansion of economic co-operation with interested developing countries  
number of countries, especially those with low per capita incomes.

3. Action by all countries on disarmament

47. We have already underlined the serious ways in which rising levels of armaments  
mankind. They also represent a serious economic burden, increasing inflationary  
pressures and the burden of public expenditure at a time when less inflationary  
forms of public expenditure, which generate more employment and contribute directly  
to community and family welfare, are being sharply cut back. It must be the duty  
distrust which occasion this disastrous course.

## Chapter II

### REGIONAL ASPECTS

that that period, at the onset of the 1970s, but

level (see E/AC.54/L.102 and Add.1). In all regions, there are countries which

incomes and standards of living have risen substantially, and others which have become increasingly diversified and complex; some of them have emerged as successful

it should be noted however that Brazil

Latin American and Caribbean subregions have not fared so well in respect of progress in per capita real income with per capita real product falling in some

undiversified.

50. At the same time, there are a large number of countries in all regions that

countries; low average incomes and standards of living have continued to be their distinguishing characteristics; for many, shortages of skilled and

considerably behind by all indicators of economic and social progress (see

E/AC.54/L.102/Add.1, tables 1 and 2). These countries account for a large majority of the people living in the developing countries, excluding China and some other countries. Moreover, the least developed and the least developed developing countries.

51. Notwithstanding these contrasts, three major development problems remain

General and common to the development situation of all the developing countries

of the developing countries, there has been a decline

civilization. The... the extreme imbalance in balance-of-payments... in the terms of...  
trade. These three factors make up a situation of growing vulnerability and...  
particularly for the non-oil exporting countries

52. All the regional commissions have identified the food and agricultural...  
present decade is an increase in hunger and malnutrition. In...  
the 1970s agricultural production grew at an average rate of 2.7 per cent...  
for those countries during the second half of the decade...  
economy. Growing food gaps and widespread hunger in some areas of the world...  
co-exist with exportable surpluses and problems of excess consumption and...  
appalling wastage in others.

...the third world, the food situation has become extremely...  
serious. Food production per capita...  
the Sahara and in many countries the increased need for food imports cannot be...  
fully met because of... foreign exchange problems. Drought has been recurrent...  
over large areas. While a number of countries, particularly in Asia, have made...  
important advances towards food self-sufficiency, over-all trends already indicate...  
a sharp increase in the number of chronically hungry people, which is likely to...  
persist during the 1980s. Although evidence is inadequate, malnutrition in many...  
countries appears to have been rising sharply.

54. Fortunately, there is growing recognition...  
policies conducive to recovering...

## B. Regional strategies 61

53. The International Development Strategy...  
developing countries, within the framework of...  
the Strategy... average annual rate of growth of gross domestic...  
product (GDP) for...

...the agricultural... has to be put on reduction of food losses...  
increasing production... and improvement of...  
productive structure...  
start building their industrial base with appropriate linkages between human...  
resources, natural resources and technology in order to make the growth process...  
locally generated.

on training, improvement of managerial skills and administrative mechanisms, as well as regional co-operation in trade and finance. The implementation of the current Transport and Communications Development Plan

21. The various structural changes required are analysed in detail in the

means of local and foreign investment and the institutionalization of these

developing Africa is projected at about 7% per cent, with

agriculture and manufacturing of about 4 per cent and 2.5

implementation of the Lagos Plan of Action would require large amounts of

investment which could come from both domestic and external

of resources, taking the form of grants or soft loans and extended in such

that the grants would particularly benefit the least developed and other low-

income countries.

58. Asia is characterized by

the proportion of very poor people tends to be similar in many countries. This

shows how weak is the link between economic growth and equity. The

Commission for Asia and the Pacific identifies six objectives of development for

the 1980s: high growth, fuller employment, distributive equity, and

basic mass needs, fuller participation in development (especially

women and youths), and self-reliance.

59. In addition to effective national actions and substantial investment

flows will still be required to play a predominant role, whereas in East Asia

possibilities for expanding the flow of funds within the region

countries and the Asian countries in the east and south

the context of collective self-reliance. China has recently embarked on a new

economic strategy to develop and restore balance in its economy

on agricultural production, consumer goods, and

China a new concern for ensuring the restoration and maintenance of dynamism and

openness in the world economy; as well as for greater trade within the Asian

region.

60.

1970, growth somewhat less than that of the first four years of the 1970s. There are two major differences, however: first, during the earlier period, growth was primarily concentrated in a very small number of countries, while growth is now required for all countries of the region. Secondly, in view of the deteriorating international circumstances, it is now less likely that the past performance, which was the result of a relatively rapidly growing, open world economy, can be repeated. In the case of some of the oil-exporting countries of the region, however, no external constraints are envisaged in view of the likely improvement in the real price of their exports. Therefore, they are likely to accelerate economic growth, and to attempt to bring their economies into a path of convergence. In the non-oil-exporting countries, however, economic growth in the framework of the prevailing style of development would require profound changes in the external environment. In such countries there is a need for policies aimed at increased domestic savings, improved income distribution, eradication of the worst aspects of poverty, and economic and social participation of all sectors of society. Furthermore, there is a need for substantial changes in the policies of the developed countries in order to reduce the inflationary pressures. There is a need for improved international financial mechanisms in order to finance the development of the region. In the longer term, sustained economic growth both in oil-exporting and oil-importing countries will require a reformulation of development strategies based on a realistic assessment of technological opportunities, resource potential and emerging new markets. Such strategies will need to consider the feasibility and desirability of alternative development styles - less imitative of industrial country patterns and more compatible with meeting the social needs of the majority of the population, and enhancing society's resource base and the environment.

For the other developing regions, the shortage of financial resources remains a major constraint, although it remains such a significant constraint especially in the region already large in 1970, has grown considerably since. Wealth and poverty coexist in many countries, raising the need for development strategies aimed at the creation of a more diversified and productive physical and human infrastructure. Furthermore, those oil-producing countries with accumulated financial surpluses will continue to be confronted with basic decisions concerning expenditure and consumption patterns - a problem which goes beyond economic growth to the broader questions of development styles. These countries also need to find secure and sound diversification of their investments within a framework of regional and interregional co-operation as an attractive alternative.

### Chapter III

#### SOUTH-SOUTH ECONOMIC CO-OPERATION

60. It is clear that the South-South economic co-operation must be given fresh impetus, for, as we have seen above, global economic growth is now more necessary than ever. The South-South economic co-operation

the developed countries, however, the "trickle down effect" of growth in the North on prosperity in the South has in recent years been considerably weakened. It is therefore necessary that the countries of the South should increasingly look more to economic relations with each other in seeking a new engine of growth. We therefore strongly urge that, without abandoning the objective of creating a more

opportunity for all countries, the Governments now vigorously initiate the process of strengthening South-South economic co-operation.

61. The broad lines of the concept of "South-South co-operation" are embodied in the International Development Strategy for the Third United Nations Development Decade (General Assembly resolution 35/56, para. 12), which

64. The broad lines of the concept of "South-South co-operation" are embodied in the International Development Strategy for the Third United Nations Development Decade (General Assembly resolution 35/56, para. 12), which

65. Such efforts at greater South-South co-operation can obviously take place at three levels - subregional, regional and interregional. The subregional level is of particular importance in that in several instances it can provide the base on which regional and interregional co-operation can be built.

66. The very diversity of endowments with respect to human, natural and financial resources in the South creates special opportunities for the relatively less developed countries of the South.

economic co-operation means that and should be based on a more intensive co-operative action. The other side of this diversity of endowment and level of economic development is the

the diversity of endowments with respect to human, natural and financial resources in the South creates special opportunities for the relatively less developed countries of the South.

in order to increase the opportunities for "trade-offs" between the countries.

not realistically and a long view always taken. Not least, adequate detailed technical preparation must always provide the basis for negotiating both general and specific co-operation agreements among developing countries.

68. If resolute but realistic steps are initiated now to achieve a much higher degree of geographic co-operation among developing countries, it is highly probable that for most of the major countries by the end of this century, South-South economic relations will become an equally important and qualitatively important engine of growth as traditional North-South relations. This would make for a more balanced distribution of economic power within the international economy and serve and dependence in the South. Stronger economic co-operation among countries of the South and its positive impact on development will also strengthen the bargaining power of the South in its negotiations with the North for a new and more

international economic order. In addition, a healthier economic and political situation in the South will contribute to a reduction of world tensions and to a more peaceful world.

and efforts in the following five areas:

- (a) Financial co-operation;
- (b) Co-operation in energy;
- (c) Co-operation in food and rural development;

#### A. Financial co-operation

70. As clearly emphasized in the International Development Strategy, developing countries will continue to bear the main responsibility for financing their development and will need to carry out a new financial strategy from surplus to deficit. Developing countries offer great promise in this regard, more than has been achieved in the past. With the bulk of cash transfers from the surplus, oil-exporting developing countries have been affected through multilateral financial institutions of which the industrial countries are members. Recently

consideration.

71. First, with appropriate arrangements and safeguards, surplus development

72. Secondly, direct investment from and to developing countries could be increased. As mentioned in our 1980 report developing countries - particularly

other developing countries needing the capital - should together work out modalities whereby equity investment from each other could be made more acceptable to both sides than similar investments from established industrial countries and multinationals.

73. Thirdly, direct investment can be stimulated or created by setting up

fully fledged development bank. It would of course have to be provided with a fairly large equity capital base. More important is the possibility of further expanding its financial resources by accepting deposits and issuing bonds which would enable the new bank to combine concessional with hard lending and assist to finance acquisition of equity shares in third world multinationals and projects. It is hoped that it would give greater weight to financing food, energy and industrial projects and to concessional lending than the existing multilateral development banks.

74. Finally, while the aid programmes of the high income members of OECD appear to show some scope for improvement in its quality both in regard to its concessional character and in the distribution in favour of the low income developing countries irrespective of their racial, religious or geographical affiliations.

75. Within the existing framework of international capital markets, certain developments can and should be encouraged to facilitate the flows of

non oil-exporting countries to the deficit developing countries. The growth of

that should be encouraged. Further broadening of the yen and mark financial markets would improve access to the largest capital markets of the developed countries, particularly for the better off developing countries and would help to reduce the dependence on the volatile United States dollar market.



The development and growth of financial centres in developing countries. The development and growth of financial centres in developing countries has already contributed towards better economic growth and stability in the respective regions. It is important that such developments should be carried forward.

## B. Co-operation in energy

9. In the short term and the medium term, the most effective form of regional and subregional co-operation in energy between oil-exporting and oil-importing developing countries would be arrangements under which the former would make soft loans to the latter to enable them to meet, in whole or in part, the requirements of their energy needs. In Latin America and the Caribbean can be cited.

10. Trinidad and Tobago is now operating a scheme under which the incremental requirements arising from 1970 of its oil, fertilizer and asphalt imported by its partner countries in the Caribbean community, at a rate of 2 per cent above the prevailing price of the present market price - is payable not in cash, but over a period of 25 years, with a three-year grace period, and at an interest rate of 2 per cent for relatively more developed countries, interest being capitalized for the period from the borrowing countries to the lending country.

11. Similar arrangements have been made with other countries. For instance, Saudi Arabia and Venezuela, among others, have made similar arrangements with the Caribbean Community and some countries in the Caribbean.

12. An alternative arrangement to meet the needs of seriously affected countries would be for the oil-exporting countries to make soft loans to oil-importing countries. Countries benefiting should establish domestic prices of oil at the world parities to discourage wasteful use of the commodity. 9/

13. The oil-exporting countries in the oil trade and their considerable capacity to respond to market forces over a long period of time.

14. Regional and subregional co-operation in energy could include:

(a) A guarantee by the oil exporters of supply to oil-importing developing countries; 10/

(b) Arrangements already along these lines have also been made by Middle Eastern and African oil-producers on a somewhat informal basis.



### C. Co-operation in food and rural development

85. An emphasized earlier, food shortage and malnutrition now rank among the most serious

to promote more balanced agricultural and rural development.

86. The Committee would like to stress the need to establish a balance between

for their development. Past experience indicates that the drive for industrialization has often been met by a neglect of agriculture and food production. This will not be adequate for the future. Whatever efforts are made, the competition between energy and food is not only for limited investment resources; it also raises allocation problems of energy resources linked with such cultural developments for energy mechanization, fertilizer and other chemical products. Land use for the production of food commodities versus fuel commodities will be a major problem in planning. It will be a major problem for developing countries to decide whether to produce food or fuel.

87. In a number of specific ways, closer collaboration among the developing

There is an obvious opportunity for capital-surplus developing countries to

and guarantees for investments.

(b) In order to develop greater technological capabilities better adapted to the social and economic environment of third world countries and to build a more self-reliant infrastructure, there is need for many more regional research and training activities and for greater exchange of information thereon. These activities should not only contribute to more relevant training in the regions but also stimulate more research on approaches and technologies adapted to the social and economic environment of their regions. They could also assist in adapting foreign technology to local needs. Low cost pre-harvest and post-harvest technologies, including those relevant to irrigation, research on seeds and animal husbandry, and the smaller and poorer farmers and simple machinery and processing equipment suitable for landless and

needed.

(c) Commodity agreements for the main agricultural crops are needed. In

is an area where greater regional co-operation to create the growth more  
throughout the world is essential. It is essential to create

(a) Food stocks has an important part to play in strengthening national and

Food stocks but by helping to stabilize food prices thereby better extending and

Regional and subregional arrangements on food stocks and storage have a major part to  
play in stabilizing food supplies.

88. The scope for South-South co-operation in food and rural development can be

seen in the context of the efforts of developing countries to build

food security and to improve the nutritional status of their populations. This

will require that developing countries devote more resources to rural sectors and

to agriculture. In particular, they need to pay more attention to investment in

rural economic infrastructure such as the construction of dams, canals and roads

and the creation and efficient organization of supporting services such as

agricultural extension, rural health centres, educational and research

institutions. They also need to give more attention to the increase of agricultural

production and the incomes of small farmers, marginal farmers and landless labourers

and to the limited resources available to them. Approaches and

techniques used in the past would both increase output and help alleviate

poverty and malnutrition.

#### D. Co-operation in technology

89. Co-operation in technology has for upgrading traditional domestic technologies for

developing more appropriate technologies which make fuller effective use of their

local resources and for screening and adapting imported technologies.

90. South-South co-operation in technology can also be promoted by more technical

co-operation among developing countries in both the public and private sectors of

development industries in each other's professional, construction, services

and other sectors. It is emphasized that such technical co-operation can take place at the subregional,

regional and interregional levels.

#### F. Co-operation in trade, industrial development and infrastructure

91. Many developing countries expect from export growth a significant contribution  
to their internal development. For this, much will depend on whether the developed

countries have been able to provide a market for the exports of developing countries

and to make market access more secure. Combating a newly emerging protectionist

the industrialized countries is a pre-condition for overcoming the present

stalemate in world economic relations.

92. Trade promotion is a vital part of the development process. Experience has shown that co-operation among developing countries during the early stages of trade expansion is essential. The share of such trade in goods other than fuels expanded from one fifth to more than one fourth of developing countries' total trade. This was the consequence of intra-regional trade and inter-regional trade among developing countries. Trade in manufactured products played a particular role in this process. These trends are likely to continue, but need to be supported by specific policy measures.

93. Developing countries are an increasingly important market for exports of manufactures from developed countries, accounting for nearly two fifths of their total exports of these products. Policy measures for higher rates of growth of the developing countries, including measures for increased economic co-operation, are essential to sustain the growth of the world economy.

94. On the regional and subregional levels, existing mutual preference schemes have gained importance for actual trade. This applies especially for Central and West Africa, the Caribbean and West Asia. In East Asia, new preference schemes have been developed. These schemes are largely unexploited, for trade expansion and co-operation among the developing countries. At a time when the impulses which come from the industrialized world are highly uncertain, collective self-reliance among developing countries is more urgent than ever. It is essential as a means of maintaining economic dynamism and developing a mutually beneficial division of labour among themselves.

95. Developing country-wide tariff and other trade preferential arrangements could be an important element in expanding trade among developing countries. Such trade expansion among developing countries would benefit the international community as a whole.

96. The removal of trade barriers does not, of itself, ensure economic co-operation. Increasing interdependence and integration also depends on co-operation in production. The development of a transport and communications system is in poor condition in many parts of the developing world. Trade credit payments arrangements on a regional and subregional basis are also needed. In many cases, the factors are lacking too. Trade credit payments arrangements on a regional and subregional basis are also needed. In many cases, the factors are lacking too. Industrial agreements, covering joint investment projects, would also help in many cases to bring about the necessary co-operation.

97. Co-operation and joint efforts are essential, particularly but not exclusively in the area of subregional integration. First, it is necessary in these areas to create a sense of common purpose and to build up a sense of mutual trust. Secondly, integration on a high level of economic co-operation can be achieved by deliberate action to pool resources,

98. A fundamental instrument in all these areas is the multilateral institution of

productive and trade activities. It would operate with the individual types of national enterprise in the markets of the countries that can utilize their own

local resources available; and conform to the development objectives and

co-operation or integration among themselves can be achieved merely by signing formal treaties. They have to create the business and

99. Co-operation in production for export of manufactures to the developed semi-industrialized developing countries. Joint identification of new export-

oriented industries in the light of detailed market investigations and information on industrial investment plans, whether signed by local

entrepreneurs would facilitate structural changes and the consequent movement

advanced developing countries.

extraction of raw materials and fuel from their own fields and

infrastructure for greater production and larger markets in the

regions. An effective road and communications system would contribute

100. Africa has been able to take advantage of the opportunities already initiated a programme of telecommunications. The General Assembly in 1977

and called for the mobilization of international resources over the period 1977-1988 to assist in the development of African economic infrastructure. The major

cannot raise the necessary resources for the construction of long-lived

resources are needed. These could in part be supplied by the proposed Third World

## Chapter IV

103. In General Assembly resolutions 34/121, 34/123, 34/124, 34/126, 34/131 and 34/132, the Committee for Development Planning was asked to carry out the inclusion of Djibouti, Equatorial Guinea, Guinea-Bissau, Sao Tome and Principe, Seychelles, Tonga, and certain newly independent developing countries in the list of the least developed among the developing countries. The Committee was asked to carry out this exercise on the basis of the existing criteria and the most recent data relating to those criteria and, according to General Assembly resolution 35/106 of 7 December 1980, without any prejudice to any future, even all, review of the list of the least developed countries.

104. On the basis of the principles established by the Committee in previous reviews for the updating of the criteria, the Secretariat provided the Committee with data on per capita GDP, share of manufacturing output in total GDP and the rate of adult literacy for the countries concerned (E/CN.3/L.107). The information provided by the Secretariat was reviewed by the Member Governments of the United Nations system and some Member Governments. From this information the Committee has concluded that only Guinea-Bissau meets the criteria required for identification as a least developed country. The Committee, therefore, recommends that Guinea-Bissau should be added to the list.

105. The Committee wants to underline, as it has done in earlier reviews, the need for using the category of the least developed countries in an appropriate and flexible manner in order to assist, to the extent and allocation of international assistance in different fields.

106. In one previous exercise, the Committee expressed its concern that the identification of the least developed countries has led the Secretariat to identify a number of countries which are not least developed. The Committee has expressed its concern that such a situation could be avoided by a more rigorous application of the criteria used for the identification of the least developed countries. The Committee has expressed its concern that the possibility of revising the present criteria deserves to be explored at an appropriate time.

107. The United Nations system has recognized different groupings of disadvantaged developing countries, but several of them overlap with the least developed countries: developing island economies, land-locked, most seriously affected countries. The possibility of redefining and tidying up the various groupings should therefore be explored.

108. The United Nations Conference on the Least Developed Countries will be held in 1981. In the light of its findings, the Committee

Chapter V

FUTURE WORK

PROGRESS WORK

109. In its future work the Committee intends to focus on particular aspects of problems in the North-South agenda hampering the effective implementation of the

International Development Strategy for the Third United Nations Development Decade. As usual the Committee stands ready to examine other development issues that the

110. In particular at its eighteenth session, held in 1980, the Committee

111. The Committee will continue to raise issues in the following order of priority: employment, trade, debt and payments, and development in such

112. In addition, at its next session, the Committee will discuss other important issues relating to development patterns and styles, including training

113. In addition, the Committee will continue to consider a working group on the topic of the working group will consist of 10 members appointed by the Bureau

114. In addition, the Committee proposes to prepare, in 1980, a set of annotated agenda for the 1982 session of the Committee and an outline of possible

115. The Committee requested the Secretariat to prepare, in consultation with the Bureau, an agenda for the meeting of the working group and to provide the

116. The Committee also requested the Secretariat to submit at its eighteenth session a report on the work of Project LINK 11/ and further to make available reports of the ACC Task Force on Long-term Development Objectives pertinent to the agenda of the 1982 session.

11/ Project LINK is an international undertaking bringing together



Annex

LIST OF DOCUMENTS

Document number	Title
<u>A. Documents of the Committee</u>	
E/AC.24/C.4	Provisional agenda for the seventeenth session
E/AC.24/L.102 and Add.1	Regional development problems, priorities and policy needs: paper prepared by the Secretariat
E/AC.24/L.103	The African region: some key development issues in the context of the African Strategy and Plan of Action: paper prepared by the Secretariat
E/AC.24/L.105	Development programs and prospects of the ESCWA region in the 1980s: paper prepared by the Secretariat of the Economic Commission for Western Asia
E/AC.24/L.106	Development priorities and policy needs of the ESCAP region: paper prepared by the secretariat of the Economic and Social Commission for Asia and the Pacific
E/AC.24/L.107	Latin American development: general problems, perspectives and guidelines for the 1980s: paper prepared by the secretariat of the Economic Commission for Latin America
E/AC.24/L.108	Identification of the least developed among the developing countries: note by the Secretariat
<u>B. Other texts</u>	
<u>(a) General Assembly resolutions</u>	
34/121	Assistance to Guinea-Bissau
34/122	Assistance for the reconstruction, rehabilitation and development for Equatorial Guinea
34/123	Assistance to Djibouti
34/124	Assistance to Cabo Verde
34/125	Assistance to Sao Tome and Principe
34/126	Assistance to Tonga
35/106	Review of the economic situation of Djibouti, Equatorial Guinea, Guinea-Bissau, Sao Tome and Principe, Seychelles, Tonga and newly independent developing countries with a view to their inclusion in the list of the least developed countries

Document number

Title

(b) Economic and Social Council decision

1080/161

Review of the economic situation in Dili, East Timor

(c) General Assembly document

A/35/207 S/11007

Assistance to Mozambique: report of the Secretary-General

A/35/222

Assistance to Sao Tome and Principe: report of the Secretary-General

A/35/343

Assistance to Guinea-Bissau: report of the Secretary-General

A/35/302

Assistance to Senegal: report of the Secretary-General

A/35/115

Assistance to Dili: report of the Secretary-General

A/35/445  
and Corr.1

Assistance to Dominica: report of the Secretary-General

A/35/447  
and Add.1

Assistance to Equatorial Guinea: report of the Secretary-General

A/35/100

Assistance to Togo: report of the Secretary-General

A/35/100

Assistance to Saint Vincent and the Grenadines: report of the Secretary-General



